

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 5 of this Circular have, where appropriate, been used on this cover page.

Action required by Orion Shareholders:

1. If you have disposed of all your Shares, then this Circular, together with its attachments, should be handed to the purchaser of such Shares or to the Broker, CSDP, banker or other agent through whom the disposal was effected.
2. Scheme Members who hold Dematerialised Shares through a CSDP or Broker who wish to attend the Scheme Meeting must request their CSDP or Broker to provide them with the necessary Letter of Representation to attend the Scheme Meeting, or must instruct their CSDP or Broker to vote on their behalf in terms of their respective agreements with their CSDP or Broker.
3. Shareholders are referred to pages 12 to 15 of this Circular which set out the detailed action required of them in respect of the proposed Scheme set out in this Circular.
4. If you are in any doubt as to the action you should take, please consult your Broker, CSDP, banker, legal advisor, accountant or other professional advisor immediately.

Orion does not accept responsibility and will not be held liable for any failure on the part of the CSDP or Broker of any holder of Dematerialised Shares to notify such Orion Shareholder of the information and the proposed Scheme set out in this Circular.



ORION REAL ESTATE LIMITED

(Incorporated in the Republic of South Africa)
(Registration number: 1997/021085/06)
Share code: ORE ISIN: ZAE000201695

A Scheme Participant may, for a period of 6 (six) months from the date of the Delisting, purchase his/her Shares back from the Offeror at the price at which such shares were acquired by the Offeror in terms of the Scheme, without interest.

CIRCULAR TO ORION SHAREHOLDERS

relating to:

- a scheme of arrangement in terms of section 114(1) of the Companies Act, proposed by the Independent Board between the Company and its Shareholders which, if implemented, will result in Gmeiner Investment Holding acquiring all of the Scheme Shares from the Scheme Participants for a cash consideration of 2 (two) cents per Share; and
- the termination of the listing of Orion's Shares on the Main Board of the JSE,

and incorporating:

- a report prepared by the Independent Expert in terms of sections 114(2) and 114(3) of the Companies Act on the Scheme and the Offer;
 - extracts of sections 115 and 164 of the Companies Act regarding the approval requirements for the Scheme and Dissenting Shareholders' Appraisal Rights, respectively;
 - the Notice of Scheme Meeting;
 - a form of proxy in respect of the Scheme Meeting (for use by Certificated Shareholders and Dematerialised Shareholders with "own name" registration only); and
 - a Form of Surrender and Transfer (for use by Certificated Shareholders only).
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Sponsor



Independent Expert

neema
— CAPITAL —

Date of issue: Wednesday, 16 October 2019

This Circular is only available in English. Copies of this Circular may be obtained during normal business hours from the registered office of Orion or the office of the Sponsor at the respective addresses set out in the "Corporate information and advisors" section of this Circular from the date of issue hereof until the date of the Scheme Meeting. An electronic copy of this Circular is also available on the Company's website at <https://www.oriongroup.co.za/orion-real-estate/>.

CORPORATE INFORMATION AND ADVISORS

Directors

Executive directors

F Gmeiner (Chief Executive Officer)
AJ Ritzlmayr (Financial Director)~

Non-executive directors

RS Wilkinson (Chairman)~
AC Gmeiner
MD Mthembu*~
TFJ Oosthuizen*~

**Independent*

~Members of the Independent Board

Date of incorporation

4 December 1997

Place of incorporation

Pretoria, South Africa

Registered office

3rd Floor, 26 Wellington Road
Parktown
Johannesburg, 2193
(PO Box 31416, Braamfontein, 2017)

Company secretary

Corporate Governance Facilitators CC
(Registration number 2002/069802/23)
Unit 258
28 Galloway Street
Douglasdale
Sandton, 2191
(Private Bag X4, Jukskei Park, 2153)

Sponsor

Arbor Capital Sponsors Proprietary
Limited
(Registration number 2006/033725/07)
20 Stirrup Lane, Woodmead
Office Park
Corner Woodmead Drive and Van
Reenens Avenue, Woodmead, 2157
(Suite X439, Private Bag X29, Gallo
Manor, 2052)

Transfer Secretary

Computershare Investor Services
Proprietary Limited
(Registration number 2004/003647/07)
Rosebank Towers, 15 Biermann Avenue
Rosebank, Johannesburg, 2196
(PO Box 61051, Marshalltown, 2107)

Independent Expert

Neema Capital Proprietary Limited
(Registration number 2014/119077/07)
25 11th Avenue
Parktown North
Johannesburg, 2193
(PO Box 2602, Parklands, Johannesburg, 2121)

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DEFINITIONS AND INTERPRETATIONS

In this Circular, unless the context indicates a contrary intention, an expression which denotes any gender includes the other genders, a natural person includes a juristic person and vice versa, the singular includes the plural and vice versa and the following expressions bear the meanings assigned to them below and cognate expressions bear cognate meanings:

“Appraisal Rights”	the rights afforded to Shareholders in terms of section 164 of the Companies Act, as set out in Annexure 7 to this Circular;
“Arbor Capital” or “Sponsor”	Arbor Capital Sponsors Proprietary Limited, the registered JSE sponsor to Orion, the details of which are set out in the <i>“Corporate information and advisors”</i> section of this Circular;
“Authorised Dealer”	means an authorised dealer of the South African Reserve Bank, established in terms of section 9 of the Currency and Banking Act, No. 31 of 1920, as amended, and currently governed by the South African Reserve Bank Act, No. 90 of 1989, as amended, designated as such in the Exchange Control Regulations;
“Board” or “director”	the board of directors of Orion, the names of whom are included in the <i>“Corporate information and advisors”</i> section of this Circular;
“Broker”	any person registered as a “broking member (equities)” in accordance with the provisions of the Financial Markets Act;
“Business Day”	any day other than a Saturday, Sunday or official public holiday in South Africa;
“Certificated Shareholders”	Shareholders who hold Certificated Shares;
“Certificated Shares”	Shares which have not yet been dematerialised into the Strate system, title to which is represented by share certificates or other physical Documents of Title;
“Change of Name”	the proposed change of name of the Company to “Rhigel Properties Limited” by way of a separate shareholder resolution to be proposed in terms of section 60 of the Companies Act, as set out under paragraph 1.5 of this Circular;
“CIPC”	the Companies and Intellectual Property Commission, established in terms of section 185 of the Companies Act;

“the/this Circular”	this bound document dated Wednesday, 16 October 2019 issued by the Company to Shareholders, together with all the annexures hereto;
“Common Monetary Area”	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and eSwatini;
“Companies Act”	the Companies Act, No. 71 of 2008, as amended, and where appropriate in the context, includes a reference to the Companies Act Regulations promulgated in terms thereof;
“Company Secretary”	the company secretary of the Company, the details of which are set out in the “ <i>Corporate information and advisors</i> ” section of this Circular;
“Conditions Precedent”	the conditions precedent to which the Scheme is subject, as set out in paragraph 4.7 of this Circular;
“Controlling Shareholder”	Gmeiner Investment Holding;
“Court”	a court of competent jurisdiction in South Africa;
“CSDP”	Central Securities Depository Participant;
“Delisting”	the delisting of all of Orion’s Shares from the Main Board of the JSE in terms of paragraph 1.17(b) of the JSE Listings Requirements, subject to the approval by Eligible Shareholders of the Scheme Resolution and the Scheme becoming unconditional;
“Dematerialise” or “Dematerialised” or “Dematerialisation”	the process by which Certificated Shares are converted into an electronic format as Dematerialised Shares and recorded in the Company’s uncertificated securities register administered by a CSDP;
“Dematerialised Shareholders”	Shareholders who hold Dematerialised Shares;
“Dematerialised Shares”	Shares which have been incorporated into the Strate system and which are no longer evidenced by certificates or other physical Documents of Title;
“Dissenting Shareholder”	Shareholders who <ul style="list-style-type: none"> (i) validly exercise their Appraisal Rights and demand in terms of section 164(5) to (8) of the Companies Act that the Company pay them the fair value of their Shares; (ii) do not withdraw that demand before the Company makes an offer to them in terms of section 164(11) of the Companies Act; and (iii) do not after an offer is made to them by the Company in terms of section 164(11) of the Companies Act allow such offer to lapse;

“Documents of Title”	share certificates and/or certified transfer deeds and/or balance receipts or any other Documents of Title in respect of Shares acceptable to Orion;
“EFT”	electronic funds transfer;
“Eligible Shareholders”	Scheme Members that are eligible to vote on the Scheme Resolution, which comprise all Orion Shareholders other than the Controlling Shareholder;
“Emigrant”	any Emigrant from the Common Monetary Area whose address is outside the Common Monetary Area;
“Exchange Control Regulations”	the Exchange Control Regulations, 1961, as amended, made in terms of section 9 of the Currency and Exchanges Act, No. 9 of 1933, as amended, an applicable summary of which is included in Annexure 8 to this Circular;
“Excluded Shares”	the aggregate number of Shares held by the Controlling Shareholder, being 586 810 961 Shares;
“Financial Markets Act”	the Financial Markets Act, No. 19 of 2012, as amended from time to time;
“Firm Intention Announcement”	the firm intention announcement, as released on SENS and published in the press on 14 October 2019 and 15 October 2019, respectively, by the Company setting out the terms of a firm intention by the Company, as contemplated in Chapter 5 of the Companies Act and Chapter 5 of the Companies Act Regulations, to propose the Scheme;
“Form of Surrender and Transfer”	the form of surrender and transfer of Documents of Title attached to this Circular to be completed by Certificated Shareholders only;
“Gmeiner Investment Holding”	Gmeiner Investment Holding Proprietary Limited (registration number 1953/000590/07), a limited liability private company duly registered and incorporated under the laws of South Africa, an associate of F Gmeiner and AC Gmeiner, holding 586 810 961 Shares (91.33%) of the Company’s total issued share capital as at the Last Practicable Date, being the Offeror and the Controlling Shareholder of Orion;

“Independent Board”	Messrs RS Wilkinson, AJ Ritzlmayr, MD Mthembu and TFJ Oosthuizen, who collectively comprise the board members who are deemed to be impartial and have no conflict of interest in relation to the Scheme, and accordingly are “independent” as defined under section 81(i) of the Companies Act Regulations, noting that, whilst AJ Ritzlmayr is an executive director of Orion, he holds no shares in the Company, he will continue in office following the implementation of the Scheme and his remuneration will not be varied as a result of the Scheme;
“Independent Expert”	Neema Capital Proprietary Limited, the details of which are set out in the “ <i>Corporate information and advisors</i> ” section of this Circular;
“JSE”	JSE Limited (registration number 2005/022939/06), a public company duly registered and incorporated under the laws of South Africa and licensed as an exchange under the Securities Services Act, No. 36 of 2004, as amended;
“JSE Listings Requirements”	the Listings Requirements as published by the JSE, as amended from time to time;
“Last Practicable Date”	Friday, 11 October 2019, being the last practicable date prior to the finalisation of this Circular;
“Major Subsidiary”	a Subsidiary that represents 25% or more of the total assets or revenue of the consolidated group based on the latest published interim or year-end financial results;
“Notice of Scheme Meeting”	the notice convening the Scheme Meeting, which is attached to and forms part of this Circular;
“the Offer” or “the Cash Offer”	the offer to be made by Gmeiner Investment Holding to Scheme Members to acquire the Scheme Shares for the Scheme Consideration. A Scheme Participant may, for a period of 6 (six) months from the date of the Delisting, purchase his/her Shares back from the Offeror at the price at which such shares were acquired by the Offeror in terms of the Scheme, without interest;
“the Offeror”	Gmeiner Investment Holding;
“Orion” or “the Company” or “the Group”	Orion Real Estate Limited (registration number 1997/021085/06), a public company duly registered and incorporated under the laws of South Africa, and the Shares of which are, as at the Last Practicable Date, listed on the Main Board;
“Orion Shareholders” or “Shareholders”	the holders of Shares recorded as such in the Register;

“own name’ Dematerialised Shareholders”	Dematerialised Shareholders who/which have elected “own name” registration in the sub-register of the Company held by a CSDP;
“R” or “Rand”	South African Rand;
“Register”	the Register of Certificated Shareholders maintained by the Transfer Secretary on behalf of the Company and the sub-register of Dematerialised Shareholders maintained by the relevant CSDPs in terms of the Companies Act;
“REIT”	Real Estate Investment Trust;
“Scheme”	the scheme of arrangement in terms of section 114(1) of the Companies Act proposed by the Independent Board between the Company and its Shareholders in terms of which the Offeror will make the Offer to acquire the Scheme Shares from the Scheme Participants, on the terms set out in paragraph 4.2 of this Circular, such that, if the Scheme becomes unconditional, the Company’s listing on the JSE will be terminated;
“Scheme Consideration”	the cash consideration which amounts to 2 (two) cents per Share, payable by Gmeiner Investment Holding for every Scheme Share, and which Scheme Consideration has been determined as being unfair and unreasonable by the Independent Expert;
“Scheme Consideration LDT”	the last day to trade Orion Shares on the JSE in order to be registered in the Register on the Scheme Consideration Record Date and therefore receive the Scheme Consideration, being the first Tuesday following the week during which the Scheme Finalisation Date occurs, being Tuesday, 26 November 2019, or such other day as the JSE or TRP may direct;
“Scheme Consideration Record Date”	the date on, and time at, which all persons must be recorded in the Register in order to be eligible to receive the Scheme Consideration, which is expected to be 17:00 on the first Friday following the Scheme Consideration LDT, being Friday, 29 November 2019, or such other day as the JSE may direct;
“Scheme Finalisation Date”	the date on which the Company announces over SENS that all the Conditions Precedent have been fulfilled or waived, as the case may be, including without limitation that the TRP has issued its compliance certificate under section 119(4)(b) of the Companies Act and that the Scheme has become unconditional and capable of implementation, which finalisation date is expected to be Friday, 15 November 2019;

“Scheme Implementation Date”	the date on which the Scheme is implemented, which date is expected to be Monday, 2 December 2019;
“Scheme Meeting”	the meeting convened in terms of the Companies Act, to be held at 10:00 on Wednesday, 13 November 2019 at Orion’s registered office, 3 rd Floor, 26 Wellington Road, Parktown, Johannesburg (or any postponement or adjournment thereof), at which meeting Shareholders will consider and vote on the Scheme Resolution;
“Scheme Members”	Shareholders recorded in the Register on the Voting Record Date, who are lawfully entitled to attend and vote at the Scheme Meeting, excluding F Gmeiner and AC Gmeiner, being associates of the Controlling Shareholder;
“Scheme Participants”	Scheme Members recorded in the Register at 17:00 on the Scheme Consideration Record Date, except for Dissenting Shareholders who have not withdrawn their demands made in terms of sections 164(5) to 164(8) of the Companies Act or allowed any offers made to them in terms of section 164(11) of the Companies Act to lapse;
“Scheme Resolution”	the special resolution to be proposed at the Scheme Meeting for approval of the Scheme, the full terms of which are set out in Special Resolution Number 1 in the Notice of Scheme Meeting. The proposal of the Scheme Resolution is in anticipation of the Delisting which will follow immediately after the Scheme becomes unconditional, as detailed in paragraph 2.5 below. In terms of section 115(4) of the Companies Act, the voting rights exercisable by the Controlling Shareholder and its associates (being F Gmeiner, AC Gmeiner, and the children of F Gmeiner and AC Gmeiner) will not be included in the voting rights required to be present, or actually present, in determining whether the quorum requirements are satisfied, or required to be voted in support of the Scheme Resolution, or actually voted in support of the Scheme Resolution;
“Scheme Shares”	all Shares held by Scheme Participants on the Scheme Consideration Record Date, excluding the Excluded Shares;
“SENS”	the Stock Exchange News Service, being the news service operated by the JSE;
“Share”	ordinary shares of no par value in the issued share capital of Orion;
“South Africa”	the Republic of South Africa;

“Strate”	Strate Proprietary Limited (registration number 1998/022242/07), a limited liability public company duly registered and incorporated under the laws of South Africa, which is a registered central securities depository and which is responsible for the electronic settlement system used by the JSE;
“Subsidiary”	a “Subsidiary” as defined in the Companies Act, but also includes an entity incorporated outside South Africa which would, if incorporated in South Africa, be a “Subsidiary” as defined in the Companies Act;
“Transfer Secretary” or “Computershare”	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a limited liability private company duly registered and incorporated under the laws of South Africa;
“TRP” or “the Panel”	the Companies Act Regulation Panel established in terms of section 196 of the Companies Act;
“Uncertificated Shares”	means dematerialised shares as provided in the Financial Markets Act;
“Voting LDT”	the last day to trade on the exchange operated by the JSE to be able to vote at the Scheme Meeting, being Tuesday, 5 November 2019, or such other date or time as the JSE may direct; and
“Voting Record Date”	the date on, and the time at, which an Eligible Shareholder must be recorded in the Register in order to vote at the Scheme Meeting, being the close of business on the Friday of the week immediately preceding the date of the Scheme Meeting, being Friday, 8 November 2019, or such other date or time as the JSE may direct.

ACTION REQUIRED BY ORION SHAREHOLDERS

The definitions and interpretations commencing on page 5 of this Circular shall apply mutatis mutandis to the section set out hereunder.

The actions required by Shareholders in respect of the Scheme, as detailed below, are only applicable to Eligible Shareholders.

This Circular contains important information relating to the Scheme. You should carefully read through this Circular and decide how you wish to vote on the Scheme. The action you need to take in respect of the Scheme is set out below. If you are in any doubt as to what action you should take in regard to the Scheme, you should consult your CSDP, Broker, banker, accountant, legal advisor or other professional advisor immediately. If you have disposed of some or all of your Shares, this Circular should be handed to the purchaser of such Shares or the CSDP, Broker, banker or other agent through whom such disposal was affected.

A Scheme Participant may, for a period of 6 (six) months from the date of the Delisting, purchase his/her Shares back from the Offeror at the price at which such shares were acquired by the Offeror in terms of the Scheme, without interest.

Shareholders are hereby advised that, subject to the Scheme becoming unconditional, Shareholders shall be deemed with effect from the Scheme Implementation Date to have:

- disposed of their Shares to the Offeror, which will be deemed to have acquired the Shares from the Scheme Implementation Date, in exchange for the Scheme Consideration payable for those Shares, which Scheme Consideration is to be settled in terms of paragraph 4.8 of this Circular;
- authorised Orion and/or the Transfer Secretary on its behalf to transfer the Shares into the name of the Offeror; and
- authorised the Transfer Secretary on its behalf to collect from the Offeror the Scheme Consideration for delivery to those Shareholders,

and all risk and benefit in the Shares acquired under the Offer will pass from those Shareholders to the Offeror with effect from the Scheme Implementation Date.

The Scheme Meeting is scheduled to be convened at 10:00 on Wednesday, 13 November 2019 at Orion's registered office, 3rd Floor, 26 Wellington Road, Parktown, Johannesburg, at which meeting Eligible Shareholders will consider and vote on all the resolutions required to implement the Scheme. A Notice of Scheme Meeting is attached to, and forms part of, this Circular.

Orion does not accept any responsibility and will not be held liable for any failure on the part of the CSDP or Broker (as the case may be) of a Dematerialised Shareholder to notify such Dematerialised Shareholder of the details of this Circular.

1. DEMATERIALISED SHAREHOLDERS WHO ARE NOT “OWN – NAME” DEMATERIALISED SHAREHOLDERS

1.1 Attendance, representation and voting at the Scheme Meeting

1.1.1 If you wish to attend, speak and vote at the Scheme Meeting or appoint a proxy to represent you at the Scheme Meeting, you should instruct your CSDP or Broker to issue you or your proxy, as the case may be, with the necessary Letter of Representation to attend the Scheme Meeting, in the manner stipulated in the custody agreement governing the relationship with your CSDP or Broker. These instructions must be provided to the CSDP or Broker by the deadline advised by the CSDP or Broker for instructions of this nature. You will not be permitted to attend, speak or vote at the Scheme Meeting, or send a proxy to represent you at the Scheme Meeting, without the necessary Letter of Representation being issued to you.

1.1.2 If you do not wish to, or are unable to, attend (or appoint a proxy to represent you at) the Scheme Meeting, but wish to vote thereat, you should contact your CSDP or Broker immediately and furnish your CSDP or Broker with your voting instructions in the manner and by the deadline stipulated in the custody agreement governing the relationship with your CSDP or Broker. These instructions must be provided to the CSDP or Broker by the deadline advised by the CSDP or Broker for instructions of this nature. If you have not been contacted, it would be advisable for you to contact your CSDP or Broker immediately and furnish your CSDP or Broker with your instructions. If your CSDP or Broker does not obtain voting instructions from you, it will be obliged to vote in accordance with the instructions contained in the custody agreement concluded with your CSDP or Broker.

1.2 You must **NOT** complete the attached form of proxy.

2. CERTIFICATED SHAREHOLDERS AND DEMATERIALISED SHAREHOLDERS WHO ARE “OWN NAME” DEMATERIALISED SHAREHOLDERS

2.1 Voting, attendance and representation at the Scheme Meeting

2.1.1 You may attend, speak and vote at the Scheme Meeting in person (or, if you are a company or other body corporate, be represented by a duly authorised natural person).

2.1.2 If you do not wish to or are unable to attend the Scheme Meeting, but wish to be represented thereat, you must complete the attached form of proxy in accordance with the instructions contained therein and return it to the Transfer Secretary, Computershare, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 (PO Box 61051, Marshalltown, 2107), or email it to proxy@computershare.co.za, to be received by no later than 10:00 on Monday, 11 November 2019. Alternatively, the form of proxy may be handed to the chairperson of the Scheme Meeting before the commencement of the Scheme Meeting.

2.2 Surrender of Documents of Title (this applies only to Certificated and not to Dematerialised Shareholders with “own name” registration)

If the Scheme becomes operative, you will be required to surrender your Documents of Title in respect of all your Shares in order to claim the Scheme Consideration, by completing the attached Form of Surrender and Transfer in accordance with its instructions, and returning it, together with the relevant share certificates or Documents of Title, to the Transfer Secretary, Computershare, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 (PO Box 61763, Marshalltown, 2107) to be received by no later than 12:00 on the Scheme Consideration Record Date.

If you wish to expedite receipt of the Scheme Consideration and surrender your Documents of Title in anticipation of the Scheme becoming operative, you should complete the attached Form of Surrender and Transfer and return it, together with the relevant Documents of Title relating to all your Orion Shares, in accordance with the instructions contained therein, to the Transfer Secretary, Computershare, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 (PO Box 61763, Marshalltown, 2107), to be received by no later than 12:00 on the Scheme Consideration Record Date.

If Documents of Title relating to any Orion Shares to be surrendered are lost or destroyed, Orion may dispense with the surrender of such Documents of Title upon production of evidence satisfactory to Orion that the Documents of Title to the Orion Shares in question have been lost or destroyed and upon provision of a suitable indemnity on terms satisfactory to them. Accordingly, if the Documents of Title in respect of any of your Orion Shares have been lost or destroyed, you should nevertheless return the attached Form of Surrender and Transfer duly signed and completed, together with a duly signed and completed indemnity form which is obtainable from the Transfer Secretary.

Should you surrender your Documents of Title in anticipation of the Scheme becoming operative and the Scheme then does not become operative, the Transfer Secretary shall, within 5 (five) Business Days, of the date upon which it becomes known that the Scheme will not be implemented or on receipt by the Transfer Secretary of the relevant Documents of Title, return the Documents of Title to you, by registered post, at your own risk.

2.3 If you wish to dematerialise your Shares, please contact your CSDP or Broker. You do not need to dematerialise your Shares in order to receive the Scheme Consideration in respect thereof.

3. GENERAL

3.1 Approval of the Scheme Resolution at the Scheme Meeting

3.1.1 The Scheme must be approved by a special resolution of Orion Shareholders, in accordance with section 115(2)(a) of the Companies Act, at the Scheme Meeting, at which at least three Shareholders are present and sufficient Scheme Members are present to exercise, in aggregate, at least 25% of all the voting rights that are entitled to be exercised at the Scheme Meeting. In order to be approved, a special resolution must be supported by at least 75% of voting rights exercised thereon.

3.1.2 In terms of section 115(4) of the Companies Act, the voting rights exercisable by the Controlling Shareholder and its associates (being F Gmeiner, AC Gmeiner, and the children of F Gmeiner and AC Gmeiner) shall not be included in the voting rights required to be present, or actually present, in determining whether the quorum requirements are satisfied, or required to be voted in support of Scheme Resolution, or actually voted in support of the Scheme Resolution.

3.2 Electronic participation at the Scheme Meeting

In accordance with the provisions of section 61(10) of the Companies Act, the Company intends to make provision for Orion Shareholders and their proxies to participate in the Scheme Meeting by way of telephone conference call. Orion Shareholders wishing to do so:

3.2.1 should contact the Financial Director at +27 11 718 6430 by no later than 10:00 on Monday, 11 November 2019, to obtain a pin number and dial-in details for the conference call;

3.2.2 will be required to provide reasonably satisfactory identification;

3.2.3 will be billed separately by their own telephone service providers for the telephone call to participate in the Scheme Meeting; and

3.2.4 should lodge completed form(s) of proxy in accordance with the attendance and voting instructions detailed above.

The Company reserves the right to elect not to provide for electronic participation at the Scheme Meeting in the event that it determines that it is not practical to do so. In this case, an appropriate announcement will be made on SENS.

3.3 Court approval

3.3.1 Orion Shareholders are advised that, in accordance with section 115(3) of the Companies Act, Orion may in certain circumstances not proceed to implement the Scheme Resolution, despite the fact that it will have been adopted at the Scheme Meeting, without the approval of the Court.

3.3.2 A copy of section 115 of the Companies Act pertaining to the required approval for the Scheme is set out in **Annexure 6** to this Circular.

3.4 Dissenting Shareholders

3.4.1 An Orion Shareholder who is entitled to vote at the Scheme Meeting is entitled to seek relief under section 164 of the Companies Act if that Orion Shareholder notified Orion in advance in writing of its intention to oppose the Scheme Resolution, was present at the Scheme Meeting, and voted against the Scheme Resolution and sent the Company a demand contemplated in section 164(5) of the Companies Act.

3.4.2 An extract of section 164 of the Companies Act pertaining to Appraisal Rights is set out in **Annexure 7** to this Circular.

3.5 Dematerialisation

If you wish to dematerialise your Orion Shares, please contact your CSDP or Broker. Orion Shareholders are advised that dematerialisation will take approximately between one and 10 Business Days.

3.6 Foreign Shareholders

Orion Shareholders who are not resident in, or who have registered addresses outside of South Africa, must satisfy themselves as to the full observance of any applicable laws concerning the Scheme. Orion Shareholders who are in any doubt as to their positions should consult their professional advisors immediately.

3.7 Taxation

The contents of this Circular do not purport to constitute personal legal advice or to comprehensively deal with the legal, regulatory and tax implications of the Scheme or any other matter for each Orion Shareholder. Orion Shareholders are accordingly advised to consult their professional advisors about their personal legal, regulatory and tax positions regarding the Scheme.

3.8 Limitation of Liability

Orion does not accept responsibility and will not be held liable for any act of, or omission by, any CSDP or Broker, including, without limitation, any failure on the part of the CSDP or Broker or any registered holder of Orion Shares, to notify the holder of any beneficial interest in those shares in respect of the Scheme or any other matter set out in this Circular.

3.9 TRP Approval

The TRP does not consider the commercial advantages or disadvantages of a transaction in exercising its powers and performing its functions, including its review and approval of this Circular in line with section 201(3) of the Companies Act.

IMPORTANT DATES AND TIMES

The definitions and interpretations commencing on page 5 of this Circular shall apply mutatis mutandis to the section set out hereunder.

2019

Record date for Shareholders to be recorded in the Register in order to receive this Circular	Friday, 4 October
Circular distributed to Shareholders and Notice of Scheme Meeting released on SENS	Wednesday, 16 October
Notice of Scheme Meeting published in the press	Thursday, 17 October
Last day to trade in Orion Shares in order to be recorded in the Register to vote at the Scheme Meeting	Tuesday, 5 November
Record date to be eligible to vote at the Scheme Meeting, being the Scheme Voting Record Date, by close of trade	Friday, 8 November
Proxy forms to be lodged at, posted, or emailed to the Transfer Secretary by 10:00 on	Monday, 11 November
Last date and time for Shareholders to give notice to Orion objecting, in terms of section 164(3) of the Companies Act, to the Scheme Resolution for purposes of the Appraisal Rights by 10:00	Wednesday, 13 November
Proxy forms not lodged with Transfer Secretary to be handed to the Chairman of the Scheme Meeting before 10:00 on	Wednesday, 13 November
Scheme Meeting to be held at 10:00 on	Wednesday, 13 November
Results of Scheme Meeting released on SENS	Wednesday, 13 November
Results of the Scheme Meeting published in the press	Thursday, 14 November

The following dates assume that the Scheme is approved by Scheme Members at the Scheme Meeting, and that neither Court approvals nor the review of the Scheme is required and will be confirmed in the finalisation announcement if the Scheme becomes unconditional:

Receive compliance certificate from the TRP	Thursday, 14 November
Scheme Finalisation Date announcement expected to be released on SENS	Friday, 15 November
Scheme Finalisation Date announcement expected to be published in the press	Monday, 18 November
Last day to trade in Orion Shares to be entitled to receive the Scheme Consideration	Tuesday, 26 November
Scheme Consideration Record Date, being the date on, and time at, which all persons must be recorded in the Register in order to receive the Scheme Consideration, at 17:00 on	Friday, 29 November
Expected Scheme Implementation Date	Monday, 2 December
Scheme Consideration will be sent by EFT or by cheque to Certificated Shareholders who have lodged their Form of Surrender and Transfer with the Transfer Secretary on or prior to 12:00 on the Scheme Consideration Record Date, on or about	Monday, 2 December
Scheme Participants expected to have their accounts with their CSDP or Broker credited with the Scheme Consideration on or about	Monday, 2 December
Expected termination of listing of Shares on the JSE at the commencement of trade on or about	Tuesday, 3 December

The following dates apply in the event of any Orion Shareholders objecting to the Scheme:

Last date for Orion Shareholders who voted against the Scheme Resolution to require Orion to seek Court approval for the Scheme in terms of section 115(3)(a) of the Companies Act, if at least 15% of the total votes of Orion Shareholders at the Scheme Meeting were exercised against the Scheme Resolution	Wednesday, 20 November
Last date for Shareholders who voted against the Scheme to apply to Court for leave to apply for a review of the Scheme in terms of section 164(3)(b)	Wednesday, 27 November
Last date for Orion to send objecting Shareholders notices of the adoption of the Scheme Resolution, in accordance with section 164 of the Companies Act	Wednesday, 27 November

Notes:

1. **A Scheme Participant may, for a period of 6 (six) months from the date of the Delisting, purchase his/her Shares back from the Offeror at the price at which such shares were acquired by the Offeror in terms of the Scheme, without interest.**
2. All dates and times are subject to change and/or may be subject to certain regulatory approvals, including but not limited to that of the TRP and/or the JSE, being granted. Any change will be released on SENS and published in the press.
3. Trade in the Company's securities has been suspended since 1 November 2018.
4. Shareholders who wish to exercise their Appraisal Rights are referred to **Annexure 7** to this Circular for purposes of determining the relevant timing for the exercise of their Appraisal Rights.
5. Dematerialised Shareholders, other than those with "own name" registration, must provide their CSDP or Broker with their instructions for voting at the Scheme Meeting by the cut-off time and date stipulated by their CSDP or Broker in terms of their respective custody agreements.
6. No dematerialisation or rematerialisation of Shares may take place from the Business Day following the Scheme Consideration LDT.
7. If the Scheme Meeting is adjourned or postponed, forms of proxy submitted for the initial Scheme Meeting will remain valid in respect of any adjournment or postponement of the Scheme Meeting.
8. Although the salient dates and times stated are subject to change, such statement may not be regarded as consent or dispensation for any change to time periods which may be required in terms of the Companies Act Regulations, where applicable, and any such consents or dispensations must be specifically applied for and granted.
9. All times referred to in this Circular are references to South African time.



(Incorporated in the Republic of South Africa)
(Registration number: 1997/021085/06)
Share Code: ORE ISIN: ZAE000201695

CIRCULAR TO ORION SHAREHOLDERS

1. INTRODUCTION

- 1.1. Shareholders are referred to the Firm Intention Announcement advising of, *inter alia*, the Offer to be made by the Company to acquire the Scheme Shares from the Scheme Participants by way of a scheme of arrangement in terms of section 114 of the Companies Act, proposed by the Independent Board between the Company and its Shareholders, on the terms set out in paragraph 4.2 of this Circular.
- 1.2 Implementation of the Scheme is subject to the fulfilment of the Conditions Precedent.
- 1.3 A Scheme Participant will receive the Scheme Consideration of 2 (two) cents per Share against surrender of their Documents of Title (if applicable).
- 1.4 A Scheme Participant may, for a period of 6 (six) months from the date of the Delisting, purchase his/her Shares back from the Offeror at the price at which such shares were acquired by the Offeror in terms of the Scheme, without interest.
- 1.5 Following the implementation of the Scheme and the Scheme becoming unconditional, the listing of Orion's Shares on the Main Board of the JSE will be terminated in terms of section 1.17(b) of the JSE Listings Requirements and Scheme Participants will be deemed to have sold all of their Shares for the Scheme Consideration.
- 1.6 For a full understanding of the detailed terms and conditions of the Scheme, this Circular should be read in its entirety.
- 1.7 In addition to the above, Shareholders are advised that the Company intends changing the name of the Company. The rationale for the Change of Name is due to the fact that one of the entities within the larger group of companies controlled by Gmeiner Investment Holding includes the hospitality business, Orion Hotels & Resorts SA Proprietary Limited, which entity does not form part of the Orion Group. For purposes of ensuring a clear distinction between the listed entity and the separate hotel and resort business, the Board will in due course be proposing that the Company's name be changed from "Orion Real Estate Limited" to "Rhigel Properties Limited".

2. PURPOSE OF THIS CIRCULAR

The purpose of this Circular is to:

- 2.1 provide Shareholders with information regarding the Scheme;
- 2.2 provide Shareholders with the Independent Expert's report in respect of the Scheme and the Offer;
- 2.3 advise Shareholders of the Independent Board's opinion in respect of the Scheme and the Offer (as supported by the Independent Expert's report); and
- 2.4 convene the Scheme Meeting to consider and, if deemed fit, approve all the resolutions required to implement the Scheme.

3. RATIONALE FOR THE SCHEME

- 3.1 Orion has experienced a number of difficulties during the past year, including a substantial delay in the finalisation of its 2018 results, the appointment of a new Financial Director and new auditors mid-audit, external delays in the transfer of properties that would increase the shareholder spread of the Company, the recall of its facilities, an application for the liquidation of the Company brought by Investec (as first announced on SENS on 18 December 2018), and then later had to take a number of actions to address these key issues.
- 3.2 During February 2019, despite signed agreements being in place to address the shareholder spread requirements of the JSE, the JSE advised the Company that it would no longer afford Orion REIT status. This was also based on the fact that the Company could not submit its Annual Compliance Declaration to the JSE within 4 months of year end due to the delays in finalising the audit. The JSE Listings Requirements preclude the reissue of REIT status by the JSE for a period of 24 months.
- 3.3 All of the aforementioned matters are clearly set out in the Company's Annual Report for the year ended 30 June 2018, other than the shareholder spread requirement which was in the process of being addressed. Despite the challenges, Orion produced solid results for the year ended 30 June 2018 and declared a distribution of 2.5 cents subsequent to its year end.
- 3.4 Orion's status as a REIT is of paramount importance to the Company and its minority shareholders in particular. One of the main impacts is the tax status of the Group, whereby the Company will be liable for Capital Gains Tax on any future property disposals. This will reduce the profits of the Group and remove the dividend distribution to Shareholders for the foreseeable future. The impact of the loss of REIT status is reflected in the reviewed results for the 12-month interim period ended 30 June 2019 as published on SENS on 1 October 2019 and as set out in **Annexure 4** to this Circular.
- 3.5 The Board is of the opinion that, without REIT status, the cost-benefit of a listing of the Shares on the JSE is no longer warranted.
- 3.6 Accordingly, the rationale of the Scheme is to effect the Delisting.
- 3.7 The Board may consider a listing of the Shares on another licensed stock exchange in due course in pursuit of Orion reacquiring its REIT status.
- 3.8 The business of Orion and its subsidiaries will continue after the Scheme becomes operative, as currently conducted.

4. THE SCHEME

4.1 The mechanics of the Scheme

- 4.1.1 The Scheme is being proposed by the Independent Board between the Company and its Shareholders in terms of section 114 of the Companies Act pursuant to which Gmeiner Investment Holding will make an offer to Scheme Members to acquire the Scheme Shares for the Scheme Consideration.
- 4.1.2 The Scheme will constitute an "affected transaction" as defined in section 117(1)(c) of the Companies Act and will be regulated by the Companies Act and the Companies Act Regulations.
- 4.1.3 Subject to the Scheme becoming unconditional, Shareholders shall be deemed with effect from the Scheme Implementation Date to have:
- 4.1.3.1 disposed of their Shares to the Offeror, which will be deemed to have acquired ownership of the Shares on the Scheme Implementation Date, in exchange for the Scheme Consideration payable for those Shares which

Scheme Consideration is to be settled in terms of paragraph 4.8 of this Circular;

- 4.1.3.2 authorised Orion and/or the Transfer Secretary on its behalf to transfer the Shares into the name of the Offeror; and
 - 4.1.3.3 authorised the Transfer Secretary on its behalf to collect from the Offeror the Scheme Consideration for delivery to those Shareholders, and all risk and benefit in the acquired Shares will pass from those Shareholders to the Offeror with effect from the Scheme Implementation Date.
- 4.1.4 Should the Scheme become unconditional, Shareholders shall be entitled to receive the Scheme Consideration in respect of the Shares held by them. Orion will, either itself and/or through its Transfer Secretary, administer and procure the transfer of the Scheme Consideration to those Shareholders.
- 4.1.5 Subject to the Scheme becoming unconditional, Shareholders shall:
- 4.1.5.1 against the surrender by Certificated Shareholders of their Documents of Title in respect of their Shares, receive the Scheme Consideration in accordance with the provisions of paragraph 4.8 of this Circular; and
 - 4.1.5.2 in terms of the custody agreement entered into between the Shareholder concerned and their CSDP or Broker, Dematerialised Shareholders will have their Shares transferred to the Offeror and the Scheme Consideration transferred to their CSDP or Broker who should credit them with the Scheme Consideration.
- 4.1.6 The rights of the Shareholders (excluding the Controlling Shareholder) to receive the Scheme Consideration in respect of the Shares held by them will be rights enforceable by Shareholders against Orion only.
- 4.1.7 The effect of the Scheme (together with the Offer) will be that, with effect from the Scheme Implementation Date, Shareholders' Shares will be acquired by the Offeror. No Shares so acquired will be transferred to any person other than the Offeror. Shareholders are referred to paragraph 4.8 of this Circular, which sets out in detail the manner in which the Scheme Consideration will be settled.
- 4.1.8 With effect from the Scheme Implementation Date, each and every officer/director of the Transfer Secretary and/or Orion or any other person nominated by Orion will irrevocably be deemed to be the attorney and agent *in rem suam* (irrevocably in their favour and for their benefit) of all Shareholders to implement the transfer of their Shares in terms of paragraph 4.1.3 above and to sign any instrument of transfer in respect thereof or any other documents and to do any other acts required or desirable to implement the Scheme and the Delisting and to take all steps necessary to procure electronic delivery of Shares which have been dematerialised.
- 4.1.9 The Offeror is acting as principal and not as agent in respect of the Scheme and it is not acting in concert with any parties for purposes of the implementation of the Scheme.

4.2 Terms of the Scheme

4.2.1 The Offer

Subject to the Scheme becoming unconditional, the Offeror will purchase from the Shareholders all of their Shares on the terms and conditions set out in this Circular.

A Scheme Participant may, for a period of 6 (six) months from the date of the Delisting, purchase his/her Shares back from the Offeror at the price at which such shares were acquired by the Offeror in terms of the Scheme, without interest.

4.2.2 *The Scheme Consideration*

4.2.2.1 The Scheme Consideration is 2 (two) cents per Share.

4.2.2.2 The Scheme Consideration will be payable in cash in Rand.

4.2.3 *Conditions to the Offer*

The Offer is conditional on the Scheme becoming unconditional and thus capable of implementation, which Scheme is subject to the fulfilment of the statutory requirements set out in paragraph 4.4 below by no later than 14 November 2019, or such later date as may be determined by the Company.

4.2.4 *Offer not made in restricted jurisdictions*

4.2.4.1 The Offer does not and will not constitute an offer to purchase or the solicitation of an offer to sell any Shares in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the laws of such jurisdiction. Without limiting the generality of the above, the Offer is not being made, directly or indirectly, in or into or by the use of mails of, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any other jurisdiction if it is illegal for the Offer to be made or accepted in that jurisdiction ("**Restricted Jurisdiction**") and the Offer cannot be accepted by any such use of mails, means, instrumentality or facility or from within a Restricted Jurisdiction. Accordingly, neither copies of this document nor any related documentation is being or may be mailed or otherwise distributed or sent in or into or from a Restricted Jurisdiction, and, if received in any Restricted Jurisdiction, this document should be treated as being received for information only.

4.2.4.2 Shareholders who complete the Form of Surrender and Transfer are deemed to represent and warrant to the Company that they have not received or sent copies or originals of this document, the Form of Surrender and Transfer or any related documents in, into or from a Restricted Jurisdiction and have not otherwise utilised in connection with the Offer, the mails, or any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national securities exchange of, a Restricted Jurisdiction, and that the Form of Surrender and Transfer has not been mailed or otherwise sent in, into or from a Restricted Jurisdiction and such Shareholder is accepting the Offer from outside a Restricted Jurisdiction.

4.3 **Procedure for the acceptance of the Offer**

The ensuing provisions of this paragraph 4.3 do not apply to Dematerialised Shareholders, who need not take any action as their relevant accounts with their CSDPs or Brokers will automatically be updated by their CSDPs or Brokers, and are only applicable to Eligible Shareholders.

4.3.1 *Certificated Shareholders*

4.3.1.1 Certificated Shareholders shall, subject to the Scheme becoming unconditional, only be entitled to receive the Scheme Consideration in respect of their Shares once they have surrendered their Documents of Title in respect thereof.

- 4.3.1.2 A Certificated Shareholder who wishes to surrender his/her Documents of Title in anticipation of the Scheme being implemented, may complete the Form of Surrender and Transfer and return it, together with the Documents of Title relating to all his/her Shares, to Computershare, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 (PO Box 61763, Marshalltown, 2107), before 12:00 on the Scheme Consideration Record Date.
- 4.3.1.3 Alternatively, Certificated Shareholders can submit their Documents of Title after 12:00 on the Scheme Consideration Record Date, and surrender their Documents of Title representing all of their Certificated Shares at that time. In this regard, if requested by any of those Shareholders, a further Form of Surrender and Transfer will be sent to Certificated Shareholders for use by those Certificated Shareholders who may not yet have surrendered their Documents of Title. The Scheme Consideration will be posted to Shareholders within 5 Business Days of receipt if received after 12:00 on the Scheme Consideration Record Date.
- 4.3.1.4 If the Documents of Title relating to the Shares held by a Certificated Shareholder have been lost or destroyed, Shareholders should nevertheless return a duly completed Form of Surrender and Transfer, together with an indemnity on terms satisfactory to Orion. Orion may, in its sole discretion, dispense with the surrender of such Documents of Title upon production of satisfactory evidence that the Documents of Title have been lost or destroyed and upon provision of an indemnity on terms acceptable to it. Unless otherwise agreed by Orion, only indemnity forms obtained from the Transfer Secretary (available on request) will be regarded as suitable. Orion shall be entitled, in its absolute discretion, by way of agreement to waive the requirement of an indemnity.
- 4.3.1.5 No receipt will be issued for Documents of Title surrendered unless specifically requested. In order to comply with the requirements of the JSE, lodging agents must prepare special transaction receipts, if required.
- 4.3.1.6 Documents of Title surrendered by Certificated Shareholders prior to the Scheme Implementation Date will be held in trust by the Transfer Secretary, at the risk of the Shareholders concerned, pending the Scheme becoming unconditional. In the event of the Scheme not being implemented for any reason whatsoever, the Transfer Secretary will, by not later than 5 Business Days after the date upon which it becomes known that the Scheme will not be implemented, return the Documents of Title to the Shareholders concerned by registered post, at the risk of such Shareholders, to the address recorded in the Register.
- 4.3.1.7 The attention of Certificated Shareholders is drawn to the fact that, if they surrender their Documents of Title in advance, they will not be in a position to deal in their Shares on the JSE between the date of surrender and the Scheme Implementation Date, or if the Scheme is not implemented, between the date of surrender and the date on which their Shares are returned to them as set out in this Circular.

4.4 The statutory requirements of the Scheme

- 4.4.1 The Scheme is being proposed by the Independent Board between the Company and its Shareholders in terms of section 114(1) of the Companies Act pursuant to which Gmeiner Investment Holding will make an offer to Scheme Members to acquire the Scheme Shares for the Scheme Consideration.

- 4.4.2 In terms of section 115 of the Companies Act, the Scheme may only be implemented if:
- 4.4.2.1 the Scheme is approved in terms of section 115 of the Companies Act by a special resolution (requiring a 75% majority of Eligible Shareholders present and entitled to exercise voting rights voting in favour of the Scheme Resolution) adopted by persons entitled to exercise voting rights on such matter (being those Scheme Members registered as such on the Voting Record Date) at the Scheme Meeting and at which meeting sufficient persons are present to exercise, in aggregate, at least 25% of all the voting rights that are entitled to be exercised on that matter; and
 - 4.4.2.2 the Panel has issued a compliance certificate in respect of the Scheme in terms of section 119(4)(b) of the Companies Act. **In this regard, shareholders should take note that the Panel does not consider commercial advantages or disadvantages of affected transactions when it approves transactions.**
- 4.4.3 Despite the Scheme Resolution having been adopted to approve the Scheme, the Company may not proceed to implement the Scheme without the approval of the Court if:
- 4.4.3.1 the Scheme Resolution was opposed by at least 15% of the voting rights that were exercised on that resolution, and within 5 Business Days after the vote, any person who voted against the Scheme Resolution requires the Company to seek Court approval; or
 - 4.4.3.2 the Court, on application within 10 Business Days after the vote by any person who voted against the Scheme Resolution, grants that person leave to apply to a Court for a review of the Scheme.
- 4.4.4 If the Scheme Resolution requires approval by a Court as contemplated in terms of paragraph 4.3.3.1 above, the Company must either:
- 4.4.4.1 within 10 Business Days after the vote apply to the Court for approval, and bear the costs of that application; or
 - 4.4.4.2 treat the Scheme Resolution as a nullity.
- 4.4.5 On application contemplated in paragraph 4.4.3.2 above, the Court may grant leave to that person to apply to Court for a review of the Scheme only if satisfied that the applicant:
- 4.4.5.1 is acting in good faith;
 - 4.4.5.2 appears prepared and able to sustain the proceedings; and
 - 4.4.5.3 has alleged facts which if proved would support an order in terms of paragraph 4.4.6 below.
- 4.4.6 On reviewing the Scheme Resolution that is the subject of an application contemplated in paragraph 4.4.4.1 above, or after granting leave as contemplated in paragraph 4.4.5 above, the Court may set aside the Scheme Resolution only if:
- 4.4.6.1 the Scheme Resolution is manifestly unfair to the Company's Shareholders; or
 - 4.4.6.2 the vote was materially tainted by conflict of interest, inadequate disclosure, failure to comply with the Companies Act, the memorandum of incorporation of the Company or other significant and material procedural irregularity.
- 4.4.7 A copy of section 115 of the Companies Act is attached as **Annexure 6** to this Circular.

4.5 **Dissenting Shareholders**

4.5.1 In terms of section 164 of the Companies Act, at any time before the Scheme Resolution as set out in the Notice of Scheme Meeting is voted on, a shareholder may give the Company a written notice objecting to the Scheme Resolution. Within 10 Business Days after the Company has adopted the Scheme Resolution, the Company must send a notice that the Scheme Resolution has been adopted to each shareholder who:

- gave the Company a written notice of objection as contemplated above; and
- has neither withdrawn that notice nor voted in support of the Scheme Resolution.

A shareholder may demand that the Company pay the shareholder the fair value for all of the shares held by that person if:

- the shareholder has sent the Company a notice of objection;
- the Company has adopted the Scheme Resolution; and
- the shareholder voted against the Scheme Resolution and has complied with all of the procedural requirements of section 164 of the Companies Act.

Any Shareholder that is in doubt as to what action to take must consult their legal or professional advisor in this regard. An extract of section 164 of the Companies Act is attached as **Annexure 7** to this Circular.

4.5.2 In order to make an informed decision when considering exercising their Appraisal Rights, Shareholders should have regard to the following factors relating to the Scheme:

- the rationale for the Scheme, as set out in paragraph 3 of this Circular;
- the report of the Independent Expert set out in **Annexure 1** to this Circular concludes that the terms and conditions of the Scheme and the Offer are unfair and unreasonable to Shareholders; and
- the Court is empowered to grant a costs order in favour of, or against, a Shareholder, as may be applicable.

4.6 **Scheme Consideration**

4.6.1 Subject to the provisions of paragraph 4.7 below, the Scheme Consideration payable by the Offeror in terms of the Scheme is 2 (two) cents for every Scheme Share, and is payable in cash on the date on which the Scheme becomes operative.

4.7 **Conditions Precedent**

4.7.1 The implementation of the Scheme is subject to the fulfilment of the following Conditions Precedent by no later than 14 November 2019, or such later date as may be determined by the Company:

- 4.7.1.1 all regulatory approvals and/or consents as may be necessary to give effect to the Scheme have been obtained (either unconditionally or subject to conditions acceptable to the Company);
- 4.7.1.2 approval of the Scheme Resolution by the requisite majority of Scheme Members, as contemplated in section 114, read with section 115, of the Companies Act;
- 4.7.1.3 to the extent required in terms of section 115(3)(a) of the Companies Act, the implementation of the Scheme Resolution is approved by the Court and, if applicable, the Company has not elected to treat the Scheme Resolution as a nullity in terms of section 115(5) of the Companies Act;

- 4.7.1.4 if the Scheme Resolution has been passed and any person who voted against the Scheme Resolution applies to the Court within 10 (ten) business days after the vote for a review of the Scheme in accordance with the requirements of section 115(3)(b) of the Companies Act, (i) no leave is granted by the Court to such person to apply to court for a review of the Scheme in accordance with the requirements of section 115(6) of the Companies Act or (ii) if leave is granted by the Court to apply to Court for a review of the Scheme in accordance with the requirements of section 115(6) of the Companies Act, the Court has not set aside the Scheme Resolution in terms of section 115(7) of the Companies Act; and
- 4.7.1.5 the TRP has issued a compliance certificate in respect of the Scheme in terms of section 119(4)(b) of the Companies Act. **In this regard, shareholders should take note that the Panel does not consider commercial advantages or disadvantages of affected transactions when it approves transactions.**

4.7.2 All the conditions precedent stipulated in paragraph 4.7.1 above are regulatory in nature and may not be waived.

4.7.3 An announcement will be published on SENS and in the press as soon as practicable after all the Conditions Precedent have been fulfilled or waived, as the case may be.

4.8 Settlement of the Scheme Consideration

4.8.1 In the event that the Scheme becomes unconditional and is implemented, Shareholders (excluding the Controlling Shareholder) will, subject to the Exchange Control Regulations, be entitled to receive the Scheme Consideration in respect of the Scheme Shares held by them on the Scheme Implementation Date. The Scheme Consideration shall be fully paid up and Orion will, either itself and/or through its Transfer Secretary, administer and procure the transfer of the Scheme Consideration to the Shareholders concerned.

4.8.2 The following provisions regarding the settlement of the Scheme Consideration apply to Certificated Shareholders who have become Scheme Participants

4.8.2.1 Subject to Exchange Control Regulations, details of which are set out in **Annexure 8** to this Circular, the Scheme Consideration will be posted by ordinary post to Certificated Shareholders, at the risk of the Shareholders concerned, by the Transfer Secretary on behalf of the Offeror on the Scheme Implementation Date if the Documents of Title to all of those Certificated Shareholders' Certificated Shares have been surrendered before 12:00 on the Scheme Consideration Record Date or, if the Shareholders' Documents of Title are surrendered after 12:00, on the Scheme Consideration Record Date, within 5 Business Days after receipt thereof by the Transfer Secretary;

4.8.2.2 Where, on or subsequent to the Scheme Implementation Date, a person who was not a registered holder of Certificated Shares on the Scheme Consideration Record Date, tenders to the Transfer Secretary Documents of Title together with a duly stamped form of transfer purporting to have been executed on or before the Scheme Consideration Record Date by or on behalf of the then registered holder of such Shares, and provided that the Scheme Consideration shall not already have been posted or delivered to the registered holder, then such transfer shall be accepted by Orion as if it were a valid transfer to such person of the Shares concerned.

The Scheme Consideration will be posted to such person in accordance with the provisions of this paragraph 4.8.2.2 within 5 Business Days of such tender, subject to proof satisfactory to the Transfer Secretary as to the payment of any duty or tax payable, and provided that Orion is, if so required by it, given an indemnity on terms acceptable to it in respect of such consideration; and

4.8.2.3 If the Scheme Consideration is not sent to Certificated Shareholders entitled thereto because the relevant Documents of Title have not been surrendered or if the Scheme Consideration is returned undelivered to the Transfer Secretary, the Scheme Consideration will be held in trust by the Offeror or the Transfer Secretary on behalf of the Offeror until claimed for a maximum period of 5 years, after which period such funds shall be made over to the Guardians Fund of the High Court. For the avoidance of doubt, no interest will accrue on any such funds held by the Offeror.

4.8.3 In respect of Dematerialised Shareholders, the Scheme Consideration will be deposited into the account of the relevant CSDP via Strate and thereafter the accounts of Dematerialised Shareholders at their CSDPs or Brokers will be credited and updated with the Scheme Consideration due to them and debited with the Scheme Shares in accordance with the custody agreements between the Dematerialised Shareholders and their CSDPs or Brokers.

4.8.4 Settlement of the Scheme Consideration will be implemented in full in accordance with its terms without regard to any lien, right of set-off, counterclaim or other analogous right to which the Company may otherwise be, or claim to be, entitled against such Shareholders.

4.9 **Cash confirmation**

In accordance with Regulation 111(4) and Regulation 111(5) of the Companies Act Regulations, the TRP has been provided with an unconditional cash guarantee from Gmeiner Investment Holding, having its registered address at 3rd Floor, 26 Wellington Road, Parktown, Johannesburg, 2193, that Gmeiner Investment Holding has sufficient cash resources specifically allocated to secure the settlement of the Scheme Consideration, which is limited to R877 755.

5. **THE OFFER**

Shareholders are referred to paragraph 4.2 above regarding the terms of the Offer.

6. **GENERAL**

6.1 **Scheme Meeting**

6.1.1 The Notice of Scheme Meeting is attached to this Circular.

6.1.2 Approval of the Scheme will be put to a vote at the Scheme Meeting to be held at 10:00 on Wednesday, 13 November 2019 at Orion's registered office, 3rd Floor, 26 Wellington Road, Parktown, Johannesburg.

6.1.3 Details of the action required by Shareholders recorded in the Register on the Voting Record Date in respect of the Scheme is set out on pages 12 to 15 of this Circular.

6.1.4 The Company may:

6.1.4.1 before or at the Scheme Meeting, agree to any amendment, variation or modification of the Scheme; or

6.1.4.2 after the Scheme Meeting, agree to any amendment, variation or modification which the Court may deem fit to approve or impose, provided that no amendment, variation or modification made after the Scheme Meeting may have the effect of diminishing the rights which will accrue to a Shareholder in terms of the Scheme.

- 6.1.5 A certificate signed by two members of the Independent Board stating that all Conditions Precedent have been fulfilled and/or waived and that the Scheme is capable of implementation shall be binding on Orion, the Offeror and the Shareholders.
- 6.1.6 Upon the Scheme being implemented, the existing Documents of Title relating to Shares held by any Shareholders will cease to be of any value, other than for the purposes of surrender in terms of the Scheme, and no certificates or deeds or documents will be issued by Orion in place thereof.
- 6.1.7 Orion will be entitled, and will have the authority on behalf of itself and each Shareholder, to authorise any person nominated by Orion to sign all documents required to carry the Scheme and the Delisting into effect, including but not limited to all transfer forms, instructions to CSDPs, forms of proxy, changes in address and cessions of rights to dividends, distributions and other entitlements to Orion.

6.2 Termination of listing of Shares on the Main Board of JSE

Subject to the fulfilment or waiver, to the extent applicable, of the Conditions Precedent and subject to the Scheme being implemented, the JSE has granted approval for the termination of the listing of the Shares, which date is expected to be at the commencement of trading on Tuesday, 3 December 2019. In the event that the Scheme is not implemented, the Company will remain listed on the Main Board of the JSE.

6.3 Tax implications

The tax treatment of Shareholders is dependent on their individual circumstances and on the tax jurisdiction applicable to such Shareholders. It is recommended that Shareholders seek appropriate advice in this regard.

6.4 Applicable laws

The Scheme shall be governed by the laws of South Africa only. Each Shareholder shall be deemed to have irrevocably submitted to the non-exclusive jurisdiction of the courts of South Africa in relation to all matters arising out of or in connection with the Scheme.

7. SHARE CAPITAL

The authorised and issued ordinary share capital of Orion as at the Last Practicable Date is set out below:

Authorised Shares	2 000 000 000
Issued and listed Shares	630 698 688
Shares issued but unlisted	11 830 569
Total issued Shares	642 529 257
Treasury shares	3 688 866

All issued Shares rank *pari passu* in all respects with no-par value. The unlisted Shares relate to the shares issued for the acquisition of a property as previously announced on SENS, which property was transferred to Orion on 31 January 2019. The shares for the acquisition have been issued but have not been listed due to the suspension of trade in Orion's securities on 1 November 2018.

8. MAJOR SHAREHOLDERS

Insofar as is known to Orion, Shareholders who directly or indirectly held an interest of 5% or more of the Shares in issue on the Last Practicable are as follows:

Name of shareholder	Number of Shares	% of issued Shares
Gmeiner Investment Holding	586 810 961	91.33%
Total	586 810 961	91.33%

9. SHARE TRADING HISTORY

The price and trading history of Shares on the JSE is set out in **Annexure 5** to this Circular.

10. DIRECTORS' INTERESTS

10.1 Directors' interests in Orion

Details of directors' interests in Shares as at the Last Practicable Date are set out below:

	Direct beneficial	Indirect beneficial	Total	Percentage of total issued Shares*
F Gmeiner	1 885 877	586 810 961	588 696 838	91.62%
AC Gmeiner	2 056 471	-	2 056 471	0.32%
RS Wilkinson	250 000	-	250 000	0.04%
	4 192 348	586 810 961	591 003 309	91.98%

* Based on 642 529 257 Shares in issue as at the Last Practicable Date.

There have been no dealings by the directors in Shares during the six-month period prior to the Last Practicable Date by the parties set out in this paragraph 10.1.

10.2 Directors' service contracts and terms of office

The Company has formal employment agreements with all the executive directors which provide for a one month's notice period after completion of the first year's employment, other than the Chief Executive Officer who has a 6-month notice period. The employment agreements do not provide for restraint provisions, restraint payments or payments on termination of employment. The directors' remuneration is determined by the Board. The directors of Orion shall continue in office following the implementation of the Scheme.

11. OTHER ARRANGEMENTS

No arrangements, agreements or understandings which have any connection with or dependence on the Scheme exist between Orion and:

- (i) the Offeror or any person acting in concert with it;
- (ii) any director of the Offeror or any person who was a director of the Offeror within the period commencing 12 months prior to the date on which the details of the Scheme were published in the press; or
- (iii) any person who is or was a shareholder of the Offeror within the abovementioned period.

12. REMUNERATION OF DIRECTORS

Neither a change in the composition of the Board nor the remuneration of the directors as at the Last Practicable Date is anticipated as a result of the Scheme.

13. AGREEMENTS IN RELATION TO THE SCHEME

- 13.1 No agreement exists between the Offeror and the Company or any Shareholders which could be considered material to a decision to be taken by Shareholders regarding the Scheme.

13.2 As at the Last Practicable Date, no agreements have been entered into between the Offeror and the Company or any of the directors of the Company or Shareholders in relation to the Scheme.

13.3 The Offeror confirms that it is acting alone and not in concert with any party.

14. HISTORICAL FINANCIAL INFORMATION

14.1 Extracts from the audited historical financial information of Orion for the three financial years ended 30 June 2018, 30 June 2017 and 30 June 2016 is included in **Annexure 2** to this Circular.

14.2 Extracts of the historical financial information of Orion for the interim financial periods ended 31 December 2018 and 30 June 2019 are included in **Annexure 3** and **Annexure 4**, respectively, to this Circular.

14.3 The full annual reports for the aforementioned financial periods are available on Orion's website at <https://www.oriongroup.co.za/orion-real-estate/>.

14.4 As announced on SENS on 25 June 2019, the Board had approved a change in the Company's financial year-end from 30 June 2019 to 30 September 2019.

15. REPORT OF THE INDEPENDENT EXPERT

15.1 The report of the Independent Expert prepared in accordance with section 114(3) of the Companies Act and section 90 of the Companies Act Regulations is provided in **Annexure 1** to this Circular.

15.2 Having considered the terms and conditions of the Scheme and the Offer, and based on the conditions set out in its report, the Independent Expert has concluded that the terms and conditions of the Scheme are unfair and unreasonable to Shareholders, as each of these terms is respectively defined in the Companies Act Regulations.

16. INDEPENDENT BOARD OPINION AND RECOMMENDATION

16.1 The Independent Board, comprising Messrs. RS Wilkinson, AJ Ritzlmayr, MD Mthembu and TFJ Oosthuizen, appointed the Independent Expert to compile a report on the fairness and reasonableness of the Scheme and the Offer. The Independent Expert has advised the Independent Board that it has considered the terms and conditions of the Scheme and the Offer and is of the opinion that these terms and conditions are unfair and unreasonable to Orion Shareholders. The text of the letter from the Independent Expert is included in **Annexure 1** to this Circular and the report has not been withdrawn prior to the publication of this Circular.

16.2 The Independent Board, after due consideration of the report of the Independent Expert, has determined that it will place reliance on the valuation performed by the Independent Expert for the purposes of reaching its own opinion regarding the Scheme and the Offer as contemplated in section 110(3)(b) of the Companies Act Regulations.

16.3 The Independent Board has formed a view of the range of the Scheme Consideration, which falls outside the valuation range of between 48.52 cents per Share and 53.37 cents per Share, with a most likely valuation per Share of 50.95 cents per Share prior to the implementation of the Scheme.

16.4 The Independent Board has considered the report of the Independent Expert and the members of the Independent Board are unanimously of the opinion that the terms and conditions of the Scheme and the Offer are unfair to Orion Shareholders. However, on the basis of the rationale for the Scheme, as described in paragraph 3 of this Circular, and the terms of the Scheme, as described in paragraph 4.2 of this Circular, the Independent Board are unanimously of the opinion that the terms and conditions of the Scheme and the Offer are reasonable to Orion Shareholders and accordingly supports and recommends that the Shareholders vote in favour of the resolutions to be proposed at the Scheme Meeting to approve the Scheme.

16.5 The Independent Board is not aware of any factors which are difficult to quantify or are unquantifiable (as contemplated in section 110(6) of the Companies Act Regulations) and has not taken any such factors into account, in forming its opinion.

17. INTENDED ACTION OF DIRECTORS

All the directors intend exercising the voting rights of the Scheme Shares held or controlled by them and to vote in favour of all the resolutions to be proposed at the Scheme Meeting, save for F Gmeiner and AC Gmeiner, whose voting rights shall, in terms of section 115(4) of the Companies Act, not be taken in account for purposes of (i) determining whether the quorum requirements are satisfied, or (ii) supporting the Scheme Resolution, due to them being associates of the Controlling Shareholder.

18. INDEPENDENT BOARD RESPONSIBILITY STATEMENT

The Independent Board accepts responsibility for the information contained in this Circular and confirms that, to the best of its knowledge and belief, such information is true and the Circular does not omit anything likely to affect the importance of such information.

19. CONSENTS

The Independent Expert, the Sponsor and the Transfer Secretary have consented in writing to act in the capacities stated and to the inclusion of their names and, where applicable, reports, in this Circular in the form and context in which they appear and have not withdrawn their consent prior to the publication of this Circular.

20. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection by Shareholders at the registered offices of Orion from the date of posting of this Circular until the end of the Scheme Implementation Date:

- 20.1 the audited financial statements of Orion for the years ended 30 June 2018, 30 June 2017 and 30 June 2016;
- 20.2 the unaudited interim financial results of Orion for the six months ended 31 December 2018;
- 20.3 the memorandum of incorporation of each of Orion and its subsidiaries;
- 20.4 a signed copy of this Circular;
- 20.5 a signed copy of the report of the Independent Expert;
- 20.6 the written consents referred to in paragraph 19 above; and
- 20.7 the letter of approval of this Circular issued by the TRP.

By order of the Independent Board

RS WILKINSON

Signed on behalf of the Independent Board, being duly authorised

**16 October 2019
JOHANNESBURG**

REPORT OF THE INDEPENDENT EXPERT REGARDING THE SCHEME AND THE OFFER

"The Directors
Orion Real Estate Limited
3rd Floor, 26 Wellington Road
Parktown
Johannesburg, 2193
South Africa

9 October 2019

Dear Directors,

REPORT OF THE INDEPENDENT PROFESSIONAL EXPERT TO ORION REAL ESTATE LIMITED ("ORION" OR "THE COMPANY") REGARDING A SCHEME OF ARRANGEMENT IN TERMS OF SECTION 114(1) OF THE COMPANIES ACT, NO. 71 OF 2008, BETWEEN THE COMPANY AND ITS SHAREHOLDERS AND THE SUBSEQUENT TERMINATION OF THE LISTING OF ITS SHARES ON THE MAIN BOARD OF THE JSE

INTRODUCTION

Neema Capital Proprietary Limited ("Neema Capital") has been appointed by the independent board of directors of Orion ("Independent Board") in accordance with section 114(2) of the Companies Act (No. 71 of 2008), as amended ("the Act") to provide independent advice, with regard to the provisions of section 114(4) (as read with section 115) of the Act, in respect of the termination of the listing of Orion's shares on the main board of the JSE by way of a scheme of arrangement in terms of section 114(1) of the Act ("the Scheme"), proposed by the Independent Board between the Company and its shareholders, subject to the approval by eligible shareholders of all the resolutions required to implement the Scheme.

The Scheme involves Gmeiner Investment Holding Proprietary Limited ("the Offeror") making an offer to all Orion shareholders to acquire all of their ordinary shares in the Company for a cash consideration of 2 (two) cents per share ("Scheme Consideration").

INDEPENDENT EXPERT REPORT REQUIRED

The transaction is classified as a scheme of arrangement in terms of section 114 of the Act as Orion will be requiring approval of the Scheme by eligible shareholders ("the Transaction"). In terms of section 114(2) of the Act, as read together with Regulation 90 of the Companies Regulations, 2011 ("the Companies Regulations"), the Independent Board must retain an independent expert to compile a report on the whether the terms and conditions of the Transaction are Fair and Reasonable to the Orion shareholders.

SECTION 114(3) REQUIREMENTS

As required in terms of section 114(3) of the Act, this report deals with the following:

- a. state all prescribed information relevant to the value of the securities affected by the proposed arrangement;
- b. identify every type and class of holders of the Company's securities affected by the proposed arrangement;
- c. describe the material effects that the proposed arrangement will have on the rights and interests of the persons mentioned in paragraph (b);
- d. evaluate any material adverse effects of the proposed arrangement against-
 - i. the compensation that any of those persons will receive in terms of that arrangement; and
 - ii. any reasonably probable beneficial and significant effect of that arrangement on the business and prospects of the Company;
- e. state any material interest of any director of the Company or trustee for security holders;
- f. state the effect of the proposed arrangement on the interest and person contemplated in paragraph (e); and
- g. include a copy of sections 115 and 164.

Please refer to Annexure 6 and Annexure 7 to the circular to Orion shareholders to be dated on or about 16 October 2019 and of which this letter forms part ("Circular") for copies of sections 115 and 164 of the Act, respectively.

Please refer to section 10 of the Circular for details of directors' interests in Orion.

RESPONSIBILITY

Compliance with the Act is the responsibility of the directors. Our responsibility is to report on the terms of the Transaction.

EXPLANATION AS TO HOW THE TERMS "FAIR" AND "REASONABLE" APPLY IN THE CONTEXT OF THE TRANSACTION

The assessment of the "fairness" of a transaction is primarily based on quantitative considerations. A transaction will generally be considered fair to shareholders if the consideration payable per share is equal to or greater than the fair value per share at the date of the Transaction.

The Transaction may be said to be fair to the Orion shareholders if the Scheme Consideration per share is greater than or equal to the fair value per share at the date of the transaction or unfair if the Scheme Consideration per share is less than the fair value per share at the date of the Transaction.

An assessment of reasonableness is generally based on factors other than quantitative considerations. Even though the offer price may differ from the fair value of the shares being acquired, a transaction may still be reasonable after considering other significant qualitative factors.

DETAILS AND SOURCES OF INFORMATION

In arriving at our opinion, we have relied upon the following principal sources of information:

- The terms and conditions of the Transaction as contained in the Circular;
- Summarised audited results for Orion for the year ended 30 June 2018;
- Published unaudited results for the six months ended 31 December 2018;
- Consolidated management accounts for Orion for the 12-month period ended 30 June 2019;
- Property valuations prepared by Quadrant Properties (Pty) Ltd ("Quadrant") in June 2018:
 - 72 Voortrekker Avenue, Edendale
 - 35 Symons Road, Auckland Park
 - 19 & 20 John Street, Selby
 - 60 Frere Street, Kensington B, Randburg

- 296 Kent Avenue, Ferndale, Randburg
- 1052 Schooner Avenue, Laser Park, Roodepoort
- 1060 Schooner Avenue, Laser Park, Roodepoort
- 1065 Ridge Road, Laser Park, Roodepoort
- 32 - 36 Breytenbach Street, Lydenburg, Mpumalanga
- 41 Fourteenth Street, Marlboro, Sandton
- 98 - 100 Rietfontein Road, Primrose, Germiston
- 189 Beyers Naude Drive, Northcliff, Randburg
- Adjutant Road, Elma Park Extension 2, Edenvale
- 84 -92 Rietfontein Road, Primrose, Germiston
- 15 Henshall Street, Nelspruit, Mbombela
- 593 Louis Botha Avenue, Bramley, Johannesburg
- 101 Darwin Street, Wendywood, Sandton
- Discussions with Orion's directors and management and their advisors regarding the rationale for the Transaction;
- Discussions with Orion's directors and management regarding the financial information of the Company and its underlying investments;
- Discussions with Orion's directors and management on prevailing market, economic, legal and other conditions which may affect underlying value; and
- Publicly available information relating to Orion and the sector in which it operates.

The information above was secured from:

- Directors and management of Orion and their advisers; and
- Third party sources, including information related to publicly available economic, market and other data which we considered applicable to, or potentially influencing the Company and its underlying investments.

PROCEDURES

In arriving at our opinion, we have undertaken the following procedures and taken into account the following factors in evaluating the fairness and reasonableness of the Transaction:

- Reviewed the terms and conditions of the Transaction as contained in the Circular;
- Reviewed the financial and other information related to Orion and its underlying investments as detailed above;
- Reviewed the property valuation reports prepared by Quadrant;
- Held discussions with directors of Orion and their advisors and considered such other matters as we consider necessary, including assessing the prevailing economic and market conditions and trends;
- Evaluated the relative risks associated with Orion, its underlying investments and the industry in which it operates;
- Reviewed certain publicly available information relating to Orion and its underlying investments which we deemed to be relevant;
- Where relevant, representations made by management and/or directors were corroborated to source documents or independent analytical procedures were performed by us, to examine and understand the industry in which Orion and its underlying investments operate, and to analyse external factors that could influence Orion and its underlying investments;
- Held discussions with the directors and management of Orion and their advisors as to the long-term strategy and the rationale for the Transaction and considered such other matters as we considered necessary, including assessing the prevailing economic and market conditions and trends in the sector in which the Company and its underlying investments operate;
- Compiled a fair value calculation of Orion, utilising net asset value ("NAV") methodology. This was based on Orion's financial assets and financial liabilities and its attributable interest in its underlying investments prior to the implementation of the Transaction. This was then compared to the Scheme Consideration.

ASSUMPTIONS

We arrived at our opinion based on the following assumptions:

- That all agreements that are to be entered into in terms of the Transaction will be legally enforceable;
- That the Transaction will have the legal, accounting and taxation consequences described in discussions with, and materials furnished to us by representatives and advisers of Orion;
- That reliance can be placed on the property valuations prepared by Quadrant and that there have been no changes in any assumptions, since the valuation date, that could materially impact those valuations; and
- That reliance can be placed on the financial information of Orion, as provided by management, and its underlying investments.

APPROPRIATENESS AND REASONABLENESS OF UNDERLYING INFORMATION AND ASSUMPTIONS

We satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions employed in arriving at our opinion by:

- Conducting analytical reviews on the historical financial results and financial information, such as key ratio and trend analyses;
- Performing a review of the property valuation reports with reference to market research; and
- Determining the extent to which representations from management were confirmed by documentary evidence as well as our understanding of Orion and the economic environment in which the Company and its underlying investments operate.

LIMITING CONDITIONS

This opinion is provided to the directors in connection with and for the purposes of the Transaction. The opinion does not purport to cater for each individual shareholder's perspective, but rather that of the general body of Orion's shareholders.

Individual shareholders' decisions regarding the Transaction may be influenced by such shareholders' particular circumstances and accordingly individual shareholders should consult an independent adviser if in any doubt as to the merits or otherwise of the Transaction.

We have relied upon and assumed the accuracy of the information provided to us in deriving our opinion. Where practical, we have corroborated the reasonableness of the information provided to us for the purpose of our opinion, whether in writing or obtained in discussion with management, by reference to publicly available or independently obtained information. While our work has involved an analysis of, *inter alia*, the annual financial statements, and other information provided to us, our engagement does not constitute an audit conducted in accordance with generally accepted auditing standards.

Where relevant, forward-looking information of Orion and its underlying investments relates to future events and is based on assumptions that may or may not remain valid for the whole of the forecast period. Consequently, such information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. We express no opinion as to how closely the actual future results of Orion and its underlying investments will correspond to those projected. We have however compared the forecast financial information to past trends as well as discussing the assumptions inherent therein with management.

We have also assumed that the Transaction will have the legal consequences described in discussions with, and materials furnished to us by representatives and advisers of Orion and we express no opinion on such consequences.

Our opinion is based on current economic, regulatory and market as well as other conditions. Subsequent developments may affect the opinion, and we are under no obligation to update, review or re-affirm our opinion based on such developments.

INDEPENDENCE, COMPETENCE AND FEES

We confirm that Neema Capital meet the requirements as set out in section 114(2) of the Act. We also confirm that we have the necessary qualifications and competence to provide this opinion.

Furthermore, we confirm that our professional fees of R105 000, payable in cash, are not contingent upon the success of the proposed Transaction.

VALUATION APPROACH

Orion is a property investment company. The valuation of Orion has been based upon an aggregation of Orion's financial assets and financial liabilities and its attributable interest in each of its investments.

The valuation was performed taking cognisance of risk and other market and industry factors affecting the business. Additionally, sensitivity analyses were performed considering key value drivers.

Consideration was made to the current Price / NAV multiples for relating to Orion as well as other public companies in the sector in which it operates. This analysis showed the following:

- | | |
|---|------|
| • Maximum price / NAV ratio | 1.17 |
| • Minimum price / NAV ratio | 0.21 |
| • Average price / NAV ratio | 0.74 |
| • Average price / NAV ratio for REITS smaller than R5bn market capitalisation | 0.67 |
| • Orion price / NAV based on share price | 0.61 |

Key value drivers to the NAV method of Orion are as follows:

Internal:

- Fair market value of investment property assets;
- Realisable value of shareholder loans;
- Realisable value of working capital assets; and
- Fair market value of the total liabilities based on the outstanding amounts payable.

External:

- Market factors impacting the demand for property assets.

Sensitivity analyses were conducted, where practical, using key value drivers which may materially impact the value of the Orion. The results of these are set out below.

- Fair value of investment property assets: A 5% fluctuation in the fair value of investment property would cause the value per share of Orion to fluctuate by 6.14%.
- Fair value of shareholder loans: A 5% fluctuation in the realisable value of shareholder loans would cause the value per share of Orion to fluctuate by 0.29%.
- Realisable value of working capital assets: A 5% fluctuation in the realisable value of working capital assets would cause the value per share of Orion to fluctuate by 0.47%.
- Fair market value of total liabilities: A 5% fluctuation in the fair market value of total liabilities would cause the value per share of Orion to fluctuate by 1.97%.
- Price to NAV multiple: A 5% fluctuation in the Price / NAV multiple would cause the value per share of Orion to fluctuate by 7.94%.

VALUATION RESULTS

In undertaking the valuation exercise above, we determined a valuation range of between 48.52 cents per share to 53.37 cents per share for Orion with a most likely valuation per share of 50.95 cents prior to the implementation of the Transaction.

REASONABLENESS OF THE TRANSACTION

We have assessed the terms of the Transaction with reference to normal market-related practice. Due to the fact that Orion is currently suspended, a current volume weighted average price ("VWAP") calculation could not be performed. The last traded share price was, however, 58c. The Scheme Consideration represents a 96.6% discount to the last traded price. We have found this to be a further indication that the Scheme will have an adverse effect on the shareholders of Orion if it is accepted.

OPINION

Neema Capital has considered the terms and conditions of the Transaction and, based on and subject to the conditions set out herein, is of the opinion that the terms and conditions of the Transaction, based on quantitative considerations, are unfair to the shareholders of Orion.

Based on qualitative factors, we are of the opinion that the terms and conditions of the Transaction are unreasonable for the shareholders of Orion.

Our opinion is necessarily based upon the information available to us up to 9 October 2019, including in respect of the financial information as well as other conditions and circumstances existing and disclosed to us. We have assumed that all conditions precedent, including any material regulatory and other approvals or consents required in connection with the Transaction have been fulfilled or obtained.

Accordingly, it should be understood that subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.

Yours faithfully

R McDonald
Director
Neema Capital Proprietary Limited"

EXTRACTS FROM THE THREE-YEAR HISTORICAL FINANCIAL INFORMATION OF ORION

The consolidated statements of financial position, statements of comprehensive income, statements of changes in equity, cash flow statements and accounting policies of Orion for the financial years ended 30 June 2018, 30 June 2017 and 30 June 2016 have been extracted and compiled from the audited consolidated annual financial statements of Orion. The preparation of this **Annexure 2** is the responsibility of the directors of Orion.

The historical financial information of Orion was audited by Nexia SAB&T and was reported on without qualification for all of the aforementioned financial periods.

The audit report contained details of a material uncertainty related to Going Concern, as follows:

"We draw attention to Note 39 in the consolidated financial statements and note 10 of the summarised audited results, which describes the current situation of the group's ability to continue as a going concern as at 30 June 2018, and, as of that date, that the Group's current liabilities exceeded its current assets by R124.6 million. As stated in these notes, these events or conditions, along with other matters as set forth in these notes, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter."

The audit report contained details of reportable irregularities as detailed further below.

- During the course of the 30 June 2018 financial year, Orion Real Estate Limited provided direct financial assistance as financial assistance as defined by subsection 45(2) to related companies. However, the directors could not provide the necessary evidence to support adherence with the necessary requirements as per section 45 of the Companies Act. Subsequent to year end remedial action and resolutions were taken by the Board and approved by the shareholders to rectify this matter.
- The directors of Orion Real Estate Limited failed to prepare the annual financial statements of Orion Real Estate Limited within six months after the end of its financial year and failed to issue the audited annual financial statements and a notice of the annual general meeting to all holders of securities and the JSE within four months of its financial year end as required by paragraph 3.19 (a) and (b) of the JSE Listings Requirements. The audited annual financial statements and the notice of the annual general meeting remain outstanding.
- The directors of Orion Real Estate Limited did not comply with the necessary JSE Listing Requirements which resulted in the JSE terminating their group's REIT status and the listing remains suspended on the stock exchange.

The Reportable Irregularities have already been addressed. The one aspect regarding the REIT status that could not be met was the lodgement of the Annual Compliance certificate, which is only capable of being lodged when the Annual Report is submitted to the JSE. The Company did issue a confirmation to the JSE during 2018 that the company met all the other REIT requirements contained in Section 13 of the JSE Listings Requirements. It should be noted that shareholder spread is not actually a requirement in terms of Section 13 for REIT status.

A complete set of Orion's historical financial statements are available on the Company's website at <http://www.https://www.oriongroup.co.za/orion-real-estate/>.

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

Figures in Rand	Audited 30-Jun 2018	Restated 30-Jun 2017	Restated 30-Jun 2016
ASSETS			
Investment property	741 000 000	733 984 000	802 883 351
Property, plant and equipment	4 996 496	5 561 364	5 489 604
Deferred tax asset	-	651 151	-
Total non-current assets	745 996 496	740 196 515	808 372 955
Loans to related parties	264 696	1 147 196	12 271 910
Loans to shareholders	47 347 803	38 832 525	10 959 262
Consumables	-	7 017	7 017
Trade and other receivables	18 025 697	29 432 459	60 271 664
Cash and cash equivalents	1 861 951	2 729 167	10 684 674
Total current assets	67 500 147	72 148 364	94 194 527
Investment properties held for sale	-	8 400 000	4 500 000
Total assets	813 496 643	820 744 879	907 067 482
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	114 336 674	114 336 674	114 336 674
Retained earnings	494 152 797	482 853 056	507 278 659
Total equity attributable to owners of the parent	608 489 471	597 189 730	621 615 333
Non-controlling interest	(289 732)	(291 068)	(287 431)
Total equity	608 199 739	596 898 662	621 327 902
Borrowings	11 960 985	47 055 436	151 148 521
Deferred tax liabilities	1 189 515	-	1 006 350
Total non-current liabilities	13 150 500	47 055 436	152 154 871
Current income tax liabilities	14 918 211	12 486 565	8 269 251
Loans from directors	18 508	18 508	403 529
Loans from related parties	-	20 096	21 264
Tenant deposits	6 720 520	6 984 890	6 994 110
Trade and other payables	50 329 487	54 440 417	100 101 583
Borrowings	118 240 470	100 841 039	14 764 174
Bank overdraft	1 919 208	1 999 266	3 030 798
Current liabilities	192 146 404	176 790 781	133 584 709
Total liabilities	205 296 904	223 846 217	285 739 580
Total equity and liabilities	813 496 643	820 744 879	907 067 482

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

Figures in Rand	Audited 30-Jun 2018	Restated 30-Jun 2017	Restated 30-Jun 2016
Revenue	87 982 847	90 311 864	81 995 484
Other income	13 997 302	6 952 559	2 472 052
Administration expenses	(36 725 509)	(43 380 174)	(54 880 728)
Property related expenses	(46 286 125)	(35 086 034)	(31 554 847)
Impairment on Investment in Elma Park	-	(30 424 170)	-
Fair value adjustment	8 707 165	19 626 093	22 944 906
Operating profit before interest	27 675 680	8 000 138	20 976 867
Finance income	6 608 776	9 898 165	6 785 165
Finance costs	(15 341 374)	(19 014 512)	(25 192 635)
Profit before taxation	18 943 082	(1 116 209)	2 569 397
Taxation	(4 176 963)	(3 146 407)	316 450
Profit for the year	14 766 119	(4 262 617)	2 885 847
Other comprehensive income	-	-	-
Total comprehensive income for the year	14 766 119	(4 262 617)	2 885 847
Profit/(Loss) and total comprehensive income/(loss) for the year attributable to:			
Owners of the parent	14 764 783	(4 258 980)	2 886 345
Non-controlling interest	1 336	(3 637)	(498)
	14 766 119	(4 262 617)	2 885 847
Earnings per share			
Basic earnings per share (cents)	2.35	(0.68)	0.46
Diluted earnings per share (cents)	2.35	(0.68)	0.46
Headline earnings per share (cents)	1.48	0.97	(2.65)

CONDENSED STATEMENTS OF CHANGES IN EQUITY

Figures in Rand	Issued capital	Retained earnings	Total	Non- controlling Interest	Total equity
Balance at 30 June 2015	114 336 674	504 392 314	618 728 988	(286 933)	618 442 055
Prior period error	-	811 798	811 798	-	811 798
Total comprehensive income for the year	-	2 074 547	2 074 547	(498)	2 074 049
Balance at 30 June 2016	114 336 674	507 278 659	621 615 333	(287 431)	621 327 902
Prior period error	-	2 815 360	2 816 350	-	2 816 350
Total comprehensive income for the year	-	(7 074 340)	(7 074 340)	(3 637)	(7 077 977)
Dividends paid	-	(20 167 613)	(20 167 613)	-	(20 167 613)
Balance at 30 June 2017 as restated	114 336 674	482 853 056	597 189 730	(291 068)	596 898 662
Prior period error	-	(3 465 042)	(3 465 042)	-	(3 465 042)
Dividends declared *	-	-	-	-	-
Total comprehensive income for the year	-	14 764 783	14 764 783	1 336	14 766 119
Balance at 30 June 2018 as restated	114 336 674	494 152 797	608 489 471	(289 732)	608 199 739

* In line with IAS10 events after reporting period, the declaration of the dividend occurred after the end of the reporting period, resulting in a non-adjusting event that is not recognised in the financial statements. The dividends meet the requirements of a REIT "qualifying distribution" for purposes of section 25BB of the Income Tax Act, as amended.

CONDENSED STATEMENT OF CASH FLOWS

Figures in Rand	Audited 30-Jun 2018	Restated 30-Jun 2017	Restated 30-Jun 2016
Cash inflow from operating activities	17 427 810	35 192 583	18 168 177
Cash generated from operations	27 416 009	45 369 625	38 334 464
Finance income	(15 341 374)	(19 014 513)	(25 192 635)
Finance cost	6 608 776	9 899 155	6 785 165
Taxation paid	(1 255 601)	(1 061 684)	(1 758 817)
Cash (outflows) from investing activities	(540 044)	(23 714 154)	(23 753 371)
Loans (advanced to)/repaid by related parties	882 500	11 124 715	7 651 596
Loans (advanced to)/repaid by shareholder	(9 327 076)	(27 873 263)	(10 959 262)
Dividends paid	-	(20 167 613)	-
Additions to investment property	-	-	(22 870 911)
Proceeds on sale of investment property	8 250 000	14 000 000	3 500 000
Purchases of property, plant and equipment	(345 468)	(797 993)	(1 074 794)
Cash (outflows)/inflows from financing activities	(17 674 924)	(18 402 409)	13 186 271
Movement in related party loans	20 096	(1 168)	252
Loans (repaid)/raised from directors	-	(385 021)	385 281
Movement in interest-bearing borrowings	(17 695 020)	(18 016 220)	12 800 738
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	(787 158)	(6 923 980)	7 601 077
Cash, cash equivalents and bank overdrafts at the beginning of the year	729 901	7 653 876	52 799
Cash, cash equivalents and bank overdrafts at the end of the year	(57 257)	729 901	7 653 876

Headline earnings reconciliation and distribution information

Basic earnings per share	<u>2018</u>	<u>2017</u>	<u>2016</u>
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Basic earnings per share is determined by dividing profit or loss attributable to the ordinary equity holders of the parent by the weighted average number of shares outstanding during the year. Headline earnings per share is determined by dividing headline earnings by the weighted average number of shares during the year. Headline earnings is determined by adjusting basic earnings by excluding separately identifiable re-measurement items. Headline earnings is presented after tax and non-controlling interest. There are no dilutionary instruments in issue.

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Profit for the year attributable to owners of the company	14 764 783	(4 258 980)	2 886 345
Earnings used in the calculation of basic earnings per share for continuing operations	14 764 783	(4 258 980)	2 886 345
Weighted average number of shares used to calculate basic earnings per share	627 009 822	627 009 822	627 009 822

Reconciliation of numerators used for basic and diluted earnings:

Shares in issue	630 698 688	630 698 688	630 698 688
Number of shares for basic earnings	630 698 688	630 698 688	630 698 688
Less: treasury shares	(3 688 866)	(3 688 866)	(3 688 866)
Number of shares for net asset and diluted earnings per share	627 009 822	627 009 822	627 009 822

Headline earnings reconciliation:

Basic earnings/(loss)	14 764 783	(4 258 980)	2 886 345
Fair value adjustment to investment properties	(5 614 318)	(19 558 748)	(18 705 591)
Impairment of Elma Park	-	30 424 170	-
Net (profit)/loss on disposal of investment properties	150 000	(500 000)	(791 238)
Headline earnings	9 300 465	6 106 442	(16 610 484)

Reconciliation of net asset value:

Total equity attributable to equity holders of the parent	608 489 471	597 189 730	621 615 333
Total net asset value	608 489 471	597 189 730	621 615 333

Earnings per share (cents)

Basic and diluted earnings per share (cents)	2.35	(0.68)	0.46
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Diluted earnings per share

Headline earnings per share (cents)	2.35	(0.68)	0.46
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Headline and diluted earnings per share

Diluted headline earnings per share	1.48	0.97	(2.65)
Net asset value per share	1.48	0.97	(2.65)
Net asset value per share at year-end (cents)	97.05	95.24	99.14

ACCOUNTING POLICIES**1. Basis of preparation**

Orion Real Estate Limited is a JSE-approved Real Estate Investment Trust (REIT) in accordance with the provisions of section 13 of the JSE Listings Requirements.

1.1 Basis of Financial Preparation

The group financial statements are prepared in accordance with International Financial Reporting Standards and the interpretations adopted by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations committee of the IASB. The Group financial statements comply with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listing Requirements and the requirements of the Companies Act of South Africa.

The Group financial statements are prepared on the historic cost basis, except for investment properties which are carried at fair value, and incorporate the principal accounting policies set out below.

The Group financial statements are prepared on a going-concern basis. These accounting policies are consistent with the previous period.

Functional currency

The functional currency is South African Rand and these financials have been presented in Rands.

1.2 Consolidation

Basis of consolidation

The Group annual financial statements incorporate the annual financial statements of the Company and all entities, which are controlled by the Company.

Determination of control - IFRS 10

Subsidiaries are all entities where the parent is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to affect those returns through its power over the entity.

The results of the subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of loss of control. On acquisition the Group recognizes the subsidiary's identifiable assets, liabilities and contingent liabilities at fair value, except for assets classified as held-for-sale, which are recognised at fair value less costs to sell.

The existence and effect of potential voting rights are considered when assessing whether the Group controls an entity to the extent that those rights are substantive. The acquisition date is the date on which control is transferred to the acquirer.

Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Subsidiaries are those entities controlled by the Group. The financial results of subsidiaries and controlled trusts are included in the Group financial statements from the date that control commences until the date that control ceases.

Adjustments are made when necessary to the Group annual financial statements of subsidiaries to bring their accounting policies in line with those of the Group. All intra-Group transactions, balances, income and expenses are eliminated in full on consolidation.

Transactions which result in changes in ownership levels, where the Group has control of the subsidiary both before and after the transaction are regarded as equity transactions and are recognised directly in the statement of changes in equity.

Initial and subsequent measurement

The Group accounts for business combinations by applying the acquisition method as at the acquisition date and measures goodwill as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, plus the fair value of any existing equity interest, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured at the acquisition date. If this amount is negative, the Group recognises a gain on bargain purchase in profit or loss.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration. If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Acquisitions of non-controlling interests that do not result in a change in control are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognized as a result of such transactions.

The Group accounts for business combinations by applying the acquisition method as discussed before.

Subsidiaries are accounted for by including 100% of the assets, liabilities, income, expenses and cash flows on a line-by-line basis in the financial statements from the date that control commences until the date that joint control ceases. The portion attributable to non-controlling interest is recognised in the statement of profit or loss and other comprehensive income and transferred to a non-distributable reserve.

Intercompany balances and transactions

Intra-group balances, transactions and any unrealised gains or losses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

IFRS 12 - Disclosure of interest in other entities

The Group has disclosed all interest in entities at reporting date at their respective fair values and any gains or losses on the interests in other entities are recognised in profit or loss

1.3 Financial Instruments

1.3.1 Initial recognition

Financial instruments are recognised on the statements of financial position when the Group becomes a party to the contractual provisions of the instrument. Initial measurement is carried at fair value through profit or loss.

The Group's financial instruments recognised on the statements of financial position include trade and other receivables, cash and cash equivalents, loans to and from Group Companies, loans to and from shareholders, loans from directors, loans from related parties, long term borrowings, tenant installations and trade and other payables.

1.3.2 Classification

The Group classifies its financial assets as loans and receivables and financial liabilities as financial liabilities at amortised cost.

The classification depends on the purpose for which the assets were acquired and takes place at initial recognition.

Trade and other receivables

Trade and other receivables are classified as loans and receivables and are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss in the statement of comprehensive income when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered objective indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss in the statement of comprehensive income within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operations expenses in profit or loss in the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents are classified as loans and receivables and comprise cash on hand, demand deposits and other short-term investments that are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

Tenant Deposits

Deposits from tenants are received as a guarantee for returning the property at the end of the lease term in a specified good condition or for the lease payments for a period ranging from 1 to 12 months. Such deposits are initially and subsequently recognised at fair value.

Trade and other payables

Trade and other payables are classified as financial liabilities at amortised cost and are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest method.

Bank overdrafts and borrowings

Bank overdrafts and borrowings are classified as financial liabilities at amortised cost. Bank overdrafts and borrowings are initially measured at fair value and subsequently measured at amortised cost, using the effective interest rate method. Bank overdrafts and borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Loans to related parties, shareholders and directors

These financial assets are classified as loans and receivables. They are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest method.

Loans from related parties and directors

These financial liabilities are classified as financial liabilities at amortised cost. They are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest method.

1.3.4 Impairment of financial assets

At each reporting date the Group assesses all financial assets to determine whether there is objective evidence that a financial asset or Group of financial assets has been impaired. For amounts due to the Group: Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss. Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account.

Subsequent recoveries of amounts previously written off are credited against operating expenses.

1.3.5 De-recognition

The de-recognition of a financial instrument occurs when the Group no longer controls the contractual rights or the obligation has been extinguished, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through an independent third party. Any profit or loss on de-recognition is recognised in profit or loss.

1.4 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Companies in the Group, is classified as investment property.

Investment property consists of land and buildings as well as vacant land held for capital appreciation.

Properties are stated at cost on acquisition and subsequent additions that enhance the value of the property are capitalised.

Investment property is measured initially at cost, including related transaction costs.

Investment property is maintained, upgraded and refurbished where necessary, in order to preserve or improve the capital value as far as is possible to do so. Maintenance and repairs which neither materially add to the value of the properties nor prolong their useful lives are charged to profit or loss during the financial period in which they are incurred.

Subsequent to initial measurement investment property is measured at fair value, adjusted for the straight-line lease income. A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

Independent valuations are obtained on a rotational basis, ensuring that every property is independently valued every three years. Valuations are performed as at the reporting date by professional valuers who hold recognised and relevant professional qualifications and have received experience in the location and category of the investment property being valued. The directors' value the remaining properties annually, using the capitalisation of net income method and taking into account the effects of lease smoothing in terms of IAS 40. This method takes net rentals and capitalises them at a rate which is consistent with comparable market transactions. The capitalisation rates reflect the risks inherent in the net cash flows and are constantly monitored by reference to comparable market transactions.

The gross value of investment property is adjusted with the fair value adjustment in profit or loss.

The fair value of investment property reflects, among other things, the assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. When part of an investment property is replaced, the replacement part is recognised in the carrying amount of the investment property and the carrying amount of the replaced part is derecognised.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

On disposal of investment properties, the difference between the net disposal proceeds and the fair value at the date of the last valuation is charged or credited to profit or loss.

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessor

Income for leases is disclosed under revenue in profit or loss.

Properties leased out under operating leases are included in investment property in the statement of financial position.

Operating leases – lessee

Operating lease expense is recognised as an expense on a straight-line basis over the lease term.

The difference between the amounts recognised as an expense and the contractual amounts received are recognised as an operating lease asset. This asset is not discounted.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

The difference between amounts recognised as an expense and the contracted payments are recognized as an operating lease liability.

1.6 Revenue, other income and finance income

Revenue from the letting of investment property comprises gross rental income. Recoveries of municipal charges are classified as other income as the Group acts as principal in these transactions in that the company collects the recoveries from the tenants and pays this to the respective municipality for the municipal charges incurred for the month.

Revenue comprises the fair value of the consideration received or receivable for the services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, after eliminating sales within the Group. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities.

Other income is measured at the fair value of the consideration received.

Rental income from operating leases is recognised in accordance with the lease policy.

Finance income on amounts invested is recognised on an accrual basis using the effective interest method.

Dividends received from subsidiaries are eliminated on consolidation.

1.7 Income Tax

Income tax expenses

Tax expense comprises current and deferred tax.

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from a transaction recognised in other comprehensive income.

Current income tax assets and liabilities

Current income tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current income tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

In accordance with the status as a REIT, dividend declared meet the requirements of a qualifying distribution for the purpose of section 25BB of the Income Tax Act No 58 of 1962 (as amended).

Dividends received by non-resident shareholders from a REIT will not be taxable as income in South Africa and instead will be treated as ordinary dividends which are exempt from income tax in terms of the general dividend exemption 10(i)(k) of the Income Tax Act.

Deferred income tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

No deferred tax was recognised on the fair value of investment property. Investment property will be realised through sale and subsequent to the conversion to a REIT, capital gains tax is no longer applicable in terms of section 25BB of the Income Tax Act.

1.8 Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the Company; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to or replace part of it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated on the straight-line basis over their useful lives to their estimated residual values.

The useful lives of property, plant and equipment have been assessed as follows:

Item	Average useful life
Fittings	5 years
Computer equipment	3 years
Furniture	6 years
Motor vehicles	5 years
Parking equipment	5 years
Plant & Equipment	5 - 12 years
Buildings	20 years

The depreciation charge for each period is recognised in profit or loss. The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The gain or loss arising from the de-recognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the recognition of an item of property, plant and equipment is determined as the difference between net disposal proceeds, if any, and the carrying amount of the item.

1.9 Impairment of Non-Financial Assets

The Group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

1.10 Segment Reporting

An operating segment is a component of the Group that engages in business activities whose operating results are regularly reviewed by the Group's decision makers. These results are utilised to assess the segment's performance and facilitate decisions regarding resource allocation. The core business of the Group is property rental, which is reported into segments based on the nature and business functions of the tenants for JSE reporting purposes.

The following segments are listed in this report: – commercial, industrial, retail, hospitality and residential

The measurement policies the Group uses for segment reporting under IFRS 8 are the same as those used in its financial statements.

1.11 Related parties

Related parties mostly consist of other entities controlled by directors of this Group. Key management consist of members of the board of directors.

1.12 Share capital and equity

Ordinary shares and Treasury shares are classified as equity.

Incremental costs directly attributable to the issue of new shares (or options) are deducted in equity from the proceeds.

1.13 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

1.14 Employee benefits

Short-term benefits

The cost of short-term employee benefits is recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The expected cost of profit-sharing and bonus payments is recognised as an expense when there is a legal or contractual obligation to make such payments as a result of past performance.

1.15 Significant judgements and key sources of estimation uncertainty

In preparing the Group financial statements, management is required to make estimates and assumptions affecting the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements.

Significant judgements include:

1.15.1 Trade receivables and loans and receivables

The Group assess its trade receivables and loans and receivables for impairment at each reporting date.

In determining whether an impairment loss should be recorded in the statement of comprehensive income, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Where discounting of trade receivables is applied, the Group makes judgements of possible future cash flows over the term the debtor is expected to repay in full discounted at a market related interest rate.

The impairment for trade receivables and loans and receivables is calculated on a case by case basis, based on known factors relating to the specific item.

1.15.2 Impairment testing

The recoverable amounts of individual assets have been determined based on the higher of value-in-use calculations and fair values less cost to sell. These calculations require the use of estimates and assumptions.

The Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each Group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time.

1.15.3 Investment property

All investment properties are externally valued each year on a rotational basis. The calculation of the market values of the properties has been based on the discount free cash flow method, or the net income capitalisation method, making use of market rental rates and capitalisation rates. Other aspects that are considered include:

- Nature of the property
- Forward rent and earning capability
- Exposure to future expenses and property risk
- Tenancy income capability
- Property expenditure
- Locality
- The current economy
- Risk profile

Where a property is already sectionalised, the direct comparable sales method was used by the directors whereby the subject sections were compared with registered sales in the area to determine the market value. The vacant land has been independently valued by an independent external valuator on the "Direct comparison basis", taking into account the size of the land as well as the physical attributes of the property including all topographical characteristics of the land, structures if any on the land as well as the location of the property including zoning right on the property.

In terms of IAS 40, consideration has been given to whether Orion House should be classified as being owner-occupied. However, due to the immaterial percentage occupation by Group Companies, the main use of the property results in the treatment as investment property as fair value adjustments in profit or loss under IAS 40.

1.15.4 Statement of Comprehensive Income

The presentation format of the statement of comprehensive income is grouped by nature which in the opinion of the directors, provides the reader with a comprehensive understanding of the operations of the Group. During 2018, after careful consideration a decision was taken to reclassify some line items within the statement of comprehensive income, which the directors felt would present the reader with more meaningful information.

2. Changes in accounting policies and disclosures

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the Group has decided not to adopt the following standards and interpretations that are effective for the current year and that are relevant to its operations:

At the date of authorisation of these financial statements for the year ended 30 June 2018, the following IFRSs were adopted:

Nature of change	Impact on the financial statements
<i>IFRS 12 Disclosure of Interests in Other Entities</i>	
Annual Improvements 2014-2016 Cycle: Clarification of the scope of IFRS 12 with respect to interests in entities classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. The effective date of this amendment is for annual periods beginning on or after 1 January 2017.	The impact of this standard is not material but may require additional disclosure.
<i>IAS 7 Statement of Cash Flows</i>	
Disclosure Initiative: Amendments requiring entities to disclose information about changes in their financing liabilities. The additional disclosures will help investors to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes (such as foreign exchange gains or losses). The effective date of this amendment is for annual periods beginning on or after 1 January 2017.	The impact of this standard is not material but may require additional disclosure.
<i>IAS 12 Income Taxes</i>	
Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12): Narrow-scope amendment to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value. The effective date of this amendment is for annual periods beginning on or after 1 January 2017.	The impact of this standard is not material but may require additional disclosure.

2.2 Standards and interpretations early adopted

The Group has chosen not to early adopt any new standards and interpretations.

2.3 Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 1 March 2018 or later periods:

IFRS 9: Financial Instruments

Classification and measurement of financial assets

- All financial assets are initially measured at fair value
- Debt instruments are subsequently measured at fair value through profit or loss
- Equity instruments are measured at fair value through profit or loss.

Nature of change	Impact on the financial statements
Classification and measurement of financial liabilities	
For liabilities measured at fair value through profit or loss, the change in the fair value of the liability attributable to changes in credit risk is presented in other comprehensive income. The remainder of the change in fair value is presented in profit on loss; and all other classification and measurement requirements in IAS 39 have been carried forward into IFRS 9.	The Group measures its interest-bearing borrowings and derivative liability at fair value through profit or loss and all changes in fair value due to credit risk will therefore be presented in other comprehensive income.
Impairment	
The impairment requirements are based on an expected credit loss (ECL) model. Entities are generally required to recognise 12-month ECL on initial recognition and thereafter as long as there is no significant deterioration in credit risk. However, if there has been a significant increase in credit risk on an individual or collective basis, then entities are required to recognise lifetime ECL.	Impairment requirement might result in earlier recognition of credit losses.
Hedge accounting	
Hedge effectiveness testing is prospective and depending on the hedge complexity, can be qualitative. A risk component of a financial or non-financial instrument may be designated as the hedge item if the risk component is separately identifiable and reliably measurable. More designations of groups of items as the hedged item are possible, including layer designations and some net positions period ending 30 June 2019.	The Group does not apply hedge accounting, therefore no expected effect. The effective date of this standard is for annual periods beginning on or after 1 January 2018 and will be applied in the 2019 financials.
The impact of this amendment is not expected to be material once effective.	

IFRS 15 Revenue from Contracts with Customers	
<p>New standard that requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is achieved through a five step five-step methodology that is required to be applied to all contracts with customers.</p> <p>The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements.</p> <p>The effective date of this standard is for annual periods beginning on or after 1 January 2018.</p>	<p>The impact of this amendment is expected to be material in the 2019 financial year and the effect of the impact will be disclosed retrospectively in 2019. An assessment of IFRS 15 and its possible effects on the 2018 financials was done and it was determined that the impact was not material in 2018 financials.</p>
IFRS 16 Leases	
<p>IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. IFRS 16 contains expanded disclosure requirements for lessees.</p> <p>The effective date of this standard is for annual periods beginning on or after 1 January 2019.</p>	<p>The impact of this amendment is not expected to be material once effective.</p>

Clarifications to IFRS 15 Revenue from Contracts with Customers	
Amends IFRS 15 Revenue from Contracts with Customers to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.	The impact of this amendment is not expected to be material.
IAS 12 Income Taxes	
Annual Improvements 2015 - 2017 Cycle: Clarification that all income tax consequences of dividends should be recognised in profit or loss, regardless how the tax arises. The effective date of this standard is for annual periods beginning on or after 1 January 2019.	The impact of this amendment is not expected to be material once effective.
IAS 23 Borrowing Costs	
Annual Improvements 2015 -2017 Cycle: The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The effective date of this standard is for annual periods beginning on or after 1 January 2019.	The impact of this amendment is not expected to be material once effective.
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	
Disclosure Initiative: The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards. The effective date of this standard is for annual periods beginning on or after 1 January 2020.	The impact of this amendment is not expected to be material once effective.

UNAUDITED INTERIM FINANCIAL INFORMATION OF ORION FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

BASIS OF PREPARATION

The interim financial information of Orion has been extracted and compiled from the interim results of Orion for the six months ended 31 December 2018. The preparation of this **Annexure 3** is the responsibility of the directors of Orion.

The condensed consolidated interim results of Orion for the six months ended 31 December 2018 comprise of the Company, all its subsidiaries and jointly controlled entities (jointly referred to as the Group).

The accounting policies applied in the preparation of these condensed consolidated interim results are in accordance with IFRS and are consistent with the accounting policies applied in the preparation of the Group's previous audited consolidated annual financial statements.

These interim results have not been audited or independently reviewed by the Group's external auditors. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 30 June 2018.

The results were made available publicly on 17 May 2019.

Condensed Consolidated Statement of Financial Position as at 31 December 2018

Figures in Rand	Unaudited 31-Dec-18	Unaudited Restated 31-Dec-17	Audited 30-Jun-18
ASSETS			
Investment property	638 500 000	733 984 000	741 000 000
Property, plant and equipment	4 713 924	5 148 233	4 996 496
Deferred tax asset	-	651 152	-
Total non-current assets	643 213 924	739 783 385	745 996 496
Loans to related parties	264 696	1 906 611	264 696
Loans to shareholders	32 630 383	46 094 154	47 347 803
Consumables	-	94 890	-
Trade and other receivables	19 476 616	19 839 984	18 025 697
Cash and cash equivalents	410 711	890 147	1 861 951
Total current assets	52 782 406	68 825 786	67 500 147
Investment property held for sale	102 500 000	8 400 000	-
Total assets	798 496 330	817 009 171	813 496 643
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital and share premium	114 336 674	114 336 674	114 336 674
Retained earnings	482 430 595	488 732 459	494 152 797
Total equity attributable to owners of the parent	596 767 269	603 069 133	608 489 471
Non-controlling interest	(289 732)	(291 068)	(289 732)
Total equity	596 477 537	601 370 385	608 199 739
Borrowings	11 960 985	127 725 818	11 960 985
Deferred tax liabilities	1 189 515	-	1 189 515
Total non-current liabilities	13 150 500	127 725 818	13 150 500
Current income tax liabilities	13 251 809	12 328 016	14 918 211
Loans from directors	18 508	17 508	18 508
Loans from related parties	-	4 705 029	-
Tenant deposits	6 720 520	7 609 168	6 720 520
Trade and other payables	47 712 743	45 264 337	50 329 487
Borrowings	99 283 511	14 559 450	118 240 470
Bank overdraft	1 498 685	2 021 780	1 919 208
Current liabilities	168 485 776	86 505 288	192 146 404
Borrowings on held for sale properties	20 382 517	-	-
Total liabilities	202 018 793	214 231 106	205 296 904
Total equity and liabilities	798 496 330	817 009 171	813 496 643

Condensed Consolidated Statement of Comprehensive Income

Figures in Rand	Unaudited 6 months ended 31-Dec-18	Unaudited Restated 6 months ended 31-Dec-17	Audited year ended 30-Jun-18
Revenue	43 053 547	44 848 701	87 982 847
Other income	284 441	108 568	13 997 302
Administration expenses	(15 770 128)	(9 931 661)	(36 725 509)
Property related expenses	(18 020 790)	(20 468 972)	(46 286 125)
Fair value adjustment	-	-	8 707 165
Operating profit before interest	9 547 070	14 556 636	27 675 680
Finance income	1 435 433	3 553 543	6 608 776
Finance costs	(6 937 238)	(8 602 628)	(15 341 374)
Profit before taxation	4 045 265	9 507 551	18 943 082
Taxation	-	-	(4 176 963)
Profit for the period	4 045 265	9 507 551	14 766 119
Profit/(Loss) and total comprehensive income/(loss) for the period attributable to:			
Shareholders	4 045 265	9 507 551	14 764 783
Non-controlling interest	-	-	1 336
Total Comprehensive Income	4 045 265	9 507 551	14 766 119
Earnings per share			
Basic earnings per share (cents)	0.65	1.52	2.35
Diluted earnings per share (cents)	0.65	1.52	2.35
Headline earnings per share (cents)	0.65	1.52	1.48

Condensed Consolidated Statement of Changes in Equity for the six months ended 31 December 2018

Figures in Rand	Share Capital	Retained Earnings	Total	Non- controlling Interest	Total Equity
Balance at 30 June 2018 as restated	114 336 674	494 152 797	608 489 471	(289 732)	608 199 739
Total comprehensive income for the period	-	4 045 265	4 045 265	-	4 045 265
Dividend paid	-	(15 767 467)	(15 767 467)	-	(15 767 467)
Balance at 31 December 2018	114 336 674	482 430 595	596 767 269	(289 732)	596 477 537

Condensed Consolidated Statements of Cash Flows for the six months ended 31 December 2018

Figures in Rand	Unaudited 6 months ended 31-Dec-18	Unaudited Restated 6 months ended 31-Dec-17	Audited year ended 30-Jun-18
Cash flows from/(to) operating activities	(17 173 696)	7 936 786	17 427 810
Cash generated by operations	5 761 978	13 569 337	27 416 009
Interest received	1 435 433	3 553 543	6 608 776
Dividends paid	(15 767 467)	-	-
Interest paid	(6 937 238)	(8 602 628)	(15 341 374)
Taxation paid	(1 666 402)	(583 466)	(1 255 601)
Cash flows from/(to) investing activities	14 717 421	(8 871 045)	(540 044)
Loans (advanced to)/repaid by related parties	-	(759 416)	882 500
Loan repaid by shareholder	14 717 421	(8 074 417)	(9 327 076)
Proceeds on sale of investment property	-	-	8 250 000
Purchases of property, plant and equipment	-	(37 212)	(345 468)
Cash flows to financing activities	1 425 558	(927 273)	(17 674 924)
Movement in related party loans	-	4 684 933	20 096
Loans (repaid)/raised from directors	-	(1 000)	-
Repayment of long-term interest-bearing borrowings	1 425 558	-	(35 094 451)
Repayment of/(Increase in) short-term interest-bearing borrowings	-	(5 611 206)	17 399 431
Net decrease in cash, cash equivalents and bank overdrafts	(1 030 717)	(1 861 532)	(787 158)
Cash, cash equivalents and bank overdrafts at the beginning of the period	(57 257)	729 900	729 901
Cash, cash equivalents and bank overdrafts at the end of the period	(1 087 974)	(1 131 632)	(57 257)

Segment Report

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the managing director in consultation with the board of directors. The chief operating decision-maker evaluates and report on the Group results on a monthly basis. The group comprises 5 segments being retail, commercial, industrial, residential and hospitality according to the nature of the tenants.

All properties are owned in South Africa and therefore no separate geographical report has been made.

	31-Dec-18	%	31-Dec-17	%
Revenue (excluding recoveries)				
Commercial	12 590 930	39%	11 376 854	38%
Industrial	5 488 354	17%	4 853 407	16%
Retail	12 913 774	40%	12 228 967	42%
Hospitality	968 533	4%	1 228 811	4%
Residential	-	0%	-	0%
	<u>32 284 436</u>	<u>100%</u>	<u>29 688 039</u>	<u>100%</u>

There are no inter-segment revenues for the Group.

	31-Dec-18	%	31-Dec-17	%
Profit before taxation				
Commercial	1 496 748	37%	3 103 379	38%
Industrial	889 958	22%	1 324 169	16%
Retail	1 577 654	39%	3 336 463	42%
Hospitality	80 905	2%	335 260	4%
Residential	-	0%	-	0%
	<u>4 045 265</u>	<u>100%</u>	<u>8 099 271</u>	<u>100%</u>

	31-Dec-18	%	31-Dec-17	%
Property values (including properties held for sale, before adjustment for straight-lining of leases)				
Commercial	300 764 013	41%	348 369 404	47%
Industrial	100 204 846	14%	82 044 512	11%
Retail	209 025 731	28%	205 680 677	28%
Hospitality	121 005 410	16%	96 289 407	14%
Land	10 000 000	1%	-	0%
Residential	-	0%	-	0%
	<u>741 000 000</u>	<u>100%</u>	<u>732 384 000</u>	<u>100%</u>

REVIEWED INTERIM FINANCIAL INFORMATION OF ORION FOR THE TWELVE MONTHS ENDED 30 JUNE 2019

BASIS OF PREPARATION

The interim financial information of Orion has been extracted and compiled from the reviewed interim results of Orion for the twelve months ended 30 June 2019. The preparation of this **Annexure 4** is the responsibility of the directors of Orion.

The condensed consolidated interim results of Orion for the twelve months ended 30 June 2019 comprise of the Company, all its subsidiaries and jointly controlled entities (jointly referred to as the Group).

The accounting policies applied in the preparation of these condensed consolidated interim results are in accordance with IFRS and are consistent with the accounting policies applied in the preparation of the Group's previous audited consolidated annual financial statements.

These interim results have been independently reviewed by the Group's external auditors. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 30 June 2018.

The results were made available publicly on 1 October 2019. The full results announcement can be found on the Company's website at www.oriongroup.co.za and also at the following link: <https://senspdf.jse.co.za/documents/2019/JSE/ISSE/ORE/OREAR2019.pdf>.

Consolidated Statement of Financial Position

	Reviewed 30 June 2019	Audited 30 June 2018
Assets		
Non-current assets		
Investment property	541 500 000	741 000 000
Property, plant and equipment	3 666 960	4 996 496
Total Non-current assets	545 166 960	745 996 496
Loans to related parties	4 611 960	264 696
Loans to shareholder	37 826 574	47 347 803
Trade and other receivables	25 410 752	18 025 697
Cash and cash equivalents	1 116 746	1 861 951
Total Current assets	68 966 032	67 500 147
Investment properties held for sale	104 300 000	-
Total assets	718 432 992	813 496 643
Equity and Liabilities		
Capital and reserves		
Total equity attributable to owners of the parent	495 671 678	608 489 471
Share capital	125 536 674	114 336 674
Retained earnings	370 135 004	494 152 797
Non-controlling interest	(289 732)	(289 732)
Total equity	495 381 946	608 199 739
Deferred tax liabilities	94 551 938	1 189 515
Borrowings	-	11 960 985
Total Non-current liabilities	94 551 938	13 150 500
Current income tax liabilities	21 839 825	14 918 211
Loans from directors	18 508	18 508
Tenant deposits	9 303 938	6 720 518
Trade and other payables	32 975 658	50 329 487
Borrowings	62 848 693	118 240 471
Bank overdraft	1 512 486	1 919 208
Current Liabilities	128 499 108	192 146 404
Total Liabilities	223 051 045	205 296 904
Total Equity and Liabilities	718 432 992	813 496 643

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Reviewed 30 June 2019 Consolidated	Audited 30 June 2018 Consolidated
Revenue	91 102 284	87 982 847
Other operating (loss)/ income	(4 873 825)	13 997 302
Administration expenses	(37 765 584)	(36 725 509)
Property related expenses	(42 295 729)	(46 286 125)
Other gains and losses	-	8 707 165
Operating Profit before interest	6 167 146	27 675 680
Finance income	4 663 984	6 608 776
Finance costs	(17 254 045)	(15 341 374)
(Loss)/Profit before taxation	(6 422 915)	18 943 082
Income tax expense	(101 827 411)	(4 176 964)
(Loss)/Profit for the year	(108 250 326)	14 766 118
(Loss)/Profit for the year attributable to:		
Owners of parent	(108 251 662)	14 764 782
Non-controlling interest	1 336	1 336
	(108 250 326)	14 766 118
Basic earnings per share		
Basic (loss)/earnings per share	(17.13)	2.35
Diluted earnings per share		
Diluted (loss)/earnings per share	(18.15)	1.48
Headline earnings per share		
Headline (loss)/earnings per share	(18.15)	1.48

Group Statements of Changes in Equity

	Issued Capital	Retained Earnings	Attributable to owners of parent	Non-controlling interests	Total
Balance as 30 June 2017 as restated	114 336 674	482 853 056	597 189 730	(291 068)	596 898 662
Prior period error		(3 465 042)	(3 465 042)	-	(3 465 042)
Total					
Comprehensive Income for the year		14 764 783	14 764 783	1 336	14 766 119
Balance as 30 June 2018 as restated	114 336 674	494 152 797	608 489 471	(289 732)	608 199 739
Dividends declared and paid	-	(15 767 467)	(15 767 467)	-	(15 767 467)
Issue of shares	11 200 000	-	11 200 000	-	11 200 000
Total					
Comprehensive Income for the year	-	(108 250 326)	(108 250 326)	-	(108 250 326)
Balance as 30 June 2019 - Interim	125 536 674	370 135 004	495 671 678	(289 732)	495 381 946

Consolidated Statement of Cash Flow

	Reviewed 12 months ended 30 June 2019 Consolidated	Audited Year ended 30 June 2018 Consolidated
Cash flow (used in)/from operating activities		
Cash flow from operations	5 126 105	27 416 009
Dividends paid	(15 767 467)	-
Finance costs	(17 254 046)	(15 341 374)
Finance income	4 663 984	6 608 776
Income tax	(5 377 817)	(1 255 601)
Net Cash flow (used in)/from operating activities	(28 609 241)	17 427 810
Cash flow from investing activities		
Loans repaid by related parties	(4 347 264)	882 500
Loans advanced to/ (repaid by) shareholder	10 333 027	(9 327 076)
Acquisition of Investment property	(14 000 000)	-
Disposal of property, plant and equipment	887 757	-
Purchase of property, plant and equipment	-	(345 468)
Proceeds from sales of investment property	102 750 000	8 250 000
Net cash flow (used in)/from investing activities	95 623 520	(540 044)
Cash flow from financing activities		
Loans raised from related parties	-	20 096
(Repayment of) long term interest-bearing borrowings	(11 960 984)	(35 094 451)
(Repayment of)/Increase in short term interest-bearing borrowings	(55 391 778)	17 399 431
Net cash flow from financing activities	(67 352 762)	(17 674 924)
Net (decrease) in cash and cash equivalents	(338 483)	(787 158)
Cash and cash equivalents at 01 July 2018	(57 257)	729 901
Cash and cash equivalents at 30 June 2019 - Interim	(395 740)	(57 257)

Notes to the Interim financial statements

Investment properties

	Group	
Figures in Rand	2019	2018
Net carrying value		
Cost	229 758 261	264 136 865
Cumulative fair value surplus	416 041 739	476 863 135
	645 800 000	741 000 000
Movement for the year		
Investment property at the beginning of the year	734 496 685	728 882 366
Gains/Losses on fair value adjustment	(6 450 000)	5 614 318
Disposal of investment property	(102 750 000)	-
Additions of investment property	14 000 000	-
Transferred to investment property classified as held for sale	(104 300 000)	-
Transferred to property, plant and equipment	-	(3 500 000)
	534 996 685	730 996 684

Reconciliation to valuation

Investment property carrying amount	534 996 685	734 496 684
Investment property held for sale	104 300 000	-
Straight-line rental income accrual	6 503 315	6 503 316
Total Investment property	645 800 000	741 000 000

Investment Property Held for Sale	Situated	Purchase Price	Capitalised Cost	Fair Value Adjustments	Total value
Kent Stand 962	296 Kent Avenue, Ferndale, Randburg	30 000 000	-	4 000 000	34 000 000
Northcliff Atrium	189 Beyers Naude Drive, Northcliff	8 200 000	-	23 100 000	31 300 000
Wendywood	Daphne Street, Wendywood, Sandton	14 900 000	2 100 000	22 000 000	39 000 000
Total Investment properties held for sale		53 100 000	2 100 000	49 100 000	104 300 000

Summary of valuations

	2019	2018
Value of external valuations	541 500 000	741 000 000
Value of external valuations - Held for sale	104 300 000	-
Value of Internal valuations	-	-
Total value of portfolio	645 800 000	741 000 000

Investment properties classified as held for sale

Opening balance	-	8 400 000
Disposal of investment property	-	(8 400 000)
Transferred from investment property	104 300 000	-
Closing fair value of investment property held for sale	104 300 000	-

Loans to related parties

Loan Acc: Orion Security Services	6 869 337	-
Loan Acc : ORE / Ore Enterprises	217 636	217 636
Loan Acc : Star Fin Corp T/A SNPL	47 060	47 060
Loan Acc : OFM Property Management Pty Ltd	(2 522 073)	
Total loans to related parties	4 611 960	264 696
Current assets	7 134 033	264 696
Current liabilities	(2 522 073)	-
	4 611 960	264 696

Loans to shareholder

Gmeiner Investment Holdings (Pty) Ltd	37 826 574	47 347 803
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The loans are unsecured, bear interest at 7.5%, and interest is charged on the month end balance. The terms of repayment are 12 months. The loan reduced during the period under review through the declaration of the dividend, which enhanced the cash flow of the group.

Income tax (expense) / refund

Major components of the taxation expense/(income)

Current year

SA Normal rates	(3 545 132)	2 206 341
Capital gains tax rates	12 179 193	-

Deferred tax

Originating and reversing temporary differences due to loss of REIT status	93 193 350	1 970 622
Deferred taxation adjustment	-	-

Taxation per statement of comprehensive income

	101 827 411	4 176 963
Reconciliation of tax expense	-	1
Accounting profit	(6 422 915)	18 943 082
Tax thereon @ 28%	(1 798 416)	5 304 063

Movements**Permanent differences**

Fair value adjustment	-	(2 454 602)
SARS Interest and penalties	-	421 933
Operating leases (straight line)	-	(392 470)
Dividends received	-	933 578
Donations	7 568	22 483
Dividends taxation on section 25BB qualifying distribution	-	(4 414 891)

Temporary differences

Provision for leave pay	-	(49 424)
Deferred taxation raised on loss of REIT - s25BB	93 193 350	-
Capital gains on sale of Investment Property	12 179 193	-
Allowance for credit losses	(4 037 776)	2 210 110
Bonds costs	-	16 320
Assessed losses utilised	2 283 492	2 579 862
Tax charge	101 827 411	4 176 963

Taxation paid

Opening balance	14 918 211	12 486 566
Current tax charge	8 634 061	2 206 341
SARS Penalties	-	1 480 905
Deferred tax on loss of REIT		-
Closing balance	(21 839 825)	(14 918 211)
Taxation paid	1 712 446	1 255 601

Cash and cash equivalents

Cash on hand	-	22 832
Balances with financial institutions	1 116 746	1 839 119
Total cash	1 116 746	1 861 951
Total included in current assets		
Bank overdraft	(1 512 486)	(1 919 208)
Total included in current liabilities	(1 512 486)	(1 919 208)
Net cash and cash equivalents	(395 740)	(57 257)

Issued Capital**Authorised**

2,000,000,000 shares of no-par value

Issued

630, 698, 688 ordinary shares of no-par value	115 031 746	115 031 746
3 688 866 treasury shares with no par value	(695 072)	(695 072)
Shares issued	11 200 000	-
Balance at the end of the year	125 536 674	114 336 674

Trade and other receivables

Trade receivables	39 128 618	8 046 053
Related party receivables	-	15 717 738
less allowance for credit losses	(16 155 528)	(9 462 932)
Trade receivables - net	22 973 090	14 300 859
Deposits	2 322 374	2 322 374
Other receivables	159 523	159 523
Value added tax	(44 235)	1 242 942
Total trade and other receivables	25 410 752	18 025 698

The carrying amounts of the Group trade and other receivables are denominated in South African Rands. The Group holds tenant deposits as collateral. The carrying amount of the trade and other receivables approximates fair value due to its short-term nature, except for the non-current portion, for which discounting has been applied when required.

Trade receivables past due but not impaired

Due to the nature of the agreements, tenants may not pay their outstanding amounts that are due by year end and this becomes past due at reporting date. Ageing of trade receivables impaired and net of impairment is shown below.

Each trade receivable has been reviewed for impairment and provided for when required based on payment history, signed acceptance of debt and other relevant known information pertaining to the tenant.

Ageing analysis of trade receivables net of impairment:

	Gross	Impaired	Net
Current	7 132 060	(2 468 788)	4 663 272
30 days	5 138 020	(1 778 544)	3 359 476
60 days	395 636	(136 951)	258 685
90 days	6 310 804	(2 184 507)	4 126 297
Over 90 days	27 702 233	(9 586 738)	18 114 483
	46 678 753	(16 155 528)	30 523 225

Trade and other payables

Trade creditors	31 230 996	47 842 848
Accruals	167 254	974 621
Accrual for leave pay	884 647	819 257
Other payables	692 761	692 761
Total trade and other payables	32 975 658	50 329 487

Tenant deposits

Tenant deposits	9 303 938	6 720 518
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Tenant deposits is for amounts received from tenants for use of tenant installations that tenant requires to meet their needs.

Fair value of the tenant deposits is determined in accordance with IFRS 13: Fair Value Measurements. The tenant deposit is deemed to be Level 3 in terms of the fair value hierarchy as there are significant unobservable inputs for the tenant deposits that are held as a current liability. Tenant deposits are measure at fair value each reporting period and any gains or losses on the tenant deposits are recognised in profit or loss.

Revenue

Rental income	63 505 364	53 738 270
Basic operating cost	4 482 726	7 313 402
Bad debts recovered	79 500	263 158
Straight-lined lease income	-	1 401 682
Parking rental	3 571 046	2 818 933
Recoveries	19 463 648	22 447 402
Total revenue	91 102 284	87 982 847

Other income		
Tenant installation income	32 854	-
Admin and management fees	20 543	1 741 298
Lease admin fees	33 659	-
Marketing	49 438	-
Repairs and maintenance	432 964	-
Insurance Claims	197 167	121 947
Improvement levy	89 109	-
Merchants	202 533	-
Signage and sundry income	48 032	12 284 057
Management fees	52 065	-
Arrears report	(13 095)	-
Sundry income	430 906	-
Profit/(loss) on disposal of investment property	(6 450 000)	(150 000)
Total other income	(4 873 825)	13 997 302

Cash generated from operations		
Profit/(Loss) before tax	(6 422 915)	18 943 082
Adjusted for		
Finance income	(4 663 984)	(6 608 776)
Finance cost	17 254 045	15 341 374
Add or deduct non-cash items		
Fair value adjustment of property	-	(8 707 164)
Straight line operating lease adjustment	-	(1 401 680)
Depreciation	891 072	910 335
Loss/(Profit) on disposal of Investment Property	6 450 000	150 000
SARS penalties incurred	-	1 480 905
Fair value adjustment on treasury shares	-	295 109
Dividends paid - December 2018	(15 67 467)	-
Other non-cash items	-	(25 655)
	(2 259 249)	20 377 530
Changes in Working capital		
Trade and other payables	17 353 829	(4 803 691)
Tenant deposits	(2 583 420)	(264 370)
Consumables	-	7 017
Trade and other receivables	(7 385 055)	12 099 523
Cash generated from operations	5 126 105	27 416 009

Related parties

Ultimate holding company

Holding Company

Fellow Subsidiaries

Fellow Subsidiaries - Dormant

Gmeiner Investment Holdings Proprietary Limited

Orion Real Estate Limited

Orion Property Holding Trust

SBD Investments Proprietary Limited

Ixia Trading 532 Proprietary Limited

GEHS Leasing Company Proprietary Limited

CBB Properties Proprietary Limited

Orion Developments One Proprietary Limited

Orion Developments Two Proprietary Limited

Orion Developments Three Proprietary Limited

Gold Edge III Proprietary Limited

Entities controlled by Director:

Orion Security Services Proprietary Limited
 Orion Creative Business Ideas Pty Ltd t/a Orion
 Business Solutions
 Fargoscene Proprietary Limited
 OFM Property Management Proprietary Limited
 Orion Hotels & Resorts Proprietary
 Limited
 Orion Hotels & Resorts (SA) Proprietary Limited
 Orion Agri Proprietary Limited
 Eagle Fleet Solutions Proprietary
 Limited

Related party balances**Loan accounts – Owing (to) by related parties**

OFM Property Management Proprietary Limited
 Orion Security Services Proprietary Limited
 Star Finance Corporation Proprietary Limited

4 611 960 **264 696**

(2 522 072)	-
6 869 336	-
264 696	264 696

Loans to directors

F Gmeiner

(267 782)

-	(267 782)
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Loans to shareholders

Gmeiner Investment Holding Proprietary Limited

37 826 574 **47 347 803**

37 826 574	47 347 803
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Amounts included in Trade payables**Companies with common directors****Amounts due from subsidiaries****Subsidiaries**

Orion Property Holding Trust
 SBD Investments
 Ixia Trading 532 Proprietary Limited

- **54 460 915**

-	54 460 915
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Related companies

Orion Security Services

30 989 854 **39 158 684**

20 463 247	28 475 301
792 158	-
9 734 449	10 683 383

6 560 582 **-**

6 560 582	-
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Amounts included in Trade receivables**Companies with common directors****Amounts due from subsidiaries****Subsidiaries**

Orion Property Holding Trust

Related companies

Orion Hotels & Resorts SA Proprietary Limited

- **15 605 004**

-	15 605 004
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286 163 **(1 000)**

286 163	(1 000)
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10 127 518 **-**

10 127 518	-
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Related party transactions:**Loans to shareholders**

Gmeiner Investment Holding Proprietary Limited

2 587 537 **2 851 551**

2 587 537	2 851 551
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Basic earnings per share

Basic earnings per share is determined by dividing profit or loss attributable to the ordinary equity holders of the parent by the weighted average number of shares outstanding during the year.

Headline earnings per share is determined by dividing headline earnings by the weighted average number of shares during the year.

Headline earnings is determined by adjusting basic earnings by excluding separately identifiable re-measurement items.

Headline earnings is presented after tax and non-controlling interest.

There are no dilutionary instruments in issue.

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Profit for the year attributable to owners of the company	(108 251 662)	14 764 782
Earnings used in the calculation of basic earnings per share for continuing operations	(108 251 662)	14 764 782
Weighted average number of shares used to calculate basic earnings per share	631 939 226	627 009 822
Reconciliation of numerators used for basic and diluted earnings:		
Shares in issue	630 698 688	630 698 688
Increase in number of shares	4 929 404	-
Number of shares for basic earnings	635 628 092	630 698 688
Less: treasury shares	(3 688 866)	(3 688 866)
Number of shares for net asset and diluted earnings per share	631 939 226	627 009 822
Headline earnings reconciliation		
Basic earnings/(loss)	(108 250 326)	14 764 782
Fair value adjustment to investment properties	-	(5 614 318)
Net profit/(loss) on disposal of investment properties	(6 450 000)	150 000
Headline earnings	(114 700 326)	9 300 464
Reconciliation of net asset value:		
Total equity attributable to equity holders of the parent	495 381 946	608 489 471
Total net asset value	495 381 946	608 489 471
Total number of shares used in the net asset value calculation	638 840 391	-
Earnings per share (cents)		
Basic and diluted earnings per share (cents)	(17.13)	2.35
Headline and diluted earnings per share		
Diluted headline earnings per share	(18.15)	1.48
Net asset value per share		
Net asset value per share at year-end (cents)	77.54	97.05

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating industry due to practicality.

The risks and rewards faced by the entity relate primarily to the operating segments being retail, commercial, industrial, residential and hospitality. Lettable space is classified as retail, commercial, industrial, residential or hospitality and therefore no separate geographical report has been made.

2019

Property name and operating segment	Acquisition date	Rentable area (m2) by operating segment	Total income per building excluding recoveries	Weighted average rental per month per m2	Vacancy %	Purchase price	Valuations - 30 June 2019	Average annualised Property yield
72 Voortrekker	10/07/2003	1 981	1 043 283	43.89	24%	4 000 000	10 300 000	10.00%
ACA Kranz	19/06/2009	9 395	7 051 240	62.54	39%	38 200 000	98 000 000	10.00%
19 and 20 John Street	10/07/2003	5 672	3 517 952	51.69	0%	4 100 000	19 300 000	9.50%
Kensington B	10/07/2003	3 655	2 247 587	51.24	17%	5 975 000	23 000 000	10.50%
Kent Stand 962	30/06/2009	6 510	3 125 379	40.01	60%	30 000 000	34 000 000	11.00%
Laser Park Erf 101	07/07/2008	4 060	2 547 617	52.29	0%	9 500 000	24 000 000	9.50%
Laser Park Erf 123	07/07/2008	2 087	636 095	25.40	0%	5 300 000	10 500 000	9.75%
Laser Park Erf 124 & 126	07/07/2008	6 559	3 781 434	48.05	0%	9 200 000	33 100 000	9.75%
Erf 63/64 Lydenburg	15/05/2014	2 200	2 120 791	80.33	0%	9 500 000	13 000 000	11.00%
Marlboro Erf 161	30/05/2008	981	803 910	68.29	0%	1 100 000	6 700 000	10.75%
Meyers Corner	28/02/2008	1 146	1 166 629	84.83	29%	3 900 000	10 600 000	9.75%
Northcliff	25/07/2008	4 294	2 436 015	47.28	65%	8 200 000	31 300 000	9.25%
Orion Centre	23/04/2008	-	-	-	100%	5 981 743	10 000 000	R946/m2
Orion House	30/05/2008	17 657	9 114 898	43.02	28%	45 087 201	-	11.00%
Primrose Mall	28/02/2008	3 328	1 270 837	31.82	20%	7 400 000	17 200 000	9.50%
Promenade Shopping Centre	07/04/2006	16 713	21 974 724	102.74	6%	37 423 230	212 500 000	8.50%
Score - Delft	19/12/2002	1 103	473 749	35.80	0%	3 291 403	-	12.00%
Score - Roosendal	19/12/2002	1 091	17 833	1.36	0%	3 305 403	2 700 000	12.00%
Score - Wesbank	19/12/2002	1 085	-	-	0%	3 305 403	2 700 000	12.00%

593 Louis Botha Avenue	10/07/2003	3 136	914 153	24.29	41%	4 269 481	23 000 000	9.50%
Wartburg	07/07/2008	2 000	1 345 090	56.05	0%	8 100 000	10 900 000	11.00%
Wendywood	30/05/2008	4 937	5 184 388	87.51	27%	17 000 000	39 000 000	10.00%
Phalaborwa	01/02/2019	1 000	865 032	72.09	0%	14 000 000	14 000 000	10.00%
		100 589	71 638 636			278 138 864	645 800 000	

2018

Property name and operating segment	Acquisition date	Rentable area (m2) by operating segment	Total income per building excluding recoveries	Weighted average rental per month per m2	Vacancy %	Purchase price	Valuations - 30 June 2019	Average annualised Property yield
72 Voortrekker	10/07/2003	1 981	611 267	25.71	78%	4 000 000	10 300 000	10.00%
ACA Kranz	19/06/2009	9 395	7 319 573	64.92	41%	38 200 000	98 000 000	10.00%
19 and 20 John Street	10/07/2003	5 672	2 072 166	30.44	58%	4 100 000	19 300 000	9.50%
Kensington B	10/07/2003	3 655	2 280 175	51.99	58%	5 975 000	23 000 000	10.50%
Kent Stand 962	30/06/2009	6 510	2 118 151	27.11	23%	30 000 000	34 000 000	11.00%
Laser Park Erf 101	07/07/2008	4 060	2 655 241	54.50	0%	9 500 000	24 000 000	9.50%
Laser Park Erf 123	07/07/2008	2 087	1 117 256	44.61	0%	5 300 000	10 500 000	9.75%
Laser Park Erf 124 & 126	07/07/2008	6 559	3 992 117	50.72	0%	9 200 000	33 100 000	9.75%
Erf 63/64 Lydenburg	15/05/2014	2 200	1 597 267	60.50	0%	9 500 000	13 000 000	11.00%
Marlboro Erf 161	30/05/2008	981	1 330 853	113.05	0%	3 900 000	6 700 000	10.75%
Meyers Corner	28/02/2008	1 146	1 077 494	78.35	0%	3 900 000	10 600 000	9.75%
Northcliff	25/07/2008	4 294	3 073 203	-	72%	8 200 000	31 300 000	9.25%
Orion Centre	23/04/2008	-	-	-	0%	5 981 743	10 000 000	R946/m2
Orion House	30/05/2008	17 657	10 268 787	48.46	78%	45 087 201	102 500 000	11.00%
Primrose Mall	28/02/2008	3 328	1 918 235	48.03	30%	7 400 000	17 200 000	9.50%
Promenade Shopping Centre	07/04/2006	16 713	17 557 941	87.55	49%	37 423 230	212 500 000	8.50%
Score - Delft	19/12/2002	1 103	1 029 294	77.78	0%	3 291 403	6 700 000	12.00%
Score - Roosendal	19/12/2002	1 091	27 352	2.09	100%	3 305 403	2 700 000	12.00%
Score - Wesbank	19/12/2002	1 085	-	-	100%	3 305 403	2 700 000	12.00%

593 Louis Botha Avenue	10/07/2003	3 136	556 849	14.80	55%	4 269 481	23 000 000	9.50%
Wartburg	07/07/2008	2 000	607 858	25.33	7%	8 100 000	10 900 000	11.00%
Wendywood	30/05/2008	4 937	4 324 368	72.99	12%	17 000 000	39 000 000	10.00%
		99 589	65 535 445			266 938 864	741 000 000	

2019

Sector	Revenue (excluding recoveries)	%	Property Values	%
Commercial- Office	26 797 587	38%	233 600 000	36%
Industrial	13 407 800	19%	106 600 000	17%
Retail	30 088 160	41%	284 700 000	44%
Hospitality	1 345 090	2%	10 900 000	2%
Land	-	0%	10 000 000	2%
		71 638 636	645 800 000	100%

2018

Sector	Revenue (excluding recoveries)	%	Property Values	%
Commercial- Office	26 232 679	40%	300 764 013	41%
Industrial	11 494 104	18%	100 204 846	14%
Retail	27 118 802	41%	209 025 731	28%
Hospitality	689 860	1%	121 005 410	16%
Land	-	0%	10 000 000	1%
		65 535 445	741 000 000	100%

PRICE AND TRADING HISTORY OF SHARES ON THE JSE

Set out below is a table showing the highest, lowest and closing prices and aggregate volumes and value traded in Orion Shares for each month over the 12 months prior to the Last Practicable Date.

	High (cps)	Low (cps)	Close (cps)	Volume (shares)	Value (R)
October 2018	58	48	58	20,173	10,700
November 2018				Suspended	
December 2018				Suspended	
January 2019				Suspended	
February 2019				Suspended	
March 2019				Suspended	
April 2019				Suspended	
May 2019				Suspended	
June 2019				Suspended	
July 2019				Suspended	
August 2019				Suspended	
September 2019				Suspended	

SECTION 115 – REQUIRED APPROVAL FOR TRANSACTIONS COMTEMPLATED IN PART A OF CHAPTER 5 OF THE COMPANIES ACT

- “(1) Despite section 65, and any provision of a company's Memorandum of Incorporation, or any resolution adopted by its board or holders of its securities, to the contrary, a company may not dispose of, or give effect to an agreement or series of agreements to dispose of, all or the greater part of its assets or undertaking, implement an amalgamation or a merger, or implement a scheme of arrangement, unless:
- (a) the disposal, amalgamation or merger, or scheme of arrangement:
 - (i) has been approved in terms of this section; or
 - (ii) is pursuant to or contemplated in an approved business rescue plan for that company, in terms of Chapter 6; and
 - (b) to the extent that Parts B and C of this Chapter and the Companies Act Regulations apply to a company that proposes to:
 - (i) dispose of all or the greater part of the assets or undertaking;
 - (ii) amalgamate or merge with another company; or
 - (iii) implement a scheme of arrangement, the Panel has issued a compliance notice in respect of the transaction in terms of section 119(4)(b), or exempted the transaction in terms of section 119(6).
- (2) A proposed transaction contemplated in subsection (1) must be approved:
- (a) by a special resolution adopted by persons entitled to exercise voting rights on such a matter, at a meeting called for that purpose and at which sufficient persons are present to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised on that matter; and
 - (b) by a special resolution, also adopted in the manner required by paragraph (a), by the shareholders of the Company's holding company if any, if:
 - (i) the holding company is a company or an external company;
 - (ii) the proposed transaction concerns a disposal of all or the greater part of the assets or undertaking of the subsidiary; and
 - (iii) having regard to the consolidated financial statements of the holding company, the disposal by the subsidiary substantially constitutes a disposal of all or the greater part of the assets or undertaking of the holding company; and
 - (c) by the court, to the extent required in the circumstances and manner contemplated in subsections (3) to (6).
- (3) Despite a resolution having been adopted as contemplated in subsections (2)(a) and (b), a company may not proceed to implement that resolution without the approval of a court if:
- (a) the resolution was opposed by at least 15% of the voting rights that were exercised on that resolution, and any person who voted against the resolution requires the Company to seek court approval; or
 - (b) the court, on an application by any person who voted against the resolution, grants that person leave, in terms of subsection (6), to apply to a court for a review of the transaction in accordance with subsection (7).

- (4) For the purposes of subsections (2) and (3), any voting rights controlled by an acquiring party, a person related to an acquiring party, or a person acting in concert with either of them, must not be included in calculating the percentage of voting rights:
 - (a) present in satisfaction of the quorum requirement; or
 - (b) voted in support of a resolution.
- (5) If a resolution requires approval by a court as contemplated in terms of subsection (3)(a), the Company must either:
 - (a) apply to the court for approval, and bear the costs of that application; or
 - (b) treat the resolution as a nullity.
- (6) On an application contemplated in subsection (3)(b), the court may grant leave only if it is satisfied that the applicant:
 - (a) is acting in good faith;
 - (b) appears prepared and able to sustain the proceedings; and
 - (c) has alleged facts which, if proved, would support an order in terms of subsection (7).
- (7) On reviewing a resolution that is the subject of an application in terms of subsection (5)(a), or after granting leave in terms of subsection (6), the court may set aside the resolution only if:
 - (a) the resolution is manifestly unfair to any class of holders of the Company's securities;
or
 - (b) the vote was materially tainted by conflict of interest, inadequate disclosure, failure to comply with the Act, the Memorandum of Incorporation or any applicable rules of the Company, or other significant and material procedural irregularity.
- (8) The holder of any voting rights in a company is entitled to seek relief in terms of section 164 if that person:
 - (a) notified the Company in advance of the intention to oppose a special resolution contemplated in this section; and
 - (b) was present at the meeting and voted against that special resolution.
- (9) If a transaction contemplated in this Part has been approved, any person to whom assets are, or an undertaking is, to be transferred, may apply to a court for an order to effect:
 - (a) the transfer of the whole or any part of the undertaking, assets and liabilities of a company contemplated in that transaction;
 - (b) the allotment and appropriation of any shares or similar interests to be allotted or appropriated as a consequence of the transaction;
 - (c) the transfer of shares from one person to another;
 - (d) the dissolution, without winding-up, of a company, as contemplated in the transaction;
 - (e) incidental, consequential and supplemental matters that are necessary for the effectiveness and completion of the transaction; or
 - (f) any other relief that may be necessary or appropriate to give effect to, and properly implement, the amalgamation or merger."

SECTION 164 – DISSENTING SHAREHOLDERS’ APPRAISAL RIGHTS

- “(1) This section does not apply in any circumstances relating to a transaction, agreement or offer pursuant to a business rescue plan that was approved by shareholders of a company, in terms of section 152.
- (2) If a company has given notice to shareholders of a meeting to consider adopting a resolution to:
- (a) amend its Memorandum of Incorporation by altering the preferences, rights, limitations or other terms of any class of its shares in any manner materially adverse to the rights or interests of holders of that class of shares, as contemplated in section 37(8); or
 - (b) enter into a transaction contemplated in section 112, 113 or 114,
- that notice must include a statement informing shareholders of their rights under this section.
- (3) At any time before a resolution referred to in subsection (2) is to be voted on, a dissenting shareholder may give the company a written notice objecting to the resolution.
- (4) Within 10 Business Days after a company has adopted a resolution contemplated in this section, the Company must send a notice that the resolution has been adopted to each shareholder who:
- (a) gave the Company a written notice of objection in terms of subsection (3); and
 - (b) has neither:
 - (i) withdrawn that notice; nor
 - (ii) voted in support of the resolution.
- (5) A shareholder may demand that the Company pay the shareholder the fair value for all of the shares of the Company held by that person if:
- (a) the shareholder:
 - (i) sent the Company a notice of objection, subject to subsection (6);
 - (ii) in the case of an amendment to the Company’s Memorandum of Incorporation, holds shares of a class that is materially and adversely affected by the amendment; and
 - (iii) the Company has adopted the resolution contemplated in subsection (2); and
 - (b) the shareholder:
 - (i) voted against that resolution; and
 - (ii) has complied with all of the procedural requirements of this section.
- (6) The requirement of subsection (5)(a)(i) does not apply if the Company failed to give notice of the meeting, or failed to include in that notice a statement of the shareholders rights under this section.
- (7) A shareholder who satisfies the requirements of subsection (5) may make a demand contemplated in that subsection by delivering a written notice to the Company within:
- (a) 20 Business Days after receiving a notice under subsection (4); or
 - (b) if the shareholder does not receive a notice under subsection (4), within 20 Business Days after learning that the resolution has been adopted.
- (8) A demand delivered in terms of subsections (5) to (7) must state:
- (a) the shareholder’s name and address;
 - (b) the number and class of shares in respect of which the shareholder seeks payment; and
 - (c) a demand for payment of the fair value of those shares.
- (9) A shareholder who has sent a demand in terms of subsections (5) to (8) has no further rights in respect of those shares, other than to be paid their fair value, unless:
- (a) the shareholder withdraws that demand before the Company makes an offer under subsection (11), or allows an offer made by the Company to lapse, as contemplated in subsection (12)(b);
 - (b) the Company fails to make an offer in accordance with subsection (11) and the shareholder withdraws the demand; or

- (c) the Company revokes the adopted resolution that gave rise to the shareholder's rights under this section.
- (10) If any of the events contemplated in subsection (9) occur, all of the shareholder's rights in respect of the shares are reinstated without interruption.
- (11) Within five Business Days after the later of:
 - (a) the day on which the action approved by the resolution is effective;
 - (b) the last day for the receipt of demands in terms of subsection (7)(a); or
 - (c) the day the Company received a demand as contemplated in subsection (7)(b), if applicable, the Company must send to each shareholder who has sent such a demand a written offer to pay an amount considered by the Company's directors to be the fair value of the relevant shares, subject to subsection (16), accompanied by a statement showing how that value was determined.
- (12) Every offer made under subsection (11):
 - (a) in respect of shares of the same class or series must be on the same terms; and
 - (b) lapses if it has not been accepted within 30 Business Days after it was made.
- (13) If a shareholder accepts an offer made under subsection (12):
 - (a) the shareholder must either in the case of:
 - (i) shares evidenced by certificates, tender the relevant share certificates to the Company or the Company's transfer agent; or
 - (ii) uncertificated Shares, take the steps required in terms of section 53 to direct the transfer of those shares to the company or the Company's transfer agent; and
 - (b) the Company must pay that shareholder the agreed amount within 10 Business Days after the shareholder accepted the offer and:
 - (i) tendered the share certificates; or
 - (ii) directed the transfer to the Company of uncertificated Shares.
- (14) A shareholder who has made a demand in terms of subsections (5) to (8) may apply to a court to determine a fair value in respect of the shares that were the subject of that demand, and an order requiring the Company to pay the shareholder the fair value so determined, if the Company has:
 - (a) failed to make an offer under subsection (11); or
 - (b) made an offer that the shareholder considers to be inadequate, and that offer has not lapsed.
- (15) On an application to the court under subsection (14):
 - (a) all dissenting shareholders who have not accepted an offer from the Company as at the date of the application must be joined as parties and are bound by the decision of the court;
 - (b) the Company must notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to participate in the court proceedings; and
 - (c) the court:
 - (i) may determine whether any other person is a dissenting shareholder who should be joined as a party;
 - (ii) must determine a fair value in respect of the shares of all dissenting shareholders, subject to subsection (16);
 - (iii) in its discretion may:
 - (aa) appoint one or more appraisers to assist it in determining the fair value in respect of the shares; or
 - (bb) allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective, until the date of payment;
 - (iv) may make an appropriate order of costs, having regard to any offer made by the Company, and the final determination of the fair value by the court; and
 - (v) must make an order requiring:
 - (aa) the dissenting shareholders to either withdraw their respective demands, in which case the shareholder is reinstated to their full rights as a shareholder, or to comply with subsection (13)(a); and

- (bb) the Company to pay the fair value in respect of their shares to each dissenting shareholder who complies with subsection (13)(a), subject to any conditions the court considers necessary to ensure that the company fulfils its obligations under this section.
- (16) The fair value in respect of any shares must be determined as at the date on which, and time immediately before, the company adopted the resolution that gave rise to a shareholder's rights under this section.
- (17) If there are reasonable grounds to believe that compliance by a company with subsection (13)(b), or with a court order in terms of subsection (15)(c)(v)(bb), would result in the Company being unable to pay its debts as they fall due and payable for the ensuing 12 months:
 - (a) the Company may apply to a court for an order varying the Company's obligations in terms of the relevant subsection; and
 - (b) the court may make an order that:
 - (i) is just and equitable, having regard to the financial circumstances of the Company; and
 - (ii) ensures that the person to whom the Company owes money in terms of this section is paid at the earliest possible date compatible with the Company satisfying its other financial obligations as they fall due and payable.
- (18) If the resolution that gave rise to a shareholder's rights under this section authorised the Company to amalgamate or merge with one or more other companies, such that the Company whose shares are the subject of a demand in terms of this section has ceased to exist, the obligations of that company under this section are obligations of the successor to that company resulting from the amalgamation or merger.
- (19) For greater certainty, the making of a demand, tendering of shares and payment by a company to a shareholder in terms of this section do not constitute a distribution by the Company, or an acquisition of its shares by the Company within the meaning of section 48, and therefore are not subject to:
 - (a) the provisions of that section; or
 - (b) the application by the Company of the solvency and liquidity test set out in section 4.
- (20) Except to the extent:
 - (a) expressly provided in this section; or
 - (b) that the Panel rules otherwise in a particular case,a payment by a company to a shareholder in terms of this section does not obligate any person to make a comparable offer under section 125 to any other person."

EXCHANGE CONTROL REGULATIONS

The definitions and interpretations commencing on page 5 of this Circular shall apply mutatis mutandis to this **Annexure 8**.

The following is a summary of the Exchange Control Regulations as they apply to Scheme Participants. It is intended as a guide only and is not a comprehensive statement of the Exchange Control Regulations which may apply to Scheme Participants. Scheme Participants who have any queries regarding the Exchange Control Regulations should contact their own professional advisors without delay.

Shareholders who are not registered in or who have a registered address outside South Africa must satisfy themselves to the full observance of the laws of the relevant jurisdiction concerning the receipt of the Scheme Consideration, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any transfer or other taxes due in such territory.

1. *Residents of the Common Monetary Area*

In the case of both Certificated Shareholders and Dematerialised Shareholders whose registered addresses in the Register are within the Common Monetary Area and whose Documents of Title are not restrictively endorsed in terms of the Exchange Control Regulations, the Scheme Consideration will be credited directly to the accounts nominated for the relevant Shareholders by their duly appointed CSDP or Broker in terms of the provisions of the custody agreement with their CSDP or Broker.

2. *Emigrants from the Common Monetary Area*

In the case of Shareholders who are Emigrants from the Common Monetary Area and whose Shares form part of their blocked assets, the Scheme Consideration will:

2.1 in the case of Certificated Shareholders whose Documents of Title are restrictively endorsed in terms of the Exchange Control Regulations, be forwarded to the Authorised Dealer in foreign exchange in South Africa controlling such Shareholders' blocked assets in terms of the Exchange Control Regulations; or

2.2 in the case of Dematerialised Shareholders whose registered addresses in the Register are within the Common Monetary Area and have not been restrictively designated in terms of the Exchange Control Regulations, be transferred to their CSDP or Broker, which shall arrange for the same to be credited directly to the blocked Rand bank account of the Shareholders concerned with their Authorised Dealer in foreign exchange in South Africa.

3. *All other non-residents of the Common Monetary Area*

The Scheme Consideration payable to non-resident Shareholders whose registered addresses are outside the Common Monetary Area and who are not Emigrants from the Common Monetary Area will, in the case of both Certificated Shareholders and Dematerialised Shareholders whose Documents of Title have been restrictively endorsed in terms of the Exchange Control Regulations, be transferred to their duly appointed CSDP or Broker and credited to such Shareholders in terms of the provisions of the custody agreement with their CSDP or Broker.

4. *Information not provided*

If the information regarding Authorised Dealers is not given or the instructions are not given as required in terms of paragraphs 2 and 3 above, the Scheme Consideration will be held in trust by the Offeror or the Transfer Secretary on behalf of the Offeror for the Shareholders concerned, pending receipt of the necessary information or instructions.



(Incorporated in the Republic of South Africa)
(Registration number: 1997/021085/06)
Share Code: ORE ISIN: ZAE000201695

Directors

Executive directors

F Gmeiner (Chief Executive Officer)
AJ Ritzlmayr (Financial Director)~

Non-executive directors

RS Wilkinson (Chairman)~
AC Gmeiner
MD Mthembu*~
TFJ Oosthuizen* ~

**Independent*

~Members of the Independent Board

NOTICE OF SCHEME MEETING

Where appropriate and applicable, the terms defined in the circular to which this Notice of Scheme Meeting is attached and forms part of bear the same meanings in this Notice of Scheme Meeting, and in particular in the resolutions set out below.

THE ATTENTION OF SHAREHOLDERS IS DRAWN TO ANNEXURES 6 AND 7 TO THE CIRCULAR WHICH, IN ACCORDANCE WITH SECTION 122(3)(b)(ii) OF THE COMPANIES ACT, SET OUT THE PROVISIONS OF SECTIONS 115 AND 164 OF THE COMPANIES ACT, RESPECTIVELY.

Notice is hereby given that the Scheme Meeting will be held at 10:00 at Orion's registered office, 3rd Floor, 26 Wellington Road, Parktown, Johannesburg on Wednesday, 13 November 2019 for the purpose of considering and, if deemed fit, passing with or without modification, the resolutions set out below. The important dates and times relating to the Scheme are included on pages 16 and 17 of the Circular.

In terms of section 62(3)(e) of the Companies Act:

- a shareholder who is entitled to attend and vote at the Scheme Meeting is entitled to appoint a proxy or two or more proxies to attend and participate in and vote at the Scheme Meeting in the place of the shareholder, by completing the proxy in accordance with the instructions set out therein; and
- a proxy need not be a shareholder of the Company.

Section 63(1) of the Companies Act requires that Scheme Members provide satisfactory identification. Accordingly, Scheme Members will be required to provide proof of identification to the reasonable satisfaction of the chairman of the Scheme Meeting and must accordingly bring a copy of their identity document, passport or drivers' licence to the Scheme Meeting. If in doubt as to whether any document will be regarded as satisfactory proof of identification, meeting participants should contact the Transfer Secretary for guidance.

SPECIAL RESOLUTION NUMBER 1: IMPLEMENTATION OF THE SCHEME

The Independent Board has resolved to propose the termination of the listing of Orion's Shares on the Main Board of the JSE by way of a scheme of arrangement between the Company and its Shareholders in terms of section 114(1) of the Companies Act, which Scheme is subject to the fulfilment and/or waiver (where applicable) of the Conditions Precedent to the Scheme which are set out in the Circular.

"RESOLVED THAT, subject to the fulfilment (and/or waiver) of the Conditions Precedent to the Scheme, as set out in paragraph 4.7 of the Circular, the Company be and is hereby authorised to implement the Scheme in terms of section 114(1) of the Companies Act between the Company and its Shareholders pursuant to which the listing of the Company's Shares on the Main Board of the JSE will be terminated."

Voting requirement

Special Resolution Number 1 will, in terms of the Companies Act, require support of at least 75% of the voting rights exercised thereon at the Scheme Meeting by Eligible Shareholders present in person or represented by proxy, to be approved.

Reason and effect of Special Resolution Number 1

The reason for the passing of Special Resolution Number 1 is, subject to the fulfilment (and/or waiver) of the Conditions Precedent to the Scheme, as set out in the Circular, to authorise the Company to implement the Scheme in terms of section 114(1) of the Companies Act pursuant to which the listing of the Company's Shares on the Main Board of the JSE will be terminated.

The effect of Special Resolution Number 1 will be that, subject to the fulfilment (and/or waiver) of the Conditions Precedent to the Scheme, as set out in the Circular, the Company's Shares on the Main Board of the JSE will be terminated.

ORDINARY RESOLUTION NUMBER 1: AUTHORISING RESOLUTION

"RESOLVED THAT any of the directors of the Company be and are hereby authorised to do all things and sign all documents required to give effect to and implement Special Resolution Number 1 and Ordinary Resolution Number 1 set out above."

Explanatory note

The adoption of this Ordinary Resolution Number 1 will authorise any director of the Company to execute all documents and do all such further acts and things as he/she may in his/her discretion consider appropriate to implement and give effect to the resolutions set out in this Notice of Scheme Meeting.

Voting requirement

Ordinary Resolution Number 1 will, in terms of the Companies Act, require the support of 50% plus one vote of the voting rights exercised thereon at the Scheme Meeting by the Shareholders present in person or represented by proxy, to be approved.

QUORUM

A quorum for the purposes of considering the Scheme Resolution and the ordinary resolutions shall comprise 25% of all the voting rights that are entitled to be exercised by shareholders in respect of each matter to be decided at the Scheme Meeting by the shareholders. In addition, a quorum shall consist of three shareholders of the Company personally present or represented by proxy (and if the shareholder is a body corporate, it must be represented) and entitled to vote at the Scheme Meeting on matters to be decided by shareholders.

In terms of section 115(4) of the Companies Act, the voting rights exercisable by the Controlling Shareholder and its associates (being F Gmeiner, AC Gmeiner, and the children of F Gmeiner and AC Gmeiner) shall not be included in the voting rights required to be present, or actually present, in determining whether the quorum requirements are satisfied, or required to be voted in support of Scheme Resolution, or actually voted in support of the Scheme Resolution.

FORM OF PROXY

A form of proxy is attached for the convenience of any shareholder holding Certificated Shares who cannot attend the Scheme Meeting or who wishes to be represented thereat. Forms of proxy may also be obtained on request from the Company's registered office. The completed forms of proxy must be deposited at or posted to the office of the Transfer Secretary of the Company, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 (PO Box 61051, Marshalltown, 2107), or emailed to proxy@computershare.co.za, to be received by not later than 10:00 on Monday, 11 November 2019. Any shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the Scheme Meeting should the shareholder subsequently decide to do so.

Attached to the proxy form is an extract of section 58 of the Companies Act, to which shareholders are referred. Shareholders who have already dematerialised their shares through a CSDP or Broker and who wish to attend the Scheme Meeting must instruct their CSDP or Broker to issue them with the necessary Letter of Representation to attend.

Dematerialised shareholders, who have elected "own name" registration in the sub-register through a CSDP and who are unable to attend but who wish to vote at the Scheme Meeting must complete and return the attached relevant form of proxy and lodge it with the Transfer Secretary, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 (PO Box 61051, Marshalltown, 2107), or email it to proxy@computershare.co.za.

Dematerialised shareholders, who have not elected "own name" registration in the sub-register through a CSDP and who are unable to attend but who wish to vote at the Scheme Meeting should ensure that the person or entity (such as a nominee) whose name has been entered into the sub-register maintained by a CSDP or Broker completes and returns the attached relevant forms of proxy in terms of which they appoint a proxy to vote at the Scheme Meeting.

APPRAISAL RIGHTS FOR DISSENTING SHAREHOLDERS

In terms of section 164 of the Companies Act, at any time before the Scheme Resolution as set out in this Notice of Scheme Meeting is voted on, a shareholder may give the Company a written notice objecting to the Scheme Resolution.

Within 10 Business Days after the Company has adopted the Scheme Resolution, the Company must send a notice that the Scheme Resolution has been adopted to each shareholder who:

- gave the Company a written notice of objection as contemplated above; and
- has neither withdrawn that notice nor voted in support of the Scheme Resolution.

A shareholder may demand that the Company pay the shareholder the fair value for all of the shares held by that person if:

- the shareholder has sent the Company a notice of objection;
- the Company has adopted the Scheme Resolution; and
- the shareholder voted against the Scheme Resolution and has complied with all of the procedural requirements of section 164 of the Companies Act.

A copy of section 164 of the Companies Act is attached to this Circular as **Annexure 7** to the Circular.

By order of the Independent Board

ORION REAL ESTATE LIMITED

Registered office

3rd Floor, 26 Wellington Road
Parktown, Johannesburg, 2193

16 October 2019



ORION REAL ESTATE LIMITED

(Incorporated in the Republic of South Africa)
 (Registration number: 1997/021085/06)
 Share Code: ORE ISIN: ZAE000201695

FORM OF PROXY

Where appropriate and applicable, the terms defined in the circular to which this Form of Surrender and Transfer is attached and forms part of shall bear the same meaning in this form of proxy.

For use by the holders of Certificated Shares and/or Dematerialised Shares held through a CSDP or Broker who have selected "own name" registration, registered as such at the close of business on the Voting Record Date, at a meeting of shareholders to be held at 10:00 at Orion's registered office, 3rd Floor, 26 Wellington Road, Parktown, Johannesburg on Wednesday, 13 November 2019 or any postponement or adjournment thereof.

Holders of Orion Dematerialised Shares who have not selected "own name" registration must inform their CSDP or Broker timeously of their intention to attend and vote at the Scheme Meeting or be represented by proxy thereat in order for the CSDP or Broker to issue them with the necessary Letter of Representation to do so or provide the CSDP or Broker timeously with their voting instruction should they not wish to attend the Scheme Meeting in order for the CSDP or Broker to vote in accordance with their instructions at the Scheme Meeting.

I/We (names in full)
 (BLOCK LETTERS PLEASE)

of (address)

being holders of _____ shares in Orion, hereby appoint (see note 1):

1. or failing him/her, _____

2. or failing him/her, _____

3. the Chairman of the Scheme Meeting, _____

as my/our proxy to act for me/us on my/our behalf at the Scheme Meeting in accordance with the following instructions (see note 2):

	Number of votes		
	For*	Against*	Abstain*
Special Resolution 1: Implementation of the Scheme			
Ordinary Resolution 1 – Authorising resolution			

* One vote per share held by Shareholders recorded in the Register on the Voting Record Date.

Signed at _____ on _____ 2019

Signature _____

Telephone number () _____

Mobile number _____

Assisted by me (where applicable) _____

Please read the notes on the reverse side hereof.

Notes:

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space(s) provided. The person whose name appears first on this form of proxy and who is present at the Scheme Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A proxy appointed by a shareholder in terms hereof may not delegate his/her authority to act on behalf of the shareholder to any other person.
3. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the Scheme Member in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy to vote or abstain from voting at the Scheme Meeting as he deems fit in respect of all the Scheme Member's votes exercisable thereat.
4. Forms of proxy must be lodged at or posted to Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 (PO Box 61051, Marshalltown, 2107), or emailed to proxy@computershare.co.za, to be received by not later than 10:00 on Monday, 11 November 2019 or not less than 48 hours before the recommencement of any adjourned or postponed meeting, or 10 minutes before the Scheme Meeting is due to commence or recommence.
5. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the Scheme Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so. In addition to the foregoing, a shareholder may revoke the proxy appointment by:
 - (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and
 - (ii) delivering a copy of the revocation instrument to the proxy and to the Company.The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as at the later of the date stated in the revocation instrument, if any; or the date on which the revocation instrument was delivered in the required manner.
6. The Chairman of the Scheme Meeting may reject or accept any form of proxy which is completed and/or received otherwise than in accordance with these notes, provided that, in respect of acceptances, he is satisfied as to the manner in which the shareholder(s) concerned wish(es) to vote.
7. Each shareholder is entitled to appoint one or more proxies (none of whom need be a member of Orion) to attend, speak and vote in place of that shareholder at the Scheme Meeting.
8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by Orion or the Transfer Secretary or waived by the Chairman of the Scheme Meeting.
9. Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).
10. Where there are joint holders of shares:
 - 10.1 any one holder may sign the form of proxy; and
 - 10.2 the vote of the senior (for that purpose seniority will be determined by the order in which the names of shareholders appear in the Register of members) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint holder(s) of shares.
11. This form of proxy may be used at any adjournment or postponement of the Scheme Meeting, including any postponement due to a lack of quorum, unless withdrawn by the shareholder.
12. The foregoing notes contain a summary of the relevant provisions of section 58 of the Companies Act, as required in terms of that section. In addition, an extract from the Companies Act reflecting the provisions of section 58 of the Companies Act is attached as **Appendix A** to this form of proxy.

EXTRACT FROM THE COMPANIES ACT

“58. Shareholder right to be represented by proxy

- (1) At any time, a shareholder of a company may appoint any individual, including an individual who is not a shareholder of that company, as a proxy to:
 - (a) participate in, and speak and vote at, a shareholders meeting on behalf of the shareholder; or
 - (b) give or withhold written consent on behalf of the shareholder to a decision contemplated in section 60.
- (2) A proxy appointment:
 - (a) must be in writing, dated and signed by the shareholder; and
 - (b) remains valid for:
 - (i) one year after the date on which it was signed; or
 - (ii) any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in subsection (4)(c), or expires earlier as contemplated in subsection (8)(d).
- (3) Except to the extent that the Memorandum of Incorporation of a company provides otherwise:
 - (a) a shareholder of that company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder;
 - (b) a proxy may delegate the proxy's authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
 - (c) a copy of the instrument appointing a proxy must be delivered to the Company, or to any other person on behalf of the Company, before the proxy exercises any rights of the shareholder at a shareholders' meeting.
- (4) Irrespective of the form of instrument used to appoint a proxy:
 - (a) the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;
 - (b) the appointment is revocable unless the proxy appointment expressly states otherwise; and
 - (c) if the appointment is revocable, a shareholder may revoke the proxy appointment by:
 - (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and
 - (ii) delivering a copy of the revocation instrument to the proxy, and to the Company.
- (5) The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of:
 - (a) the date stated in the revocation instrument, if any; or
 - (b) the date on which the revocation instrument was delivered as required in subsection (4)(c)(ii).
- (6) If the instrument appointing a proxy or proxies has been delivered to a company, as long as that appointment remains in effect, any notice that is required by this Act or the Company's Memorandum of Incorporation to be delivered by the company to the shareholder must be delivered by the Company to:
 - (a) the shareholder; or
 - (b) the proxy or proxies, if the shareholder has:
 - (i) directed the Company to do so, in writing; and
 - (ii) paid any reasonable fee charged by the Company for doing so.
- (7) A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the Memorandum of Incorporation, or the instrument appointing the proxy, provides otherwise.

- (8) If a company issues an invitation to shareholders to appoint one or more persons named by the Company as a proxy, or supplies a form of instrument for appointing a proxy:
- (a) the invitation must be sent to every shareholder who is entitled to notice of the meeting at which the proxy is intended to be exercised;
 - (b) the invitation, or form of instrument supplied by the Company for the purpose of appointing a proxy, must:
 - (i) bear a reasonably prominent summary of the rights established by this section;
 - (ii) contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by the shareholder; and
 - (iii) provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution or resolutions to be put at the meeting, or is to abstain from voting;
 - (c) the Company must not require that the proxy appointment be made irrevocable; and
 - (d) the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to subsection (5).
- (9) Subsections (8)(b) and (d) do not apply if the Company merely supplies a generally available standard form of proxy appointment on request by a shareholder."



ORION REAL ESTATE LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 1997/021085/06)

Share Code: ORE ISIN: ZAE000201695

FORM OF SURRENDER AND TRANSFER FOR USE BY CERTIFICATED SHAREHOLDERS ONLY

Where appropriate and applicable, the terms defined in the circular to which this Form of Surrender and Transfer is attached and forms part of shall bear the same meaning in this Form of Surrender and Transfer.

A Scheme Participant may, for a period of 6 (six) months from the date of the Delisting, purchase his/her Shares back from the Offeror at the price at which such shares were acquired by the Offeror in terms of the Scheme, without interest.

INSTRUCTIONS: HOLDERS OF DEMATERIALIZED SHARES MUST NOT COMPLETE THIS FORM OF SURRENDER AND TRANSFER

1. The Form of Surrender and Transfer is for use only by Certificated Shareholders recorded in the Register on the Scheme Record Date.
2. A separate Form of Surrender and Transfer is required for each Certificated Shareholder.
3. **Part A** must be completed by all Certificated Shareholders who return this form.
4. **Part B:**
 - 4.1 Section 1 must be completed by all Certificated Shareholders who are emigrants from the Common Monetary Area.
 - 4.2 Section 2 must be completed by all other Certificated Shareholders who are non-residents of the Common Monetary Area (and who are not required to complete Section 1 of Part B).
5. **Part C** must be completed by all Certificated Shareholders who wish to receive the Offer Consideration by way of EFT.
6. If this Form of Surrender and Transfer is returned with the relevant Documents of Title, it will be treated as a conditional surrender which is made subject to the Scheme becoming unconditional and operative, the details of which are set out in the Circular. In the event of the Scheme not becoming unconditional and operative for any reason whatsoever, the Transfer Secretary will, by not later than 5 (five) Business Days after the date upon which it becomes known that the Scheme will not be operative, return the Documents of Title to the relevant Certificated Shareholders concerned, by registered mail, at the risk of such Certificated Shareholders.
7. Persons who have acquired Orion Shares after the date of the issue of the Circular can obtain copies of the Form of Surrender and Transfer and the Circular from the Transfer Secretary, Computershare, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 (PO Box 61763, Marshalltown, 2107).
8. The Scheme Consideration will not be paid to Certificated Shareholders recorded in the Register on the Scheme Record Date unless and until Documents of Title in respect of the relevant Scheme Shares have been surrendered to the Transfer Secretary.

To: **Computershare Investor Services Proprietary Limited**
 Rosebank Towers
 15 Biermann Avenue
 Rosebank
 Johannesburg, 2196
 South Africa
 (PO Box 61763, Marshalltown, 2107, South Africa)

Dear Sirs

PART A: To be completed by ALL SCHEME PARTICIPANTS HOLDING CERTIFICATED SHARES who are recorded in the Register on the Scheme Record Date and who return this form

I/We hereby surrender the share certificate(s) and/or other Documents of Title attached hereto, representing Orion Shares, registered in the name of the person mentioned below and authorise the Transfer Secretary, conditional upon the Scheme becoming unconditional and operative, to register the transfer of these Orion Shares into the name of the Offeror upon payment of the Scheme Consideration:

Name of registered holder (separate form for each holder)	Certificate number(s)	Number of Orion Shares covered by each certificate(s) enclosed
TOTAL		

Surname or name of corporate body:	
First names (in full):	
Title (Mr, Mrs, Miss, Ms, etc):	
Address to which the Scheme Consideration should be sent (if different from registered address):	
Postal code:	
Signature of Certificated Shareholder	Stamp and address of agent lodging this form (if any)
Assisted by me (if applicable):	
(State full name and capacity):	
Date:	
Telephone number (Home):	
Telephone number (Work):	
Cellphone number:	

PART B

1. To be completed by emigrants from the Common Monetary Area.

Nominated Authorised Dealer in the case of a Scheme Participant that holds Orion Shares who is an emigrant from the Common Monetary Area (see note 2 below)

Name of dealer:
Account number:
Address of dealer:

2. To be completed only by all other non-resident Certificated Shareholders.

A cheque in respect of the Scheme Consideration will be posted to the registered address of the non-resident concerned unless written instructions to the contrary are received and an address provided below.

Name of dealer:
Account number:
Address of dealer:
Substitute address in South Africa:

PART C: To be completed by all Scheme Participants holding Certificated Shares wishing to receive payment of the Scheme Consideration by EFT

Name of Certificated Shareholder:
Name of bank:
Branch and branch code:
Account number:
Contact person:
Contact telephone number:

In terms of the Financial Intelligence Centre Act, No. 38 of 2001, the Transfer Secretary will only be able to record any changes in address or payment mandate if the undermentioned documentation is received from the relevant Orion Shareholder:

- an original certified copy of an identity document (in respect of change of address and payment mandate);
- an original certified copy of an original bank statement (in respect of payment mandate);
- an original certified copy of a document issued by the South African Revenue Services to verify your tax number. If you do not have one, please submit this in writing and have the letter signed by a Commissioner of Oaths (in respect of change of address and payment mandate); and
- an original or an original certified copy of a service bill to verify your residential address (in respect of a change of address mandate).

Payment to Orion Shareholders that do not have an existing mandate with the Transfer Secretary or who do not provide the Transfer Secretary with the abovementioned documents will be made by cheque and posted at the Orion Shareholder's own risk.

Instructions:

1. No receipts will be issued for documents lodged unless specifically requested. In compliance with the requirements of the JSE, lodging agents are requested to prepare special transaction receipts, if required. Signatories may be called upon for evidence of their authority or capacity to sign this Form of Surrender and Transfer.
2. Persons who are emigrants from the Common Monetary Area should nominate the Authorised Dealer in the Republic of South Africa which has control of their blocked assets in **Part B** of this Form of Surrender and Transfer. Failing such nomination, the Scheme Consideration due to such Certificated Shareholders in accordance with the provisions of the Scheme will be held by Orion, pending instructions from the Certificated Shareholder concerned.
3. Any alteration to this Form of Surrender and Transfer must be signed in full and not merely initialled.
4. If this Form of Surrender and Transfer is signed under a power of attorney, then such power of attorney or a notarially certified copy thereof must be sent with this form for noting (unless it has already been noted by Orion or its Transfer Secretary at an earlier stage).
5. Where the Certificated Shareholder is a company or a close corporation, unless it has already been registered with Orion or its Transfer Secretary at an earlier stage, a certified copy of the directors' or members' resolution authorising the signing of this Form of Surrender and Transfer must be submitted if so requested by Orion.
6. Instruction 4 above does not apply in the event of this form bearing a Broker's stamp. If this Form of Surrender and Transfer is not signed by the Certificated Shareholder, the Certificated Shareholder will be deemed to have irrevocably appointed the Transfer Secretary of Orion to implement the Certificated Shareholder's obligations under the Scheme on his/her behalf.
7. Where there are any joint holders of any Certificated Shares, only the holder whose name appears first in the Register in respect of such Certificated Shares, needs to sign this Form of Surrender and Transfer.
8. A minor must be assisted by his/her parent or guardian, unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Transfer Secretary at an earlier stage.