2020

REBOSIS
PROPERTY FUND

REVIEWED RESULTS
FOR THE YEAR ENDED 31 August 2020

HIGHLIGHTS

Net Property Income Growth (like for like)*
(7.6%)
*Like for like before bad debt, COVID-19 Reprieves and disposals.

Portfolio Vacancy**
9.1%
**6.4% excl. NBC and 373 Pretorius street under conversion

Total Assets
R13.7bn

Portfolio WALE
2.8 years

Asset disposals
R516m

Total GLA Renewed
43 047m^2

These adjusted numbers are the responsibility of the directors, have been prepared for illustrative purposes only and because of their nature may not fairly present Rebosis' financial position.

REBOSIS PROPERTY FUND LIMITED
(Rebosis or the company or the fund)
(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
ISIN Rebosis A share: ZAE000240552
ISIN Rebosis Ordinary share: ZAE000201687

RETAIL

- 5 high quality dominant malls
- Baywest, Hemingways, Forest Hill, Sunnypark and Bloed Street
- Strong national tenant profile
- Weighted average lease expiry of 3.7 years
- Average contractual escalation of 6.4%
- Portfolio by value 45%

Number of properties	5
Portfolio valuation R'000	6 000 000
Gross lettable area - m^2	291 073
Value per m^2 - R	20 699

OFFICE

- 36 predominantly A and B grade well located properties in nodes attractive to government tenants
- Let primarily to National Department of Public Works
- Weighted average lease expiry of 2.3 years
- Average contractual escalation of 6.8%
- Portfolio by value 54%

Number of properties	36
Portfolio valuation R'000	7 100 000
Gross lettable area - m^2	496 612
Value per m^2 - R	14 160

INDUSTRIAL

- Single tenanted industrial warehouse in Johannesburg
- Lease underpinned by international listed parent company
- Weighted average lease expiry of 4.3 years
- Average contractual escalation of 7.0%
- Portfolio by value 1%

Number of properties	1
Portfolio valuation R'000	96 000
Gross lettable area - m^2	18 954
Value per m^2 - R	5 112

CONTENTS

Condensed statement of profit or loss and other comprehensive income	2
Condensed statement of financial position	3
Condensed consolidated statement of changes in equity	4
Condensed consolidated statement of cash flow	4
Commentary	5
Segment report	8
Distributable income	9
Accounting policies, changes in accounting estimates and restatements	10
Significant related party transactions	12
Change in directorate	12
Declaration and payment of cash dividend	12
Impact of covid-19 on the financial statements	12
Contingent liability	13
Subsequent events	13
Basis of preparation	13
Going concern	14
Prospects	14
Corporate information	15

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Group	
	Reviewed for the year ended 31 August 2020 R'000	Audited for the year ended 31 August 2019 Restated R'000
Property income	1 704 854	1 842 144
Investment property income	1 694 269	1 905 109
Net income from facilities management agreement	29 794	29 557
Straight line rental income accrual	(19 209)	(92 522)
Impairment loss on trade receivables	(21 188)	
Property expenses	(600 066)	(605 476)
Net property income	1 083 599	1 236 668
Other operating expenses	(175 161)	(142 104)
Operating income	908 438	1 094 564
Net interest	(908 387)	(996 982)
Paid	(912 457)	(999 928)
Received	4 070	2 946
Net operating income	52	97 582
Other income	3 644	4 992
Changes in fair values and impairments	180 603	(6 670 586)
Investment property	340 187	(4 067 966)
Derivative instruments	(68 535)	1 340
Investment in listed securities - impairment	(17 562)	(992 774)
Loan impairment	-	(1 424 074)
Goodwill impairment	(73 487)	(187 112)
Total comprehensive profit/(loss) before tax	184 299	(6 568 011)
Taxation	(75 327)	(38 314)
Total comprehensive profit/(loss)	108 972	(6 606 325)
Basic and diluted earnings per REA share (cents)	278.78	265.50
Basic and diluted loss per REB share (cents)	(9.67)	(972.14)

CONDENSED STATEMENT OF FINANCIAL POSITION

	Group	
	Reviewed for the year ended 31 August 2020 R'000	Audited for the year ended 31 August 2019 Restated R'000
ASSETS		
Non-current assets	**12 260 125**	12 021 690
Investment property	**12 009 851**	11 691 014
Fair value of property portfolio	**11 756 667**	11 400 600
Straight line rental income accrual	**253 184**	290 415
Investment in securities	**-**	4 275
Goodwill	**238 733**	312 219
Derivative instruments	**-**	8 334
Property, plant and equipment	**11 541**	5 848
Current assets	**320 869**	291 828
Derivative instruments	**1 431**	9
Trade and other receivables	**260 205**	219 662
Cash and cash equivalents	**59 233**	72 157
Investment property held for sale	**1 149 828**	1 591 986
Total assets	**13 730 821**	13 905 503
EQUITY AND LIABILITIES		
Equity	**3 479 487**	3 370 514
Stated capital	**9 015 068**	9 015 068
Reserves	**(5 535 581)**	(5 644 554)
Non current liabilities	**99 941**	-
Derivative instruments	**99 941**	-
Current liabilities	**10 151 394**	10 534 990
Interest bearing borrowings	**9 588 979**	10 131 357
Deferred payment liability	**146 225**	123 471
Derivative instruments	**-**	32 010
Trade and other payables	**333 030**	209 838
Tax payable	**83 159**	38 314
Total equity and liabilities	**13 730 821**	13 905 503
Number of ordinary A shares in issue	**63 266 012**	63 266 012
Number of shares less treasury shares in issue	**696 844 874**	696 844 874
Net asset value per REA share (R)	**1.15**	13.65
Net asset value per REB share (R)	**4.89**	3.60
Loan to value (%)	**72.4%**	75.7%
Loan to value calculated in terms of REIT best practice		
Net debt	**9 529 746**	10 059 200
Interest bearing borrowings (excluding derivatives)	**9 588 979**	10 131 357
Less: cash and cash equivalents	**(59 233)**	(72 157)
	13 159 678	13 287 275
Investment property	**12 009 851**	11 691 014
Investment property held for sale	**1 149 828**	1 591 986
Investment in securities	**-**	4 275
The loan to value %	**72.4%**	75.7%
Net Asset Value		
Total Assets	**13 730 821**	13 905 503
Total liabilities	**(10 251 335)**	(10 534 990)
	3 479 486	3 370 513

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated capital R000	Accumulated loss R000	Total R000
Balance at 31 August 2018	9 015 068	1 248 024	10 263 092
Dividend paid		(286 253)	(286 253)
Loss for the year as previously reported	-	(4 242 138)	(4 242 138)
Loss for the year - restatement	-	(2 364 186)	(2 364 186)
Total comprehensive loss for the year - restated	-	(6 606 325)	(6 606 325)
Balance at 31 August 2019 - restated	9 015 068	(5 644 554)	3 370 515
Total comprehensive income for the year	-	108 972	108 972
Balance at 31 August 2020	9 015 068	(5 535 581)	3 479 487

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Reviewed for the year ended 31 Aug 2020 R'000	Audited for the year ended 31 Aug 2019 R'000
Cash flow from operating activities	90 427	121 563
Cash generated from operations	985 368	1 074 117
Income tax paid	(35 413)	-
Finance income	4 070	2 946
Finance costs	(863 597)	(955 499)
Cash flow from investing activities	447 716	712 890
Capex and tenant installations	(68 410)	(56 786)
Transaction and compliance cost on disposal of investment property	-	(96 611)
Acquisition of property, plant and equipment	(374)	(1 713)
Proceeds on sale of assets	516 500	868 000
Cash flow from financing activities	(551 067)	(942 239)
Proceeds from interest bearing borrowings	51 400	-
Repayment of interest bearing borrowings	(598 231)	(642 598)
Payment on settlement of derivative instruments	(4 236)	(13 388)
Dividend paid	-	(286 253)
Net movement in cash and cash equivalents	(12 924)	(107 786)
Cash and cash equivalents at the beginning of the year	72 157	179 943
Cash and cash equivalents at the end of the year	59 233	72 157

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 across 36 buildings. Its retail portfolio has a mix of shopping centres including Port Elizabeth (Baywest Mall) and Centurion (Forest Hill City).

FINANCIAL RESULTS

Distributable income before tax is R62 million excluding capitalised interest on deferred payment liability of R23 million and tax. Due to the company not declaring distributions in the current financial year, the tax expense is R44 million for the current year and a prior year tax adjustment of R30 million. This lower distributable income figure has been impacted by Covid-19 concessions on the retail portfolio of R148 million including bad debt write-offs and changes in expected credit loss allowances. Finance costs including debt structuring fees amortised costs decreased by R131 million mainly due to the repayment of facilities using proceeds from the sale of Mdantsane Shopping Centre as well as the repo rate cuts.

The Board deemed it prudent to deleverage the fund and has therefore resolved to not declare a full year dividend for the year ending 31 August 2020.

The retail property portfolio was independently valued at year end while the commercial property portfolio was independently valued at the interim reporting period, taking into account COVID-19 considerations. During the period, proceeds from the disposal of Mdantsane Shopping Centre were used to settle Nedbank facilities to the value of R491 million.

Detailed commentary on investment property changes

- The fund reported a fair value of R15.601 billion at 31 August 2019.
- Subsequently investment property carrying value at 31 August 2019 was restated in order to address the 2019 qualified audit opinion.
- This resulted in an adjustment of R2.318 billion to the carrying value of investment property at 31 August 2019 to R13.283 billion (R12.767 billion excluding Mdantsane City that was transferred in December 2019).
- Given the restatement of our valuations to conservative valuations at 31 August 2019, we have not had further devaluations of our assets in the current financial year despite COVID-19 impact.
- The total carrying value of investment property in the current financial year at 31 August 2020 is R13.160 billion, compared to R12.767 billion stated above. This has resulted in an increase in fair value of R391 million in the current financial year to investment property, largely as a result of a number of commercial office lease renewals which changed the discount and cap rates.
- The fair value adjustment to the restated carrying value resulted in the loan to value being restated to 75.7% for 31 August 2019, with an improvement of the loan to value in the current financial year at 31 August 2020 to 72.4% as a result of the Mdantsane City disposal and positive valuations.

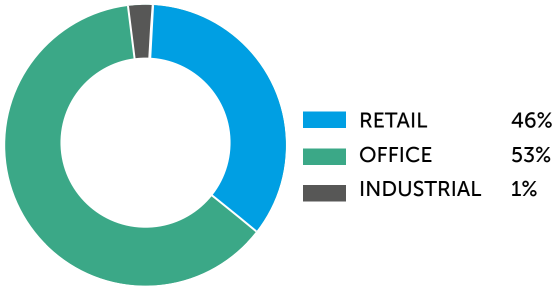
The company is engaged in arbitration with regards to a possible amount owing to the Billion Group relating to the original purchase of the Forest Hill and Baywest properties. It was agreed that an adjustment account would be kept and reconciled between the entities. These amounts are not recognised in the statement of financial position as no reliable estimate of these liabilities can be made. In the event that the Group is found to be liable, the independent directors are of the opinion that the amount is not material.

COMMENTARY (CONTINUED)

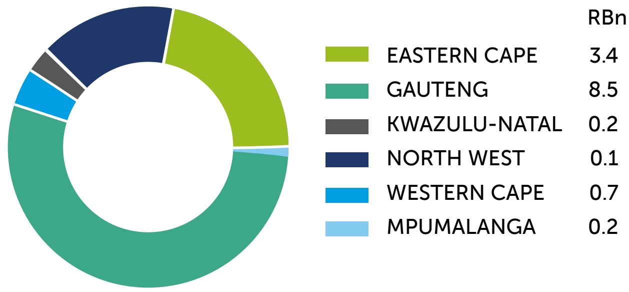
PROPERTY PORTFOLIO

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

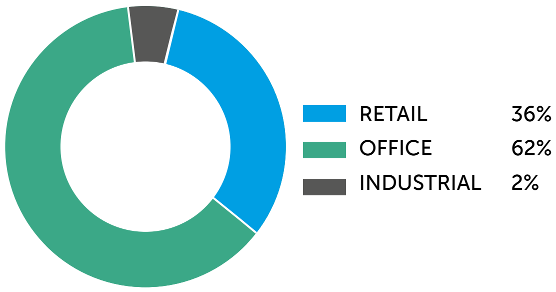
AS AT 31 AUGUST 2020
SECTORAL BY VALUE



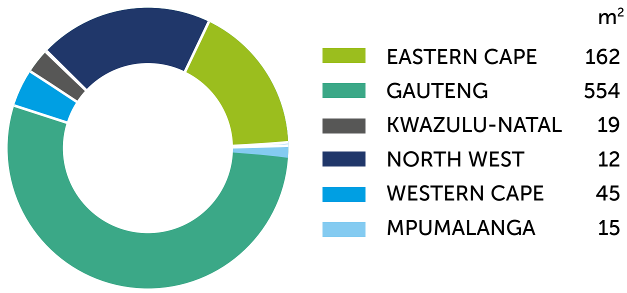
GEOGRAPHIC BY VALUE



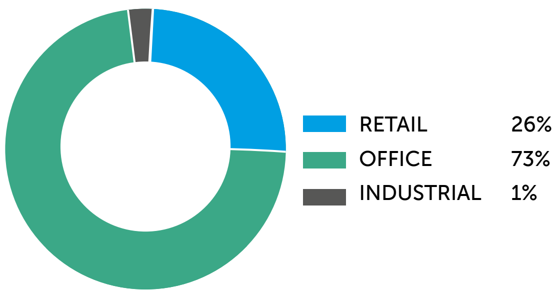
AS AT 31 AUGUST 2020
SECTORAL BY GLA



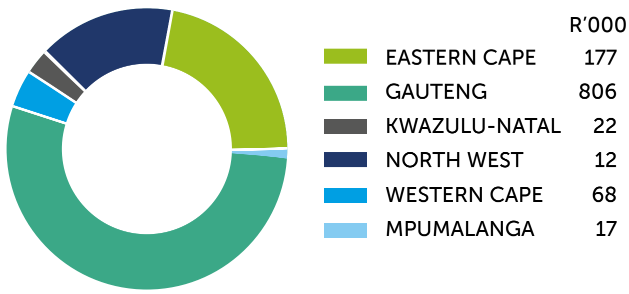
GEOGRAPHIC BY GLA



AS AT 31 AUGUST 2020
SECTORAL BY NET INCOME



GEOGRAPHIC BY NET INCOME



COMMENTARY (CONTINUED)

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 2021	31 August 2022	31 August 2023	After 31 August 2024	Beyond
Retail	9%	9%	11%	10%	10%	17%	34%
Office	10%	27%	15%	7%	2%	15%	25%
Industrial	0%	0%	0%	0%	0%	0%	100%
Total portfolio	**9%**	**20%**	**13%**	**8%**	**5%**	**15%**	**30%**

FUNDING

Rebosis' borrowings decreased to R9.6 billion from R10.1 billion in the prior year due to the proceeds from the disposal of Mdanstane shopping centre. The weighted average cost of debt decreased from 9.8% to 8.8%, largely due to the decrease in the Prime rate due to Covid-19. There are currently hedge arrangements in place for 38.6% of the debt. The loan to value decreased from 75.7% to 72.4% due to the restatement of the investment properties in the prior year.

EARNINGS AND HEADLINE EARNINGS	Group	
	Reviewed for the year ended 31 Aug 2020 R'000	Audited for the year ended 31 Aug 2019 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**	696 844 874
	R'000	R'000
Profit/(loss) attributable to ordinary equity holders of the parent entity	**108 972**	(6 606 325)
Adjusted for:		
Change in fair value of investment properties	**(340 187)**	4 067 966
Goodwill impairment	**73 487**	187 112
Headline loss attributable to shareholders	**(157 728)**	(2 351 247)
REA		
Basic and diluted earnings per REA share (cents)	**278.78**	265.50
Basic and diluted headline earnings per REA share (cents)	**278.78**	265.50
REB		
Basic and diluted loss per REB share (cents)	**(9.67)**	(972.14)*
Basic and diluted headline (loss) per REB share (cents)	**(47.94)**	(361.52)*

* Restated

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					
	Retail	Office	Industrial	Total	Head office	Total
2020	R'000	R'000	R'000	R'000	R'000	R'000
Property portfolio	618 342	1 075 509	11 004	1 704 855	-	**1 704 855**
Investment property income	623 002	1 059 450	11 818	1 694 269	-	**1 694 269**
Net income from facilities management	-	29 794	-	29 794	-	**29 794**
Management fees received	-	-	-	-	-	**-**
Straight line rental income accrual	(4 659)	(13 736)	(814)	(19 209)	-	**(19 209)**
Impairment loss on trade receivables	(9 530)	(11 658)	-	(21 188)		**(21 188)**
Property expenses	(320 855)	(278 871)	(340)	(600 066)	-	**(600 066)**
Net property income	287 957	784 979	10 664	1 083 600	-	**1 083 600**
Other operating expenses	-	-		-	(175 161)	**(175 161)**
Operating income/(loss)	287 957	784 979	10 664	1 083 600	(175 161)	**908 439**
Net interest	-	-	-	-	(908 387)	**(908 387)**
Net operating income/(loss)	287 957	784 979	10 664	1 083 600	(1 083 548)	**52**
Other income	-	-	-		3 644	**3 644**
Changes in fair values	(369 578)	785 135	(23 286)	392 271	(211 668)	**180 603**
Segment profit/(loss) before taxation	(81 622)	1 570 114	(12 622)	1 475 870	(1 291 572)	**184 299**
Investment property	6 024 999	5 882 952	101 900	12 009 851	-	**12 009 851**
Investment property held for sale	-	1 149 829	-	1 149 829	-	**1 149 829**
Other assets	77 242	200 035	30	277 307	293 835	**571 142**
Total assets	6 102 241	7 232 815	101 930	13 436 987	310 937	**13 730 821**
Total liabilities	68 857	41 425	-	110 282	10 141 053	**10 251 336**

SEGMENT REPORT

	Property portfolio					
	Retail	Office	Industrial	Total	Head office	Total
2019 - Restated	R'000	R'000	R'000	R'000	R'000	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**
Management fees received	-	-	-	-	-	**-**
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	(1 180 043)	(2 659 323)	(58 897)	(3 898 264)	(2 772 321)	**(6 670 585)**
Segment loss before taxation	(768 840)	(1 846 713)	(46 042)	(2 661 596)	(3 906 415)	**(6 568 011)**
Investment property	6 372 000	5 193 014	126 000	11 691 014	-	**11 691 014**
Investment property held for sale	561 486	1 030 500	-	1 591 986	-	**1 591 986**
Other assets	77 242	146 265	30	223 537	398 966	**622 503**
Total assets	7 010 727	6 369 780	126 030	13 506 537	398 966	**13 905 502**
Total liabilities	68 857	41 425	-	110 282	10 424 708	**10 534 990**

DISTRIBUTABLE INCOME

	Group	
Non-IFRS information **Reconciliation of profit before tax to distributable earnings:**	Reviewed for the year ended 31 Aug 2020 R'000	Audited for the year ended 31 Aug 2019 Restated R'000
Total profit/(loss) before taxation	**184 299**	(6 568 011)
Adjusted for:		
Changes in fair value	**(180 603)**	6 670 586
Other interest expense	**22 790**	-
Straight line rental accrual	**19 209**	92 522
Amortisation of structuring fees	**16 138**	69 452
Distributable earnings attributable to shareholders/owners of the parent - before once-off items	**61 832**	264 549
Tax - Current year	**(44 382)**	(38 314)
Tax - Prior year adjustment	**(30 945)**	-
Other interest expense	**(22 790)**	-
Distributable earnings attributable to shareholders/owners of the parent	**(36 285)**	226 235
Distributable income per REA share (cents)	**278.78**	265.50
Distributable income per REB share (cents)	**-**	9.51
Year-on-year distribution growth REA (%)	**5.0%**	5.0%
Year-on-year distribution growth REB (%)	**(100%)**	(91.0%)

ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND RESTATEMENTS

i) Change in accounting policy

IFRS 16

The Group adopted IFRS 16 and IFRIC 23 with a transition date of 1 September 2019. The Group has chosen not to restate comparatives on adoption of both standards, and therefore, the revised requirements are not reflected in the prior year financial statements. Rather, these changes have been processed at the date of initial application (i.e. 1 September 2019) and recognised in the opening equity balances. Details of the impact these two standards have had are given below. Other new and amended standards and Interpretations issued by the IASB did not impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

"Effective 1 September 2019, IFRS 16 has replaced IAS 17 Leases and IFRIC 4 Determining whether an Arrangement Contains a Lease. IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting IAS 17, with the distinction between operating leases and finance leases being retained. The Group does not have significant leasing activities acting as a lessor.

The Group adopted IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (1 September 2019), without restatement of comparative figures. The Group elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 September 2019.

IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The Group applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

(a) Apply a single discount rate to a portfolio of leases with reasonably similar characteristics;

(b) Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if IFRS 16 had been applied since the commencement date;

(c) Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under IAS 36 as at the date of initial application; and

(d) Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

Per IAS 17, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. All lease agreements were classified as operating leases accordingly.

Per IFRS 16, the Group as classified those leases where they are the lessor as operating leases and accounted for them accordingly.

ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND RESTATEMENTS

ii) Prior period restatement

As disclosed in the financial statements, Rebosis obtained valuations for all the properties for the prior financial year ending 31 August 2019 which totalled 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 properties, our auditor BDO appointed their own valuer (auditors expert) to perform their own independent valuations. Their values were R2.3 billion below those determined by the Fund's experts and as a result BDO have therefore qualified their audit opinion for the financial year ending 31 August 2019. Management subsequently decided to align the investment property values to the values arrived at by the auditors expert and have restated the 2019 figures.

Management also reassessed the carrying value of goodwill and restated the 31 August 2019 figure by R45.8 million.

Impact of restatement

The group has estimated that the net financial impact of the restatement is a reduction in opening retained earnings of R2.4 billion.

	As previously reported 2019 R'000	Adjustments 2019 R'000	Restated 2019 R'000
Group statements of financial position - 2019			
Investment property	13 878 200	(2 187 186)	11 691 014
Investment property held for sale	1 723 102	(131 116)	1 591 986
Goodwill	358 104	(45 885)	312 219
Total assets	16 269 690	(2 364 186)	13 905 503
Total equity	5 734 701	(2 364 186)	3 370 515
Closing retained income - 2019	3 280 367	2 364 186	5 644 554

	As previously reported 2019 R'000	Adjustments 2019 R'000	Restated 2019 R'000
Group statement of profit or loss and other comprehensive income - 2019			
Changes in fair values and impairments - Investment property	1 749 664	2 318 302	4 067 966
Changes in fair values and impairments - Goodwill	141 227	45 885	187 112
Loss for the year	4 242 138	2 364 186	6 606 325
Total comprehensive loss	4 242 138	2 364 186	6 606 325
Basic and diluted loss per REB share (cents)	(632.87)	(339.27)	(972.14)
Net asset value per REB share (R)	6.99	(3.39)	3.60
Loan to value (%)	64.5%	11.2%	75.7%

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:

Related companies

Billion Group Proprietary Limited

Billion Group Proprietary Limited ("Billion Group"), a company owned by The Amatolo Family Trust and SM Ngebulana is a beneficiary of The Amatolo Family Trust which owns 5.84% (2019: 0.36%) of the shares in Rebosis.

Abacus Holdings (Proprietary) Limited

Abacus Holdings (Proprietary) Limited ("Abacus") is a limited liability private company of which Jaco Odendaal is chairman. Jaco has resigned as non-executive director of Rebosis effective 19 August 2020.

	Group	
	Reviewed for the year ended 31 Aug 2020 R'000	Audited for the year ended 31 Aug 2019 R'000
Loans accounts- owing to related parties		
Billion Group Proprietary Limited	(2 542)	(3 471)
Abacus Property Fund	-	(70 000)
Consultation fees paid to related parties		-
Billion Group Proprietary Limited	6 000	

CHANGE IN DIRECTORATE

Mrs I King resigned as Chief Financial Officer on 31 August 2020.

Ms A Magwentshu was appointed as Interim Chief Financial Officer on 04 August 2020.

Mr GFvL Froneman resigned as a non-executive director and Chairman of the Audit and risk committee on 30 June 2020.

Mr WJ Odendaal resigned as a non-executive director on 19 August 2020.

Mr LC Pengilly was appointed as a non-executive director on 19 August 2020.

DECLARATION AND PAYMENT OF CASH DIVIDEND

The Rebosis Board has resolved not to declare a dividend for the financial year-ended 31 August 2020. In terms of the Companies Act the board is required to perform the solvency and liquidity test when considering payment of a distribution. This test was performed and based on mangement's assessment the company is currently solvent but not liquid and therefore unable to make payment.

IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

The Company had established a Covid-19 Committee to deal with the pandemic in early March. A five-tier response program was developed based on the severity of the level of infections. The plan focuses on our staff, our tenants and our customers. This enabled us to react swiftly to the actions taken by Government and ensure that we complied with all the regulations. The lock-down at level 5 from 26 March to 30 April did not materially impact our Commercial property collections however has severely impacted our Retail tenants.

As only essential services tenants could trade, retail collections in April were 39%. From 1 May when the country moved to level 4 and additional stores could trade, collections increased to 50%. The collection rate for June under level 3 increased to 78%. Our collection rate in August had improved to 95%. The company negotiated concessions with tenants during the period of the pandemic. The impact of the concessions was R148 million including bad debt write-offs and changes in expected credit loss allowances. The outcome of the negotiations was recognised in the results. The company is pursuing an insurance claim for these losses however insurers are yet to respond to the claim. The long-term impact of the pandemic is still uncertain and is being closely monitored.

CONTINGENT LIABILITY

The company is engaged in arbitration with regards to a possible amount owing to the Billion Group relating to the original purchase of the Forest Hill and Baywest properties.

It was agreed that an adjustment account would be kept and reconciled between the entities. These amounts are not recognised in the statement of financial position as no reliable estimate of these liabilities can be made.

In the event that the Group is found to be liable, the independent directors are of the opinion that the amount is not material.

SUBSEQUENT EVENTS

Shareholders are referred to the Sens announcement dated 1 June 2020 dealing with the disposal of Medscheme building for a consideration of R91 million. Rebosis has accepted an offer to purchase dated 29 May 2020 (the "Offer") the property described as Portion 106 (a portion of portion 27) of the farm Weltevreden No. 202, Registration Division IQ Province Gauteng, measuring approximately 16 846m^2 together with all fixed improvements thereto and the rental enterprise conducted thereon (the "Property") to Old Fort Crescendo Corevision (Pty) Ltd (Reg No 2019/33959/07) (the "Purchaser") (the "Disposal"). Due diligence has been performed and transfer is eminent.

Mr Kameel Keshav has been appointed as an independent non-executive director and Chairperson of the Audit and risk committee effective 11 November 2020.

Following a process the company started with Mr Becker he tendered his resignation as Chief Investment Officer and director on 24 November 2020, the company accepted it with immediate effect.

BASIS OF PREPARATION

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 accounting policies are consistent with those applied in the previous consolidated annual financial statements except for the adoption of the new standard - IFRS 16 Leases. According to the new standard Rebosis has recognised a right of use asset and a lease liability. These financial results have been prepared under the supervision of the Interim Chief Financial Officer AL Magwentshu (CA) SA.

The directors are not aware of any matters or circumstances arising subsequent to 31 August 2020 that require any additional disclosure or adjustment to the financial statements , other than as is disclosed in this announcement.

BDO South Africa Incorporated, the Company's auditor, has reviewed the results for the year ended 31 August 2020 and their unqualified review conclusion is available for inspection at Rebosis' registered office or on the following weblink http://www.rebosis.co.za/#investor-relations. Shareholders are advised that the review conclusion by BDO South Africa Incorporated contains (i) a material uncertainty related to going concern which indicates that the Group's current liabilities exceeded its current assets by R9 830 525 000 and (ii) an emphasis of matter related to prior period adjustment in that the investment property values as at 31 August 2019 were restated to the valuation amounts determined by an independent valuer. Management also reassessed the carrying value of goodwill and restated the 31 August 2019 figure by R45.8 million. The review conclusion was not modified as a result of the material uncertainty and emphasis of matter and full details relating to going concern and the restatement are set out above."

The auditor's report does not necessarily report on all of the information contained in this announcement / 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.

GOING CONCERN

The short term portion of the interest bearing borrowings is in excess of the current assets of the group by R9.3 billion and as a result the group does not pass the liquidity test. The group is actively seeking alternatives which would give rise to raising additional capital. In addition to this, the group is continuing with its disposal program to create some liquidity. 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 cast significant doubt on the group's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business without the continued support of our funders. The directors have satisfied themselves that the group has 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.

The provision for credit losses and write-off of unrecoverable amounts may increase as tenants' businesses are impacted by the pandemic globally.

The directors' response to the pandemic included:

- The Board has mandated a task team led by Rebosis' executive management to monitor and provide an operational response to the pandemic
- Rebosis has implemented domestic and international travel restrictions and remote working policies where applicable across all its operations
- As a preventative measure, Rebosis has increased the number of cleaning hours and also escalated our cleaning protocol using high-grade disinfectants across the portfolio
- The group has implemented a 5-tier response plan for our shopping centres, depending on the severity of the pandemic
- Rental concessions were given to tenants. The company has seen improved collections in June and July 2020
- Engaging with debt funding providers regarding financial covenants and liquidity considerations, as such, we continue to receive support from them
- The group has submitted a claim for the business interruption section of the insurance policy
- The Group's liquidity position is being monitored on a regular basis
- Considering the deferral of a dividend declaration

PROSPECTS

The interest rates decrease has had a material positive impact on the fund given the debt levels, with the unhedged and expiring hedged portion of debt at 72% in H2 (2020). This will continue to lead towards a much improved interest cover ratio and better returns for shareholders.

We remain confident on the office portfolio given its defensive nature and this will mitigate the risk from the retail portfolio. The Covid 19 negative impact has affected collections from impacted retailers on our retail portfolio, with 73%, 78%, 88% and 96% overall collection rates in April, May, June and August respectively, We have had higher collection rates for the months September (96%) and October (104%) and have seen higher recoveries for food and beverage services and the entertainment sectors than anticipated.

Our objective will be to continue to assist the small businesses to ensure continuity into the future through sensible rent concessions. The lack of growth in the economy, now exacerbated by the Covid 19 impact, will continue to negatively affect the retail environment, more-so the weak currency that implies higher input cost to retailers and lesser margins on products, leading to a squeeze on landlord rentals. Our focus will be on achieving good lease renewals, vacancy fill ups that are more informed by innovative repositioning of the offerings in our retail centres in line with global trends.

We will continue deleveraging our balance sheet in an endeavour to achieve an optimal capital structure through asset disposals at good value with some imminent transactions in progress. Furthermore, in an endeavour to realise shareholder value and continued success of the business, the Board continues to assessing various approaches from the market.

By order of the Board

4 December 2020

CORPORATE INFORMATION

Ordinary A share code: REA and ISIN: ZAE000240552
Ordinary B share code: REB and ISIN: ZAE000201687
JSE sector: Real Estate – Real Estate holdings
and development
Listing date: 17 May 2011
Number of shares
A ordinary shares: 63 266 012 (2019: 63 266 012)
Ordinary shares: 699 253 200 (2019: 642 316 328)
Company registration number: 2010/003468/06
Country of incorporation: South Africa

Website: www.rebosis.co.za

DIRECTORS

ATM Mokgokong (Chairman) *
SM Ngebulana (Chief Executive Officer) @
RP Becker (Chief Investment Officer) @~
AL Magwentshu (Chief Financial Officer - Interim) @
Z Kogo @
NV Qangule *
TSM Seopa *
MM Mdlolo *
LC Pengilly *
K Keshav *

@ Executive
*Independent non-executive
~ Resigned 24 November 2020

REGISTERED OFFICE AND COMPANY SECRETARY

M Ndema

Office 95 & 95A, Forest Hill City
6922 Forest Beech Street
Monavoni, Centurion
0157

Private Bag x21
Bryanston
2021
Tel: 011 575 4835

BANKERS

First National Bank
(a division of FirstRand Bank Limited)
6th Floor, First Place
Corner Simmonds and Pritchard Streets
Johannesburg
2001
(PO Box 1153, Johannesburg, 2000)

INDEPENDENT AUDITORS

BDO South Africa Incorporated
106 Park Drive
Port Elizabeth
6001

TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited
Rosebank Towers,
15 Biermann Avenue,
Rosebank, 2196
(PO Box 61051, Marshalltown, 2107)

SPONSOR

Nedbank Corporate and Investment Banking

LEGAL ADVISERS

Bowman Gilfillan
165 West Street
Sandton, 2146
(PO Box 785812, Sandton 2146)

Cliffe Dekker Hofmeyer Inc.
11 Buitengracht Street
Cape Town,
8001
(PO Box 695, Cape Town, 8000)

RELATED QUERIES

Asathi Magwentshu, CFO - Interim
asathi@rebosis.co.za

www.rebosis.co.za