REVIEWED
for the year ended 31 August

2019

REBOSIS
PROPERTY FUND

HIGHLIGHTS

Net Property Income
0.4%

Tangible NAV B Shares*
R6.99

** The reported tangible NAV attributable to the REB shares is the net asset value excluding goodwill after netting off market cap of REA shares*

Total Assets
R16.3bn

Portfolio WAULT
3.3years

Retail Trading Density
5.4%

Retail Footfall
2.5%

Vacancy Rate
6.5%

Office Renewals
202 574m²

REBOSIS PROPERTY FUND LIMITED
(Rebosis or the company)
(Registration number 2010/003468/06)
(Approved as a REIT by the JSE)
JSE share code Rebosis A share: REA
JSE share code Rebosis Ordinary share: REB
Alpha code: REBI
ISIN Rebosis A share: ZAE000240552
ISIN Rebosis Ordinary share: ZAE000201687

RETAIL

- 6 high quality dominant malls
- Baywest, Hemingways, Forest Hill, Mdantsane, Sunnypark and Bloed Street
- Strong national tenant profile
- Secure, escalating income streams
- Weighted average lease expiry of 3.7 years
- Average contractual escalation of 6.7%
- Portfolio by GLA 326 008 m2
- Portfolio by value 47%

Number of properties	6
Portfolio valuation R'000	7 800 000
Gross lettable area - m²	326 008
Value per m² - R	24 001

OFFICE

- 36 predominantly A and B grade well-located properties in nodes attractive to government tenants
- 6 properties were sold as part of the Boxwood transaction
- Let primarily to National Department of Public Works
- Weighted average lease expiry of 3 year
- Average contractual escalation of 7.0%
- Shielded from private sector e.g. tenant cash flow and insolvency related default
- Portfolio by GLA 496 612 m2
- Portfolio by value 52%

Number of properties	36
Portfolio valuation R'000	7 600 000
Gross lettable area - m²	496 612
Value per m² - R	17 134

INDUSTRIAL

- Single tenanted industrial warehouse in Johannesburg
- Industrial warehouse acquired in March 2013
- Lease underpinned by international listed parent company
- Weighted average lease expiry of 6.3 years
- Contractual escalation of 7.0%
- Portfolio by GLA 18 954 m2
- Portfolio by value 1.0%

Number of properties	1
Portfolio valuation R'000	164 000
Gross lettable area - m²	18 954
Value per m² - R	8 653

CONTENTS

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Group	
	Reviewed for the year ended 31 August 2019 R'000	Audited for the year ended 31 August 2018 Restated R'000
Property income	1 842 144	2 261 439
Investment property income	1 905 109	2 087 179
Net income from facilities management agreement	29 557	22 488
Management fees received	-	4 668
Listed property securities and related income	-	62 348
Straight line rental income accrual	(92 522)	84 756
Property expenses	(605 476)	(539 006)
Net property income	1 236 668	1 722 433
Other operating expenses	(142 104)	(127 428)
Operating income	1 094 564	1 595 005
Net interest	(996 982)	(755 278)
Paid	(999 928)	(902 951)
Received	2 946	147 673
Net operating income	97 582	839 727
Other income	4 992	4 621
Changes in fair values and impairments	(4 306 400)	(1 768 329)
Investment property	(1 749 664)	(1 013 622)
Investment in subsidiaries	-	-
Investment in listed securities	(992 774)	(484 949)
Derivative instruments	1 340	(92 677)
Loan impairment	(1 424 074)	-
Goodwill impairment	(141 227)	(177 081)
Total loss before tax	(4 203 826)	(923 981)
Taxation	(38 314)	-
Total comprehensive loss	(4 242 139)	(923 981)
Basic and diluted earnings per REA share (cents)	265.50	252.86
Basic and diluted loss per REB share (cents)	(632.87)	(163.75)

CONDENSED STATEMENT OF FINANCIAL POSITION

	Group		
	Reviewed for the year ended 31 August 2019 R'000	Audited for the year ended 31 August 2018 Restated R'000	Audited for the year ended 31 August 2017 Restated R'000
ASSETS			
Non-current assets	**14 254 761**	19 620 368	21 617 102
Investment property	**13 878 200**	16 682 000	18 608 490
Fair value of property portfolio	**13 587 785**	16 266 788	18 275 621
Straight line rental income accrual	**290 415**	415 212	332 869
Investment in securities	**4 275**	992 774	1 044 979
Loans to related companies	**-**	180 472	70 699
Loans receivable	**-**	1 246 995	1 150 247
Goodwill	**358 104**	499 331	676 412
Derivative instruments	**8 334**	10 201	60 540
Property, plant and equipment	**5 848**	8 595	5 735
Current assets	**291 827**	631 325	816 263
Derivative instruments	**9**	5 826	49 131
Loans receivable	**-**	-	286 013
Trade and other receivables	**219 661**	445 556	376 479
Cash and cash equivalents	**72 157**	179 943	104 640
Investment property held for sale	**1 723 102**	1 403 000	212 689
Total assets	**16 269 690**	**21 654 693**	**22 646 054**
EQUITY AND LIABILITIES			
Equity	**5 734 700**	10 329 420	11 715 539
Stated capital	**9 015 068**	9 015 068	8 464 527
Accumulated (loss)/Reserves	**(3 280 368)**	1 314 352	3 251 012
Non current liabilities	**-**	4 926 245	5 426 278
Interest bearing borrowings	**-**	4 899 095	4 973 983
Deferred payment liability	**-**	-	360 853
Derivative instruments	**-**	27 150	91 442
Current liabilities	**10 534 990**	6 399 028	5 504 237
Interest bearing borrowings	**10 131 357**	5 856 984	4 858 196
Deferred payment liability	**123 471**	124 936	350 000
Derivative instruments	**32 010**	65 311	2 057
Trade and other payables	**209 838**	351 797	293 984
Tax payable	**38 314**	-	-
Total equity and liabilities	**16 269 690**	**21 654 693**	**22 646 054**
Number of ordinary A shares in issue	**63 266 012**	63 266 012	63 266 012
Number of B shares less treasury shares	**696 844 874**	696 844 874	642 316 328
Net asset value per REA share (R)	**13.65**	22.75	24.50
Net asset value per REB share (R)	**6.99**	12.76	15.83
Loan to value (%)	**64.5%**	51.6%	46.1%

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

GROUP	Stated capital R'000	Accumulated loss R'000	Total R'000
Balance at 31 August 2017- as previously reported	**8 464 527**	**3 383 323**	**11 847 850**
Prior period restatement - 01 September 2016		(132 311)	**(132 311)**
Balance at 31 August 2017 - restated	**8 464 527**	**3 251 012**	**11 715 539**
Issue of shares	550 541		**550 541**
Dividend paid		(1 012 679)	**(1 012 679)**
Total comprehensive loss for the year	**-**	**(923 981)**	**(923 981)**
Balance at 31 August 2018 - restated	9 015 068	1 314 352	**10 329 420**
Change in accounting policy (IFRS 9) - 01 September 2018	-	(66 328)	**(66 328)**
Dividend paid		(286 253)	**(286 253)**
Total comprehensive loss for the year	**-**	**(4 242 139)**	**(4 242 139)**
Balance at 31 August 2019	**9 015 068**	**(3 280 368)**	**5 734 700**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Group	
	Reviewed for the year ended 31 August 2019 R'000	Audited for the year ended 31 August 2018 R'000
Cash flows from operating activities		
Cash generated by operations	1 074 117	1 355 577
Finance income	2 946	47 284
Finance costs	(955 499)	(887 610)
Dividends received	-	62 348
Net cash inflow from operating activities	121 564	577 599
Cash flow from investing activities		
Acquisition of property, plant and equipment	(1 713)	(5 670)
Capital expenditure, tenant installations and lease commissions	(56 786)	(305 376)
Transaction and compliance cost on disposal of investment property	(96 611)	-
Proceeds from disposal of investment property	868 000	112 689
Acquisition of listed securities and investments	-	(289 933)
Repayments on B-BBEE and Jiraserve loans	-	95 423
Loans advanced to related company	-	(109 773)
Net cash inflow/(outflow) from investing activities	712 890	(502 640)
Cash flow from financing activities		
Proceeds from issue of shares	-	121 101
(Repayments)/proceeds from financial liabilities	(642 599)	908 558
(Decrease)/increase in deferred payment liability	-	(16 565)
Settlement of derivative instruments	(13 388)	(71)
Dividend paid	(286 253)	(1 012 679)
Net cash (outflow)/inflow from financing activities	(942 240)	344
Net (decrease)/increase in cash and cash equivalents	(107 786)	75 303
Cash and cash equivalents at the beginning of the year	179 943	104 640
Cash and cash equivalents at the end of the year	72 157	179 943

COMMENTARY

INTRODUCTION

Rebosis is a JSE listed real estate investment trust (REIT) with a high quality diversified portfolio across commercial and retail assets. The majority of the commercial income enjoys a sovereign underpin from leases to national government departments accross 36 buildings. Its retail portfolio has a mix of dominant and newly built shopping centres set to dominate in their nodes in Port Elizabeth (Baywest Mall) and Centurion (Forest Hill City).

FINANCIAL RESULTS

Distributable income decreased by 71% from R791 million to R226 million for this reporting period of which R250 million was as a result of once off items. In addition, finance income decreased by R145 million due to lower income from cross currency swaps as well as loss of income due to the BBBEE consortium and the Charitable trust. The increase in expected credit loss allowance of R61 million and tax expense of R38 million reduced the distributable income further.

The Board deemed it prudent to retain capital in order to deleverage the fund and has therefore resolved to not declare a full year dividend for the year ending 31 August 2019.

Rebosis appointed two expert independent valuers to value all the properties, who spent enormous time and effort visiting each property in the current financial period. The valuers used were Dipeo Valuations for our Retail portfolio and DNA for our Commercial portfolio. Further to the unaudited results released on SENS on 11 November 2019, the fund took a view to be more conservative given current market conditions, future impact of reversions and yields movements on possible sales in the current market. Management has elected to re-value certain properties and a further R900m impairment has therefore been recognised. At 31 August 2019, the investment property portfolio is carried at R15.6 billion in the consolidated statement of financial position, which is a reduction of R1.6 billion on the prior year. Due to the significant risk associated with the judgements and estimates applied in the inputs and assumptions used in valuing investment properties, our auditor BDO appointed their own valuer (Quadrant Properties) to perform their own valuations. Their values were R2.3 billion below those determined by the fund's two experts. Despite the significant judgements and estimates required to arrive at valuations, primarily the discount and cap rates applied, BDO has elected to rely solely on their valuer's opinion and have therefore qualified their audit opinion in this regard. Management and its two independent expert valuer's do not agree with the assumptions applied by Quadrant Properties and are comfortable that the assumptions applied by the fund and its two experts in arriving at its valuations are within acceptable parameters. The auditor's report includes the following qualification:

Basis for Qualified Conclusion

Management obtained independent valuations for all the investment properties in the current financial period. At 31 August 2019, the investment property is carried at R15.6 billion in the consolidated statement of financial position. Due to the significant risk associated with the judgements and estimates applied in the inputs and assumptions used in valuing investment property, an independent valuer (auditor's expert) was appointed to independently value all the individual properties and compare the outcome of these values to those calculated by management' expert. A material difference was noted between management's valuations and the auditor's expert valuation. The main differences relate to the capitalisation rates and lease values used, potential risk adjustments on expired leases, capital expenditure adjustments, as well as assumptions made on projected property income. Had management accounted for the investment properties at the values indicated by the auditor's expert, the investment properties would have been carried in the consolidated statement of financial position at R13.3 billion. Accordingly, the fair value adjustment, loss for the year and shareholders' equity would have been adjusted by R2.3 billion in the consolidated financial statements.

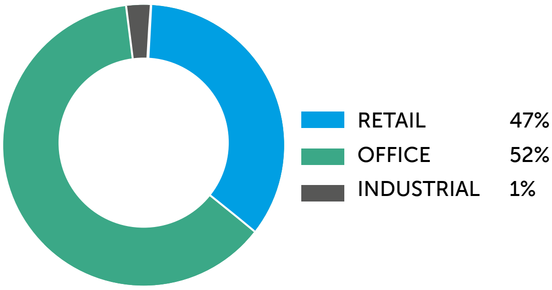
The direct investment in New Frontier Properties and the loan to the BEE consortium has been written off. The impairment of the exposure to New Frontier Properties of R2.4 billion together with the valuation adjustments above, resulted in the loan to value increasing from 51.6% as at 31 August 2018 to 64.5% as at 31 August 2019.

COMMENTARY

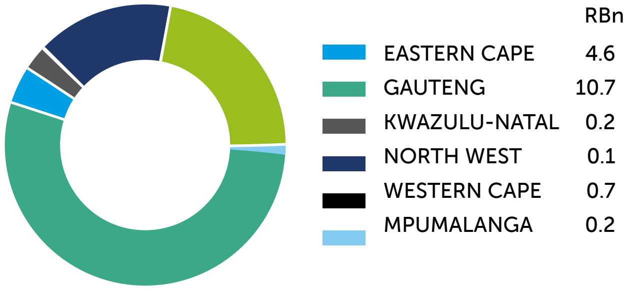
PROPERTY PORTFOLIO

The consolidated property portfolio of Rebosis is illustrated in the following graphs in terms of sectoral and geographical splits..

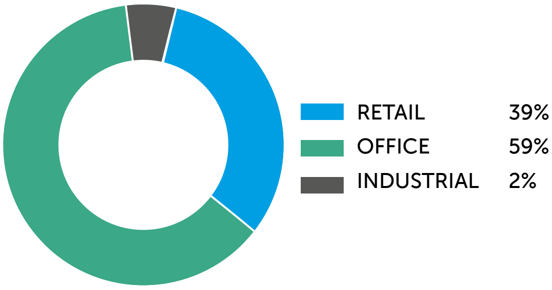
AS AT 31 AUGUST 2019
SECTORAL BY VALUE



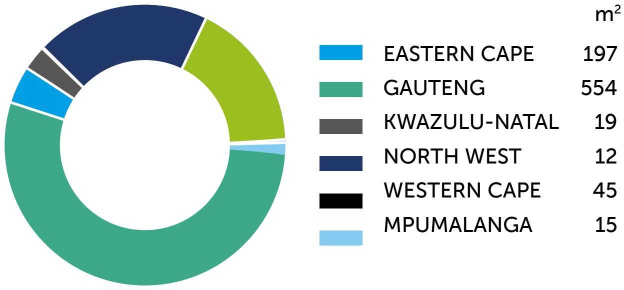
GEOGRAPHIC BY VALUE



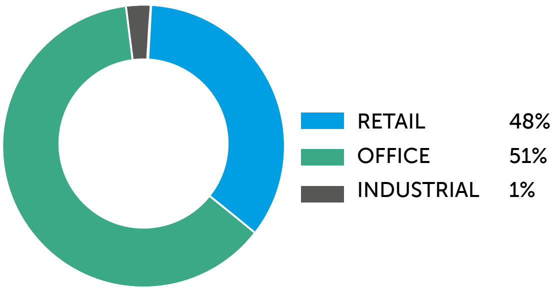
AS AT 31 AUGUST 2019
SECTORAL BY GLA



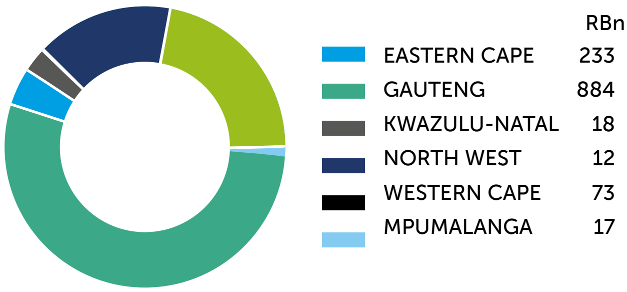
GEOGRAPHIC BY GLA



AS AT 31 AUGUST 2019
SECTORAL BY NET INCOME



GEOGRAPHIC BY NET INCOME



Our South African retail portfolio consists of six high-quality, dominant shopping malls with strong anchor national tenants delivering income streams escalating at a weighted average of 6.7%. The office portfolio consists of 36 buildings in nodes attractive to government tenants. These buildings are mainly single-tenanted buildings let to the National Department of Public Works, providing for a weighted average escalations of 7.0%. The office portfolio represents a defensive sovereign underpin, shielding the group from private sector risks such as tenant insolvency and default which are material risks in the context of sluggish economic growth and constrained consumer spend.

The groups industrial property is a single-tenanted industrial warehouse with lease escalation at 7.0%.

The groups' expiry profile by gross lettable area is as follows:

	Vacant	Monthly	31 August 2020	31 August 2021	31 August 2022	31 August 2023	After 31 August 2023	Beyond
Retail	6.7%	5.9%	19.2%	9.6%	9.7%	10.1%	16.7%	22.1%
Office	6.6%	13.2%	22.8%	11.4%	6.4%	0.6%	14.5%	24.8%
Industrial	-	-	-	-	-	-	-	100.0%
Total portfolio	6.5%	10.1%	20.8%	10.4%	7.6%	4.2%	15.0%	25.4%

COMMENTARY

FUNDING

Rebosis' borrowings decreased to R10.1 from R10.8 billion in the prior year due to the proceeds from the Boxwood disposal.

The weighted average cost of debt increased from 9.3% to 9.8%, largely due to the increase in the Prime rate as well as the refinancing of some of the 3m Jibar facilities to Prime facilities.

There are currently hedge arrangements in place for 77% of the debt.

The loan to value increased from 51.6% to 64.5% mainly resulting from the write down of New Frontier Properties and the devaluation of assets.

EARNINGS AND HEADLINE EARNINGS

	Group	
	Reviewed for the year ended 31 August 2019 R'000	Audited for the year ended 31 August 2018 R'000
Number of REA shares in issue at year end	**63 266 012**	63 266 012
Weighted average number of REA shares in issue used for the calculation of earnings and headline earnings per share	**63 266 012**	22 730 376
Number of REB shares in issue at year end	**696 844 874**	696 844 874
Weighted average number of shares in issue used for the calculation of earnings and headline earnings per share	**696 844 874**	661 948 658
	R'000	**R'000**
Loss attributable to ordinary equity holders of the parent entity	**(4 242 139)**	(923 981)
Adjusted for:		
Change in fair value of investment properties	**1 749 664**	1 013 622
Goodwill impairment	**141 227**	177 081
Headline (loss)/earnings attributable to shareholders	**(2 351 248)**	**266 721**
REA		
Basic and diluted earnings per REA share (cents)	**265.50**	252.86
Basic and diluted headline earnings per REA share (cents)	**265.50**	252.86
REB		
Basic and diluted loss per REB share (cents)	**(632.87)**	(163.75)
Basic and diluted headline (loss)/earnings per REB share (cents)	**(361.52)**	16.13

SEGMENT REPORT

The group classifies segments based on the type of property i.e. Commercial, Retail, Industrial, and Head office. Properties can be mixed use properties. In this instance the property will be classified according to its principle use. Accordingly, the group only has three reporting segments as set out below. Some of the buildings do have a small retail component (normally at street level), but seldom exceeds 10% of the total GLA per building.

These operating segments are managed separately based on the nature of the operations. For each of the segments, the group's CEO (the group's chief operating decision-maker) reviews internal management reports monthly. The CEO considers earnings before taxation to be an appropriate measure of each segment's performance.

	Property portfolio					
2019	Retail R'000	Office R'000	Industrial R'000	Total R'000	Head office R'000	Total R'000
Property portfolio	797 452	1 031 306	13 386	1 842 144	-	**1 842 144**
Investment property income	788 669	1 097 951	18 489	1 905 109	-	**1 905 109**
Net income from facilities management	-	29 557	-	29 557	-	**29 557**
Straight line rental income accrual	8 783	(96 202)	(5 103)	(92 522)	-	**(92 522)**
Property expenses	(386 249)	(218 696)	(531)	(605 476)	-	**(605 476)**
Net property income	411 203	812 610	12 855	1 236 668	-	**1 236 668**
Other operating expenses	-	-		-	(142 104)	**(142 104)**
Operating income/(loss)	411 203	812 610	12 855	1 236 668	(142 104)	**1 094 564**
Net interest	-	-	-	-	(996 982)	**(996 982)**
Net operating income/(loss)	411 203	812 610	12 855	1 236 668	(1 139 086)	**97 582**
Other income	-	-	-		4 992	**4 992**
Changes in fair values	(304 567)	(1 259 498)	(15 897)	(1 579 962)	(2 726 437)	**(4 306 399)**
Segment profit/(loss) before taxation	**106 636**	**(446 888)**	**(3 042)**	**(343 294)**	**(3 860 532)**	**(4 203 825)**
Investment property	7 263 000	6 451 200	164 000	13 878 200	-	**13 878 200**
Investment property held for sale	561 486	1 161 616	-	1 723 102	-	**1 723 102**
Other assets	77 242	146 265	30	223 537	444 851	**668 388**
Total assets	**7 901 728**	**7 759 081**	**164 030**	**15 824 839**	**444 851**	**16 269 690**
Total liabilities	**68 857**	**41 425**	**-**	**110 282**	**10 424 708**	**10 534 990**

SEGMENT REPORT

2018	Retail R'000	Property portfolio Office R'000	Industrial R'000	Total R'000	Head office R'000	Total R'000
Property portfolio	972 797	1 202 836	18 790	2 194 423	4 668	**2 199 091**
Investment property income	900 339	1 169 563	17 277	2 087 179	-	**2 087 179**
Net income from facilities management	-	22 488	-	22 488	-	**22 488**
Management fees received	-	-	-	-	4 668	**4 668**
Straight line rental income accrual	72 458	10 785	1 513	84 756	-	**84 756**
Property expenses	(275 997)	(262 515)	(494)	(539 006)	-	**(539 006)**
Net property income	696 800	940 321	18 296	1 655 417	4 668	**1 660 085**
Other operating expenses	-	-		-	(127 428)	**(127 428)**
Operating income	696 800	940 321	18 296	1 655 417	(122 760)	**1 532 657**
Net interest	-	-	-	-	(755 278)	**(755 278)**
Net operating income	696 800	940 321	18 296	1 655 417	(878 038)	**777 379**
Other income	-	-	-	-	4 621	**4 620**
Changes in fair values	(960 725)	(60 383)	7 486	(1 013 622)	(577 626)	**(1 591 248)**
Goodwill impairment	-	-	-	-	(177 081)	**(177 082)**
Listed security income	-	-	-	-	62 348	**62 348**
Segment (loss)/profit before taxation	(263 925)	879 937	25 782	641 795	(1 565 776)	**(923 982)**
Investment property	8 080 000	8 417 000	185 000	16 682 000	-	**16 682 000**
Investment property held for sale	-	1 403 000	-	1 403 000	-	**1 403 000**
Other assets	104 259	130 668	-	234 927	3 334 766	**3 569 693**
Total assets	8 184 259	9 950 668	185 000	18 319 927	3 334 766	**21 654 693**
Total liabilities	66 453	61 801	-	128 254	11 197 020	**11 325 274**

DISTRIBUTABLE INCOME

Non-IFRS information Reconciliation of profit before tax to distributable earnings:	for the year ended 31 August 2019 R'000	for the year ended 31 August 2018 R'000
Total loss before taxation	(4 203 826)	(923 981)
Taxation	(38 314)	-
Loss for the year	(4 242 139)	(923 981)
Adjusted for:		
Changes in fair value	4 306 400	1 768 329
Straight line rental accrual	92 522	(84 756)
Amortisation of structuring fees	69 452	15 342
Corporate transaction costs	-	3 549
Antecedent interest	-	23 558
Dividend income distributed in previous periods	-	(33 183)
Rates refund from Council	-	21 609
Distributable earnings attributable to shareholders/owners of the parent	226 235	790 466
Distributable income per REA share (cents)	265.50	252.86
Distributable income per REB share (cents)	8.60	92.83
Year-on-year distribution growth REA (%)	5.0%	5.0%
Year-on-year distribution growth REB (%)	-90.7%	-27.7%

ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND RESTATEMENTS

i) **Change in accounting policy**

When adopting IFRS 9, the group has applied transitional relief and opted not to restate prior periods. Differences arising from the adoption of IFRS 9 in relation to classification, measurement and impairment are recognised in retained earnings.

During the year, the Group adopted the New IFRS 9 Financial Instruments standard. IFRS 9 replaces the "incurred loss" model in IAS 39 with a forward-looking "expected credit loss (ECL) " model. This requires a loss allowance to be recognised at the amount equal to the lifetime ECLs. Lifetime ECLs result from all possible default events over the expected life of a financial instrument.

This requires considerable judgement over how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model applies to the following financial instruments that are not measured at Fair value through profit and loss (FVTPL):

- financial assets that are debt instruments;
- lease receivables; and
- loan commitments and financial guarantee contracts issued (previously, impairment was measured under IAS 37 Provisions, Contigent Liabilities and Contingent Assets).

IFRS 9 replaces IAS 39 "Financial instruments: Recognition and Measurement". It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an "expected credit loss" model for the impairment of financial assets.

The adoption of IFRS 9 has impacted the following areas:

- The classification and measurement of the group's financial assets. The group holds financial assets to hold and collect the associated cash flows. Most of the group's loans and advances, which were previously classified as "Loans and receivables" under IAS 39 continue to be accounted for at amortised cost as they meet the held to collect business model and contractual cash flow characteristics test (SPPI test) in IFRS 9. Those that do not meet this test are accounted for at fair value through profit or loss (FVTPL).

Financial assets which are equity instruments:

- Mandatorily at fair value through profit or loss; or
- Designated at fair value through other comprehensive income.

ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND RESTATEMENTS

Impact of changes in accounting policies

The group has estimated that, on adoption of IFRS 9 at 1 September 2018, the net financial impact of the change in classification and measurement after tax is a reduction in opening retained earnings by R66 million.

The following table and the accompanying notes set out the categories of financial assets under IAS 39: Financial instruments: recognition and measurement and the new measurement categories under IFRS 9 for each class of the groups financial assets as at 1 September 2018.

			GROUP	
	Original classification under IAS 39 - 31 August 2018	New classification under IFRS 9 - 1 September 2018	Original carrying amount under IAS 39 - 31 August 2018 R000	New carrying amount under IFRS 9 - 1 September 2018 R000
Financial assets			Restated	Restated
Non-current assets			2 430 441	2 430 441
Loans to group companies	Amortised cost	Amortised cost	-	-
Investment in securities	FVTPL	FVTPL	992 774	992 774
Loans to related companies	Amortised cost	Amortised cost	180 472	180 472
Loans receivable	Amortised cost	Amortised cost	1 246 994	1 246 994
Derivative instruments	FVTPL	FVTPL	10 201	10 201
Current assets			631 326	564 998
Derivative instruments	FVTPL	FVTPL	5 826	5 826
Trade and other receivables	Amortised cost	Amortised cost	445 557	379 229
Cash and cash equivalents	Amortised cost	Amortised cost	179 943	179 943
Total financial assets			**3 061 767**	**2 995 439**
Financial liabilities				
Non current liabilities			4 926 245	4 926 245
Interest bearing borrowings	Amortised cost	Amortised cost	4 899 095	4 899 095
Loans from group companies	Amortised cost	Amortised cost	-	-
Derivative instruments	FVTPL	FVTPL	27 150	27 150
Current liabilities			6 274 092	6 274 092
Interest bearing borrowings	Amortised cost	Amortised cost	5 856 984	5 856 984
Derivative instruments	FVTPL	FVTPL	65 311	65 311
Trade and other payables	Amortised cost	Amortised cost	351 797	351 797
Total financial liabilities			**11 200 337**	**11 200 337**

The application of IFRS 9 did not have any material effect on the carrying amounts of loan receivable and loans to group companies as at 1 September 2018. During the year however, the credit quality of some of the loans receivable deteriorated as a result of the deterioration of the economic environments in which the group operates. This resulted in these loans becoming stage 3 in default, and thus written off.

IFRS 15 Revenue

This IFRS introduces a new revenue recognition model for contracts with customers and establishes a comprehensive framework for determining whether, how much and when revenue is recognised. IFRS 15 also includes extensive new disclosure requirements; and the group has adopted IFRS 15 on 1 September 2018. Due to the transition methods adopted by the group in applying these standards, comparative information throughout these consolidated financial statements has not been restated to reflect the requirements of the new standards.

It replaced IAS 18 Revenue, IAS 11 Construction contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods.

Due to the nature of the group's operations, the adoption of IFRS 15 did not have a material impact on the group, the majority of the impact was contained to enhanced and additional disclosures required by the standard, and no quantitative impact was observed.

The group adopted IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application i.e 1 September 2018. Accordingly, the information presented for the year ended 31 August 2018 has not been restated - i.e it is presented, as previously reported, under IAS 18 and related interpretations.

ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND RESTATEMENTS

ii) Prior period error

The group had incorrectly accounted for a portion amounting to R132 million of the Goodwill arising from the acquisition of Billion Property Developments, Baywest City Mall, Billion Asset Managers and Billion Property Services on 1 September 2016. This amount was reflected under the short-term portion of other financial assets in the annual financial statements for the year-ended 31 August 2018.

This should have reduced the gain on bargain purchase which was recognised in the 2017 financial year. Accordingly the asset of R132million has been written off against the retained earnings of 2017.

Impact of error

The group has determined that the net financial impact of the change in classification and measurement after tax is an increase in opening retained earnings of R132 million.

	As reported 2017	Adjustments 2017 R'000	Restated
Group statements of financial position			
Short-term portion of other financial assets	132 311	(132 311)	-
Total assets	21 787 004	(132 311)	**21 654 693**
Total equity	10 461 731	(132 311)	**10 329 420**
Opening retained income - 2018	1 446 663	(132 311)	**1 314 352**
Total comprehensive loss	**(2 627 927)**	**(177 081)**	**(2 805 008)**

SIGNIFICANT RELATED PARTY TRANSACTIONS

Parties are considered related if one party has the ability to exercise control or significant influence over the party making financial or operational decisions. Related parties with whom the Group transacted with during the period were:

	for the year ended 31 Aug 2019 R'000	for the year ended 31 Aug 2018 R'000
Loans accounts- owing (to) by related parties		
New Frontier Properties Limited	-	180 472
Billion Group Proprietary Limited	**(3 471)**	(3 471)
Abacus Holdings Proprietary Limited	**(70 000)**	(70 000)
Amounts included in trade and other receivables		
Mthatha Mall Proprietary Limited	-	16 850
Alkara 329 Proprietary Limited	-	1 021
Interest received from related parties		
New Frontier Properties Limited	-	18 278
Rental warranty income		
Billion Group Proprietary Limited	-	88 491
Asset management fee income		
Mthatha Mall Proprietary Limited	-	16 850

DECLARATION AND PAYMENT OF CASH DIVIDEND

The Rebosis Board has resolved not to declare a dividend for the financial year-ended 31 August 2019.

SUBSEQUENT EVENTS.

On 5 September 2019 Rebosis entered into an agreement with Adowa Infrastructure Managers (RF) (Pty) Ltd to dispose of Erf 2460, comprising 209 units/apartments including 611 student accommodation beds and auxiliary facilities, situated in Mafikeng, together with the rental enterprise for a cash consideration of R146.4 million.

Mdantsane City has transferred into the name of Vukile with effect from 26 November 2019. Accordingly, the disposal consideration in the amount of R516 million was paid in cash by Vukile to Rebosis. R491 million of the proceeds were used to settle debt.

As part of the DMTN programme REB15U for R19 million and REB16 for R21 million matured on 21 November and was settled. REB17U for R21 million with a maturity date of 21 May 2020 has been issued.

BASIS OF PREPARATION

The condensed results have been reviewed by the group's independent external auditor, BDO South Africa Inc. who issued a qualified conclusion, as well as a paragraph relating to a material uncertainty relating going concern. An extract of the auditor's report is on page 6.

The auditor's report does not necessarily report on all of the information contained in these financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office.

The short-term portion of the interest-bearing borrowings is in excess of the current assets of the group and as a result the group does not pass the liquidity test. The group is actively busy with merger discussions which would give rise to raising additional capital and creating a new combined entity that would be in a liquid position. In addition to this the group is continuing with its disposal program to create liquidity. If the merger fails the group would accelerate its disposal program in the absence of any other possible corporate actions that might rectify the current situation. The group performs forecast cash flows to ensure the optimal use of available cash and highlighting the areas of risk. In spite of the above plans and best efforts there is a material uncertainty related to events or conditions that may cast significant doubt in the entity's ability to continue as a going concern and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business without the continued support of its funders. The directors have satisfied themselves that the group does have adequate resources to continue its operations in the foreseeable future with the continued support of its funders to allow the group time to execute on the above strategies.

These results have been prepared in accordance with International Financial Reporting Standards (IFRS), IAS 34, Interim Financial Reporting, the SAICA Financial Reporting Guides issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, JSE Listings Requirements and the requirements of the Companies Act of South Africa.

The auditor's qualified review opinion is available for inspection at the company's registered office from the date of this announcement.

The accounting policies are consistent with those applied in the previous concolidated annual financial statements except for the adoption of the new standard - IFRS 9 Financial instruments and IFRS 15 Revenue. According to the new standard, Rebosis has applied the "credit loss" model for the measurement of financial assets, specifically to trade receivables. These financial results have been prepared under the supervision of the Chief Financial Officer, I King, (CA) SA.

The directors are not aware of any matters or circumstances arising subsequent to 31 August 2019 that require any additional disclosure or adjustment to the financial statements, other than as disclosed in this announcement.

CHANGE OF DIRECTORATE

There has been no changes in directors since the last reporting period.

PROSPECTS

The company has achieved good operational efficiencies in a difficult trading environment including progress on lease renewals and containing vacancies. It will continue to focus on these key efficiencies including remaining renewals on expired leases in order to improve WAULT that would lead to better credit profile especially in light of expiring debt.

There will be more emphasis to continue the disposal program on the back of the lease renewals to reduce LTV and the Delta merger including other measures to unlock value.

By order of the Board

13 December 2019

CORPORATE INFORMATION

Ordinary A share code: REA and ISIN: ZAE000240552
Ordinary B share code: REB and ISIN: ZAE000201687
Alpha code: REBI
JSE sector: Real Estate –
Real Estate holdings and development
Listing date: 17 May 2011
Number of shares in issue:
REA shares: 63 266 012 (2017: Nil)
REB shares: 673 289 779 (2017: 642 316 328)
Company registration number: 2010/003468/06
Country of incorporation: South Africa

Website: www.rebosis.co.za

DIRECTORS

ATM Mokgokong* (Chairperson)
SM Ngebulana (Chief Executive Officer)
RP Becker (Chief Investment Officer)
I King (Chief Financial Officer)
Z Kogo
WJ Odendaal*
NV Qangule*
TSM Seopa*
M Mdlolo*
F Froneman*

* Independent Non-executive

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RELATED QUERIES

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