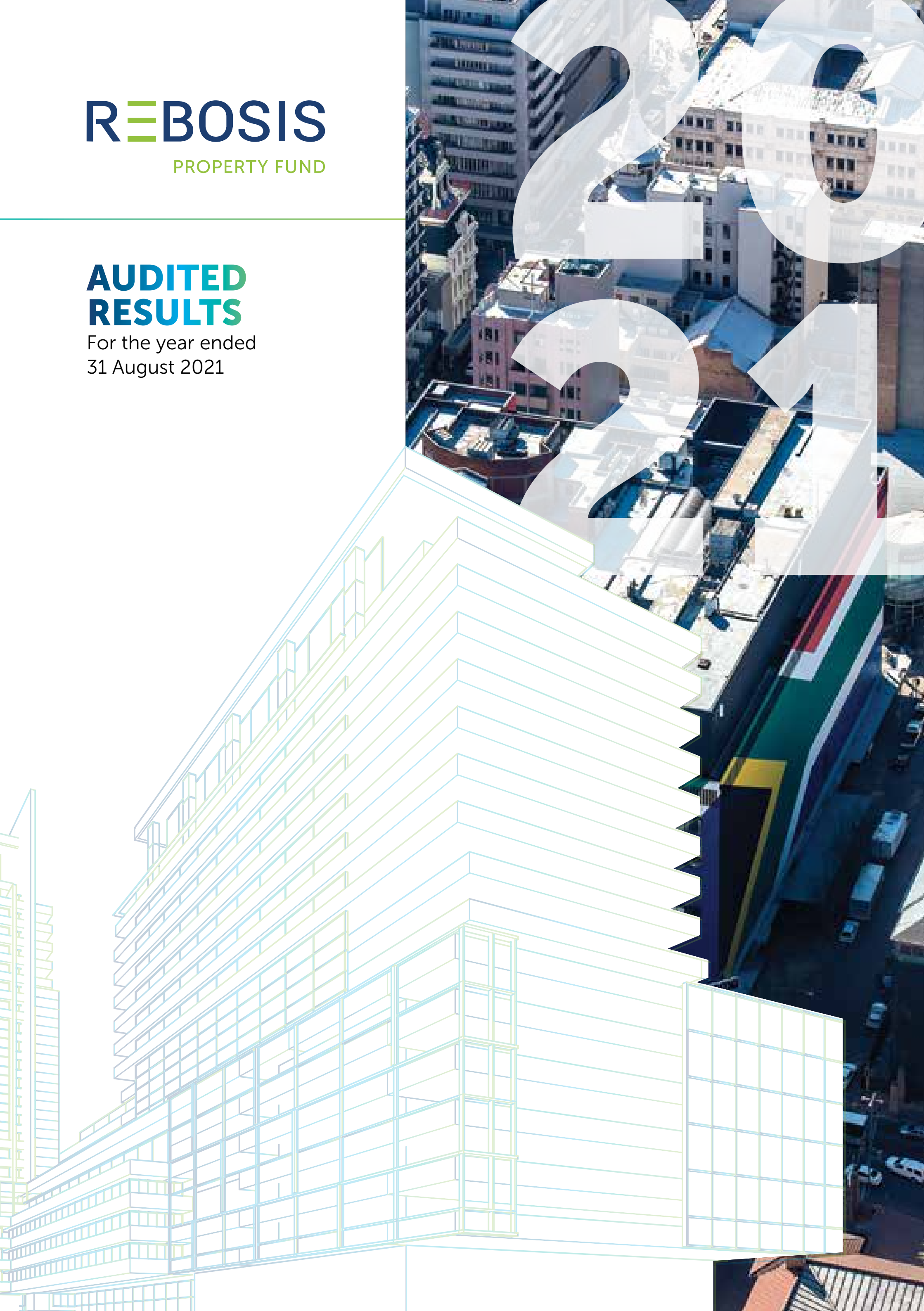
REBOSIS
PROPERTY FUND

AUDITED RESULTS

For the year ended 31 August 2021



Highlights

Expired debt renewed

98%

Achieved milestone disposal (Announced)

R6.3 billion

Maintained portfolio valuation growth

0.3%

New vacancy letting

18 074 m^2

RETAIL

- **5** high quality dominant malls
- Baywest, Hemingways, Forest Hill, Sunnypark and Bloed Street
- Strong national tenant profile
- Weighted average lease expiry of **3.5 years**
- Average contractual escalation of **5.7%**
- Portfolio by value **45.7%**

Number of properties	**5**
Property valuation	**R6.0 bn**
Gross lettable area – m^2	**291 073**
Value per m^2 – R	**20 637**

COMMERCIAL

- **35** 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 **1.3 years**
- Average contractual escalation of **7.2%**
- Portfolio by value **53.5%**

Number of properties	**35**
Property valuation	**R7.0 bn**
Gross lettable area – m^2	**489 820**
Value per m^2 – R	**14 351**

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.

Rental collections rate (including arrears)

103.9%

COVID-19 rental relief

R23 million

INDUSTRIAL

- Single tenanted industrial warehouse in Johannesburg
- Lease underpinned by international listed parent company
- Weighted average lease expiry of **4.2 years**
- Average contractual escalation of **7.0%**
- Portfolio by value **0.8%**

Number of properties	**1**
Property valuation	**R108 m**
Gross lettable area – m²	**18 954**
Value per m² – R	**5 698**

Contents

REBOSIS PROPERTY FUND LIMITED

("Rebosis" or "the company" or "the group)
(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

Condensed statement of profit or loss and other comprehensive income

	Group	
	Audited for the year ended 31 August 2021 R'000	Audited for the year ended 31 August 2020 R'000
Investment property income	**1 612 712**	1 694 269
Net income from facilities management agreement	**29 906**	29 794
Straight-line rental adjustment	**24 042**	(19 209)
Revenue	**1 666 660**	1 704 854
Impairment loss on trade receivables	**(51 582)**	(21 188)
Property expenses	**(669 642)**	(600 066)
Net property income	**945 436**	1 083 599
Operating expenses – normal	**(156 235)**	(175 161)
Operating expenses – deferred payment liability	**(87 875)**	–
Operating income	**701 326**	908 438
Net interest	**(833 463)**	(908 387)
Paid	**(834 522)**	(912 457)
Received	**1 059**	4 070
Net operating (loss)/income	**(132 137)**	51
Other income	**12 921**	3 644
Changes in fair values and impairments	**(127 404)**	180 603
Investment property	**13 442**	340 187
Derivative instruments	**79 667**	(68 535)
Reversal of investment in securities impairment/ (Investment in securities impairment)	**18 220**	(17 562)
Goodwill impairment	**(238 733)**	(73 487)
Total (loss)/profit before taxation	**(246 619)**	184 299
Taxation expense	**(44 736)**	(75 327)
Total comprehensive (loss)/income	**(291 355)**	108 972
(Loss)/profit attributable to:		
Owners of the parent	**(291 355)**	108 972
Non-controlling interest	**–**	–
Total comprehensive (loss)/profit for the year	**(291 355)**	108 972
Basic and diluted earnings per REA share (cents)	**292.72**	278.78
Basic and diluted loss per REB share (cents)	**(68.39)**	(9.67)

Condensed statement of financial position

	Group	
	Audited for the year ended 31 August 2021 R'000	Audited for the year ended 31 August 2020 R'000
ASSETS		
Non-current assets	**7 177 321**	12 260 124
Investment property	**7 126 000**	12 009 851
Fair value of property portfolio	**6 882 835**	11 756 667
Straight-line rental income accrual	**243 165**	253 184
Prepayment of land	**42 000**	–
Property, plant and equipment	**9 321**	11 540
Goodwill	**–**	238 733
Current assets	**316 407**	320 869
Trade and other receivables	**190 385**	260 205
Derivative instruments	**–**	1 431
Cash and cash equivalents	**126 022**	59 233
Investment property reclassified as held for sale	**6 018 500**	1 149 829
Total assets	**13 512 228**	13 730 821
EQUITY AND LIABILITIES		
Equity	**3 188 130**	3 479 486
Stated capital	**9 015 068**	9 015 068
Accumulated losses	**(5 826 938)**	(5 535 582)
Non-current liabilities	**–**	99 941
Derivative instruments	**–**	99 941
Current liabilities	**10 324 098**	10 151 395
Interest-bearing borrowings	**9 509 200**	9 588 979
Deferred payment liability	**283 738**	146 226
Derivative instruments	**20 275**	–
Trade and other payables	**387 732**	333 030
Loan – Billion Group land	**7 440**	–
Current tax payable	**115 713**	83 159
Total liabilities	**10 324 098**	10 251 336
Total equity and liabilities	**13 512 228**	13 730 821
Number of ordinary A shares in issue	**63 266 012**	63 266 012
Number of shares less treasury shares	**696 844 874**	696 844 874
Net asset value per REA ordinary shares no par value ('R) – quoted share price	**0.75**	1.15
Net asset value per REB ordinary shares ('R) – (Total equity less NAV per REA share/number of REB shares)	**4.51**	4.89
Loan to value (%)	**71.4%**	72.4%

Condensed consolidated statement of changes in equity

for the year ended 31 August 2021

	Stated capital R'000	Accumulated loss R'000	Total R'000
	Attributable to equity holders of the Parent		
GROUP			
Balance at 31 August 2019	9 015 068	(5 644 554)	3 370 514
Total comprehensive income for the year	–	108 972	108 972
Balance at 31 August 2020	9 015 068	(5 535 582)	3 479 486
Total comprehensive loss for the year	–	(291 355)	(291 355)
Balance at 31 August 2021	**9 015 068**	**(5 826 937)**	**3 188 131**

Condensed consolidated statement of cash flows

	Group	
	Audited for the year ended 31 August 2021 R'000	Audited for the year ended 31 August 2020 R'000
Cash flows from operating activities		
Cash generated by operations	**951 213**	985 368
Finance income	**1 059**	4 070
Finance costs	**(720 275)**	(863 597)
Interest on land	**(3 000)**	–
Income tax paid	**(26 212)**	(35 413)
Net cash inflow from operating activities	**202 785**	90 429
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(1 122)**	(374)
Capital expenditure	**(49 734)**	(68 411)
Proceeds from disposal of investment property	**89 100**	–
Repayment of loan on land	**(42 000)**	516 500
Net cash (outflow)/inflow from investing activities	**(3 756)**	447 715
Cash flow from financing activities		
Proceeds from interest-bearing borrowings	**21 000**	51 400
Repayment of interest-bearing borrowings	**(99 100)**	(598 231)
Repayment of deferred payment liability	**(54 140)**	–
Payment on derivative instruments	**–**	(4 236)
Net cash outflow from financing activities	**(132 240)**	(551 067)
Net increase/(decrease) in cash and cash equivalents	**66 789**	(12 924)
Cash and cash equivalents at the beginning of the year	**59 233**	72 157
Cash and cash equivalents at the end of the year	**126 022**	59 233

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 its commercial income enjoys a sovereign underpin from national, provincial and local government departments across 35 buildings. The retail portfolio has a mix of regional and super regional malls, spread across Gauteng and the Eastern Cape.

FINANCIAL RESULTS

Net property income decreased by 10% when compared on a like-for-like basis to the prior year. This is as a result of reversions on the portfolio, as well as increase in rates assessments. The distributable income before tax excluding once-off items (capitalised interest and operating expenses on deferred payment liability) is R83 million.

The higher distributable income is as a result of a decrease in the head office costs of the group to R151 million (2020: R175 million) and the decrease in finance costs relating to bank facilities to R602 million (2020: R828 million), due to the repo rate cuts and the repayment of facilities using the proceeds from the Medscheme sale.

The board deemed it prudent to deleverage the fund and has therefore resolved to not declare a full year dividend for the year ended 31 August 2021 (31 August 2020: Nil).

The retail and commercial property portfolio was independently valued at year end, taking into account COVID-19 considerations. During the period, proceeds from the disposal of Medscheme were used to settle Standard Bank facilities to the value of R89.1 million.

The fair value of the Rebosis Property Portfolio as at 31 August 2021 amounted to R13.1 billion (0.3% growth year-on-year, excluding the Medscheme building disposal). This is mainly attributable to successful government lease renewals completed, and the continued strong covenant tenant profile in the retail portfolio with long-term lease profile.

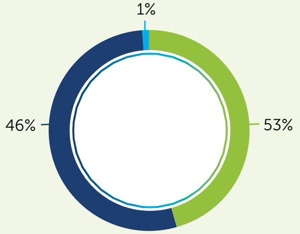
Distributable income

	Group	
	Audited for the year ended 31 August 2021 R'000	Audited for the year ended 31 August 2020 R'000
Non-IFRS information		
Reconciliation of profit before tax to distributable earnings:		
Total loss before taxation	**(246 620)**	184 299
Adjusted for:		
Changes in fair value	**132 404**	(180 603)
Other interest expense	**111 637**	22 790
Straight-line rental accrual	**(24 042)**	19 209
Deferred payment expense	**87 875**	–
Amortisation of structuring fees	**21 829**	16 138
Distributable earnings attributable to shareholders/owners of the parent – before once-off items	**83 083**	61 832
Tax – Current year	**(44 736)**	(44 382)
Tax – Prior year adjustment	**–**	(30 945)
Other interest expense	**(111 637)**	(22 790)
Deferred payment expense	**(87 875)**	–
Distributable earnings attributable to shareholders/owners of the parent	**(161 165)**	(36 285)
Distributable income per REA share (cents)	**292,72**	278,78
Distributable income per REB share (cents)*	**–**	–
Year-on-year distribution growth REA (%)	**5.0%**	5.0%
Year-on-year distribution growth REB (%)	**(100%)**	(100%)

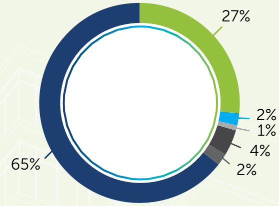
** This amount is a negative.*

Property portfolio

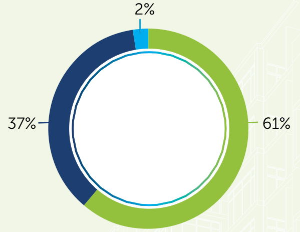
Sectoral by value



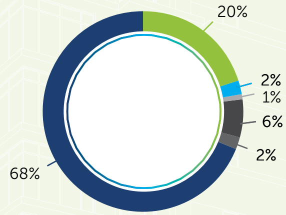
Geographic by value



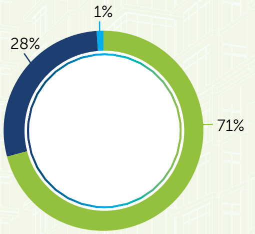
Sectoral by GLA



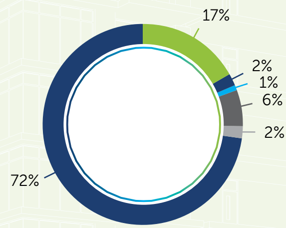
Geographic by GLA



Sectoral by net income



Geographic by net income



Lease expiry profile

Sector	Vacancy	Monthly	FY22	FY23	FY24	FY25	FY26	FY27 and Beyond
Retail	9.77%	5.79%	10.48%	12.33%	19.83%	23.05%	4.83%	13.92%
Commercial	22.50%	34.37%	8.99%	2.40%	10.25%	6.84%	13.91%	0.73%
Industrial	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%
Grand Total	17.33%	23.16%	9.32%	5.95%	13.49%	12.58%	12.65%	5.52%

Earnings and headline earnings

	Group	
	Audited for the year ended 31 August 2021 R'000	Audited for the year ended 31 August 2020 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**	63 266 012
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
(Loss)/profit attributable to ordinary equity holders of the parent entity	**(291 356)**	108 973
Adjusted for:		
Change in fair value of investment properties	**(13 442)**	(340 187)
Goodwill impairment	**238 733**	73 487
Headline loss attributable to shareholders	**(66 065)**	(157 728)
REA ordinary shares		
Basic and diluted earnings per REA ordinary share (cents)	**292.72**	278.78
Basic and diluted headline earnings per REA ordinary share (cents)	**292.72**	278.78
REB ordinary shares		
Basic and diluted loss per REB ordinary share (cents)	**(68.39)**	(9.67)
Basic and diluted headline (loss)/earnings per REB ordinary share (cents)	**(36.06)**	(47.94)

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 reviews internal management reports monthly. The CEO considers earnings before taxation to be an appropriate measure of each segment's performance.

	Property portfolio					
2021	**Retail R'000**	**Office R'000**	**Industrial R'000**	**Total R'000**	**Head office R'000**	**Total R'000**
Property portfolio	638 139	1 017 467	11 053	1 666 660	–	1 666 660
Investment property income	608 901	993 099	10 712	1 612 712	–	1 612 712
Net income from facilities management	–	29 906	–	29 906	–	29 906
Management fees received	–	–	–	–	–	–
Straight-line rental income accrual	29 238	(5 538)	342	24 042	–	24 042
Impairment loss on trade receivables	(48 272)	(3 310)	–	(51 582)	–	(51 582)
Property expenses	(322 270)	(345 947)	(1 425)	(669 642)	–	(669 642)
Net property income	267 597	668 210	9 628	945 435	–	945 435
Other operating expenses	–	–	–	–	(244 110)	(244 110)
Operating income/(loss)	267 597	668 210	9 628	945 435	(244 110)	701 326
Net interest	–	–	–	–	(833 463)	(833 463)
Net operating income/(loss)	267 597	668 210	9 628	945 435	(1 077 573)	(132 137)
Other income	–	–	–	–	12 921	12 921
Changes in fair values	(79 404)	82 239	10 607	13 442	(140 846)	(127 404)
Segment profit/(loss) before taxation	188 193	750 449	20 235	958 877	(1 205 498)	(246 621)
Investment property	6 007 000	1 119 000	–	7 126 000	–	7 126 000
Investment property held for sale	–	5 910 500	108 000	6 018 500	–	6 018 500
Other assets	259 122	(44 304)	817	215 633	152 095	367 728
Total assets	6 266 122	6 985 196	108 817	13 360 133	152 095	13 512 228
Total liabilities	167 880	175 899	181	343 960	9 980 138	10 324 098

Segment report continued

2020	Retail R'000	Office R'000	Industrial R'000	Total R'000	Head office R'000	Total R'000
	Property portfolio					
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	277 306	293 837	571 143
Total assets	6 102 241	7 232 815	101 930	13 436 987	293 837	13 730 822
Total liabilities	68 857	41 425	–	110 282	10 141 052	10 251 335

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 Parties

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 collectively owns 2.66% (2020: 5.84%) of the shares in Rebosis.

Zacacode Proprietary Limited is a wholly owned subsidiary of the Chartwell Trust which SM Ngebulana is an associate. The entity owns 10.58% of the ordinary shares and 28.86% of the A ordinary shares in Rebosis. This results in a total indirect shareholding of 17.51% by SM Ngebulana.

	Group	
	Audited for the year ended 31 August 2021 R'000	Audited for the year ended 31 August 2020 R'000
Loans accounts-owing (to)/by related parties		
Billion Group Proprietary Limited	**(155 468)**	(2 542)
Loan – Billion Group land		
Billion Group Proprietary Limited	**(7 440)**	–
Rental received from related parties		
Billion Group Proprietary Limited		
Interest on land		
Billion Group Proprietary Limited	**10 440**	–
Interest on deferred liability		
Billion Group Proprietary Limited	**97 083**	–
Consultation fee paid to related parties		
Billion Group Proprietary Limited	**–**	6 000

Change in directorate

Mr R Becker resigned as the Chief Investment Officer on 25 November 2020

Ms Asathi Magwentshu was appointed as Chief Financial Officer on 18 December 2020

Mr TSM Seopa resigned as the Chairman of the Social & Ethics Committee on 8 February 2021

Mr MM Mdlolo resigned as Chairman of the Investment Committee on 1 April 2021

Ms NV Qangule was appointed as Chairman of the Social & Ethics Committee on 16 April 2021

Mr MR Burton was appointed on 7 April 2021 as the Director and Chairman of the Investment Committee

Mr S Naidoo was appointed on 7 April 2021 as the Director and Chairman of the Remuneration Committee

Mr K Keshav was appointed as the Director and Chairman of the Audit and Risk Committee on 11 November 2020 and Deputy Chairman of the board 16 April 2021

Declaration and payment of cash dividend

The Rebosis board has resolved not to declare a dividend for the financial for the year ended 31 August 2021 (31 August 2020: Nil). 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 management's assessment, the company is currently solvent but not liquid and therefore unable to make payment.

Deferred payment liability

	Group	
	2021 **R'000**	2020 R'000
Claw-back	**283 738**	146 226
Total deferred payment liability	**283 738**	146 226

In 2016, Rebosis entered into a related party transaction with Billion Group (Pty) Ltd (Billion Group) in which it acquired 100% shareholding in Baywest City (Pty) Ltd (Baywest), Billion Property Developments (Pty) Ltd (Forest Hill City), Billion Asset Managers (Pty) Ltd and Billion Property Services (Pty) Ltd, ("Transaction").

The aggregate transaction consideration payable by the company to acquire the entire issued share capital of Baywest, Forest Hill, Billion Asset Managers and Billion Property Services was an amount of R4.9 billion (the "Aggregate Transaction Amount).

R3.7 billion of the Aggregate Transaction Amount was funded through debt with the approximate balance of R1.2 billion being payable in cash.

In terms of the Transaction, the balance payable in cash was to be funded through a series of claw-back offers which would be effectively underwritten through the subscription by Billion Group, Abacus Holdings (Pty) Ltd ("Abacus") and Nedbank Investment Bank, a division of Nedbank Ltd ("Nedbank") in terms of the claw-back and underwriting agreement ("Claw-Back Agreement").

	R'000
The transaction	
Total aggregate purchase price including Agterskot	4 999 000
Billion Asset Management	360 000
Billion Property Services	209 000
Forest Hill City	2 093 000
Baywest	2 272 000
Agterskot	65 000
Debt assumed	(3 700 200)
Cash payment "Clawback"	**1 298 800**

A. Clawback

Initial Claw-Back Offer

The first in the series of claw-back offers ("Initial Claw-Back Offer") took place in 2016, in accordance with the Claw-Back Agreement, raising cash proceeds of R533.8 million from Rebosis shareholders, by way of a fully subscribed claw-back offer at a price of R10.71. The proceeds received from Initial Claw-Back Offer were used to discharge the applicable payment obligations to Billion Group and Nedbank under the Transaction.

Second Claw-Back Offer i.e 1st deferred payment

In terms of the Transaction, an amount of R350.0 million ("Second Transaction Amount"), being a portion of the Aggregate Transaction Amount, was payable in cash to Billion Group, Nedbank and Abacus (collectively, the 'Subscribers") on Monday, 15 January 2018 ("Second Payment Date"). In terms of the Claw-Back Agreement the Second Transaction Amount was funded by way of a claw-back offer to Rebosis shareholders, at a price of R11.30 per share ("Second Claw- Back Offer").

Third Claw-Back Offer i.e 2nd deferred payment

In terms of the Transaction, an amount of R350.0 million ("Third Transaction Amount") being a portion of the Aggregate Transaction Amount, was payable in cash to Billion Group, Nedbank and Abacus (collectively, the 'Subscribers"). This amount remains outstanding to the parties.

Fourth Claw-Back Offer i.e 3rd deferred payment (Agterskot)

In terms of the Transaction, an amount of R65.0 miliion ("Fourth Transaction Amount") , being the Agterskot payment, in recognition of the fact that a significant portion of the aggregate transaction amount due to Billion Group and Nedbank had been deferred, was payable in cash to Billion Group and Nedbank, (collectively, the 'Subscribers"). This amount remains outstanding to the parties.

	Billion group "Related party" R'000	Abacus R'000	Nedbank R'000	**Total R'000**
Amounts due per circular	974 000	145 000	179 800	**1 298 800**
Less 1st Claw-back offer	(447 900)	–	(85 900)	**(533 800)**
Deferred payments	526 100	145 000	93 900	**765 000**
Less: 1st deferred payment	(232 050)	(75 000)	(42 950)	**(350 000)**
Balance due with 2nd and 3rd deferred payments	**294 050**	**70 000**	**50 950**	**415 000**

As a result of non-payment of the balance of the clawback, interest accrued to the parties at a rate of prime plus 3% and prime plus 2% respectively, effective 15 January 2019.

Reconciliation of clawback

	Group	
	2021 R'000	2020 R'000
Balance at the beginning of the year	**146 226**	123 476
Billion Group*	**2 526**	2 526
Abacus	**83 000**	70 000
Nedbank	**60 700**	50 950
Reversal on "non-Clawback" transactions in opening balance	**291 524**	–
Rental guarantee	**175 000**	–
Adjustment account	**116 524**	–
Opening balance	**146 226**	–
Balance on clawback after non-related adjustments	**87 875**	123 476
Interest	**111 637**	22 750
Repayment of clawback	**(62 000)**	–
Balance at the end of the year	**283 738**	146 226

** In the disclosure of the deferred payment liability, the Billion Group portion was offset against other amounts owing to/by Rebosis hence an opening balance of R2.5 million.*

The amount owing of R2.5 million did not reflect a movement or adjustment for interest in FY2020 as there was a dispute between Billion Group and Rebosis regarding several matters relating to Transaction.

The parties engaged in a dispute resolution process with regards to a possible amount owing to the Billion Group relating to the Transaction.

It was agreed by both parties that an adjustment account would be kept and reconciled between the entities. These amounts were not recognised in the statement of financial position of FY2020 as no reliable estimate of these liabilities could be made at the time. Refer to note 38 of the 2020 group annual report which sets outs the details of the contingent liability pertaining to this matter.

This process has since been concluded and the resulting effect reflected in the financial statements.

B. Rental guarantee

Rebosis entered into a rental guarantee agreement with Billion Group whereby Billion Group had undertaken to pay a guaranteed six monthly amount to the extent that existing premises remain vacant or are forecast to become vacant from the commercial effective date of the transaction until 31 August 2018, being the end of the forecast period in respect of Forest Hill City Shopping Centre and Baywest Mall..

Deferred payment liability continued

An amount of R175 million is due in terms of an unlimited two-year rental guarantee furnished by Billion Group to Rebosis in respect of Forest Hill City Shopping Centre and Baywest Mall.

As part of the dispute resolution process, it was agreed by both parties that interest will not be charged on this amount as a result of certain commitments/responsibilities not being performed under the management contract by management at the time.

C. Adjustment account

An adjustment account was in terms of the relevant transaction agreements meant to be completed between Rebosis and Billion Group post the implementation of the transaction.

Billion Group raised certain claims against Rebosis Asset Management (Pty) Ltd and Rebosis Property Services (Pty Ltd (previously Billion Asset Managers and Billion Property Services respectively) in respect of an asset management and a property management agreement with Mthatha Mall.

A net amount of R116 million was believed to be owing to Rebosis in respect of the adjustment account before the dispute resolution process. The net amount was finally decided and agreed in the dispute resolution process.

Aggregate amount owing to Billion Group "related party transaction"

The Parties obtained a legal opinion and based on the legal opinion the parties are permitted to offset the amounts and obtain a balance outstanding.

Billion Group*	2021 R'000	2020 R'000
Clawback	**294 050**	294 050
Rental guarantee	**(175 000)**	(175 000)
Adjustment account	**(116 524)**	(116 524)
	2 526	2 526
Interest on Third and Fourth claw-back	**97 083**	–
Repayment on claw-back	**(32 000)**	–
Disputed amounts reversed	**87 875**	–
Total	**155 484**	2 526

Subsequent events

Disposal announcement

On 21 October 2021, the group announced via Sens that it had concluded agreements with Ulricraft Proprietary Limited ("Ulricraft") for the sale of a portfolio of government and state-tenanted office assets, as a going concern, for a cash consideration of R6 319 09 .000. Ulricraft is a wholly-owned subsidiary of Vunani Capital Partners Limited ("VCP"), a company listed on Equity Express Securities Exchange.

It must be noted that while VCP is currently the owner of all of the issued share capital of Ulricraft, upon fulfilment of all conditions precedent, it is expected that VCP will only own between 6% and 9% of the Purchaser, with the balance being owned by the equity funders.

The transaction is consistent with the group's strategy to deleverage and optimise its balance sheet by reducing its LTV, and, in addition, to realise the value of the office segment of its portfolio, to restructure the business as a retail focused fund and to position the group to resume dividend payments to shareholders.

The purchase consideration payable for the portfolio comprises a consideration of R3 943 681 000 for the acquisition of portfolio assets owned by Rebosis Property Fund and R2 375 418 000 for the acquisition of portfolio assets held by Ascension Properties.

Three of the properties being sold (namely NBC Building, 373 Pretorius Building and 174 Visagie Street Building) are in the process of being converted from office space into purpose-built student accommodation.

The group has provided warranties to and in favour of Ulricraft in respect of the portfolio acquired, which are typical for a transaction of this nature.

The transaction is subject to the fulfilment of several conditions precedent, namely:

1. Confirmation, in writing, of satisfactory outcome of the due diligence investigations;
2. Ulricraft has confirmed by 15 February 2022, to the satisfaction of the group, that it has obtained sufficient funding in order to discharge its payment obligations in terms of the sale of the portfolio;
3. Ulricraft to provide one or more acceptable guarantees to the group for full payment of the purchase consideration, in accordance with the transaction agreements;
4. Securing written consents and approvals from the group's lenders;
5. Obtaining the consent of the mortgagees in respect of any mortgage bonds registered over any of the immovable properties that are to be sold;
6. Shareholder approval from the group's shareholders in terms of the JSE Listings Requirements in respect of a category 1 transaction and the Companies Act; and
7. Approval by the Competition Authorities in terms of the Competition Act, No, 89 of 1998.

Subsequent events continued

Property specific details of the portfolio to be sold, including property name and address, location, rentable area and valuation are set out below:

Properties held by Rebosis Property Fund

Office sector

Property Name	Physical Address	Rentable area (m²)	Consideration
11 Diagonal Street	11 Diagonal Street, Gauteng	37 160	729 430
Liberty Building	278 Madiba Street, Gauteng	33 885	519 349
Victoria Mxenge	Hartley Street, Weavind, Park, Gauteng	24 720	582 492
124 Main Street	124 Main street, Gauteng	20 818	341 363
Bank of Lisbon	400 Paul Kruger Street, Gauteng	14 599	205 909
18 Rissik Street	18 Rissik Street, Gauteng	11 204	197 373
Arbour Square	82-98 Juta Street, Braamfontein, Gauteng	9 206	129 361
Revenue Building	205 Pietermaritz Street, KwaZulu-Natal	7 314	112 910
189 Schoeman Street	189 Schoeman Street, Gauteng	19 332	258 451
28 Harrison Street	28 Harrison Street, Gauteng	20 984	304 813
64 Eloff Street	64 Eloff Street, Gauteng	4 938	66 885
99 Market Street	99 Market Street, Gauteng	11 659	80 391
Jabu Ndlovu	270 Jabu Ndlovu Street,KwaZulu-Natal	11 455	169 567
SASSA Campus	2460 Dr Makgobo Avenue, North West	11 665	151 774
Industrial sector			
Antalis	John Street, Selby, Gauteng	18 954	93 613
		257 893	**3 943 681**

Properties held by Ascension

Office sector

Property Name	Physical Address	Rentable area (m²)	Consideration
Game Building	64 Pritchard Street, Gauteng	21 438	313 505
VWL Building	202 Madiba Street, Gauteng	17 989	280 938
Prorom	30–35 Brown Street, Mpumulanga	6 431	83 353
Spectrum	52 Voortrekker Road, Belville, Western Cape	7 550	93 110
Sigma Building	9 Blanckenberg Street, Belville, Western Cape	3 751	38 034
174 Visage Street	174 Visage Street, Gauteng	13 537	248 591
238 Roan Crescent	238 Roan Crescent, Gauteng	9 035	98 285
373 Pretorius Street	373 Pretorius Street, Gauteng	13 340	163 214
Kingfisher	10 Kingfisher Drive, Gauteng	1 405	12 974
Meyersdal	65 Phillip Engelbrecht Street, Gauteng	4 957	63 546
Mishumo House	77 De Korte Street, Gauteng	6 154	107 149
NBC	76 Juta Street, Gauteng	10 000	137 486
Riverpark	Cnr Emtoweni & Cascade Close, Mpumulanga	4 216	81 690
Riverview	Cnr Emtoweni & Cascade Close, Mpumulanga	4 303	63 564
Schreiner Chambers	94 Pritchard Street, Gauteng	18 815	279 143
Surrey House	35 Rissik Street, Gauteng	11 840	194 310
Swiss House	86 Main Street, Gauteng	8 008	116 526
Total		**162 769**	**2 375 418**
Grand total		**420 662**	**6 319 099**

Change in Directorate

Dr Sisa Ngebulana (CEO) has decided to step down and retire as CEO and from the Board with effect from 1 December 2021.

Mr Otis Tshabalala has been appointed as CEO with effect from 1 December 2021.

Impact of COVID-19 on the Financial Statements

Notwithstanding the adjusted COVID-19 related level four lockdowns during the reporting period, retail trade recovered, albeit still at lower levels than what was experienced pre the pandemic. Restaurants, entertainment venues and liquor outlets were the most significant of retail trade negatively impacted by these lockdown restrictions.

Rental concessions to the value of R100 million, including bad debt write-offs and changes in expected credit loss allowances, were reported for the year under review, (FY20: R148 million). The bulk of relief was allocated to smaller tenants who are still struggling from the impact of the pandemic. The company is pursuing an insurance claim for associated losses and awaiting a response from the insurers.

Rental recoveries as a percentage of normalised income increased steadily during the financial year under review with a 104% recovery for August 2021. Non-recovered income relates mainly to tenants with limited trading abilities under adjusted lockdown level three, and tenants in business rescue, such as Ster-Kinekor and Virgin Active.

Further, the directors' response to the pandemic included:

- A task team led by Rebosis' executive management to monitor and provide an operational response to the pandemic.
- Domestic and international travel restrictions with remote working policies where applicable across all its operations.
- As a preventative measure, Rebosis has increased the number of cleaning hours and escalated our cleaning protocol using high-grade disinfectants across the portfolio.
- A five-tier response plan for shopping centres, depending on the severity of the pandemic.
- Rental concessions for tenants that met specified criteria. The company has seen improved rental and arrears collections in FY2021.

Contingent liability

The City of Cape Town has applied for eviction of Ascension (Grand Central building) and all tenants from certain parts of the street level encroaching on the City's property. The City is also asking the court to order Ascension to demolish and remove any structures encroaching upon the street level. The City alleges that when the property was purchased by Ascension, there was no proper Cession of the lease agreement between the parties. Ascension and the City sought to negotiate the cession, the lease and the rental thereof but couldn't get an amicable solution. The City has brought an application which Ascension is opposing.

Our Counsel had proposed that Ascension buy the portions in dispute, but this process would take long as the City of Cape Town will be required to follow the procurement process to deal with the sale. Ascension counter applied for an order to acquire the encroachments, with equitable compensations to City of Cape Town to be ascertained and settled down the line.

The matter has reasonable prospects of ultimately being resolved by way of arbitration. Failing that Ascension's counter application is likely to succeed. We believe mediation an eminently suitable approach to resolving this matter, and possibly dispositive thereof before incurring unnecessary legal costs, and are desirous to commence mediation as soon as is practicably possible.

Subsequent events continued

Going concern

Current liabilities, which includes all interest-bearing borrowings is in excess of the current assets (including non-current assets held for sale) of the group by R3.9 billion. As a result, the group does not pass the liquidity test. The group is also in a net operating loss position. The group has been 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. Bank facilities have been extended on a 6 months basis with the exception of RMB (R243 million) which is still under negotiation. The group is in breach of its bank covenants with the loan-to-value % in excess of 50% and interest cover ratio less than 2 times. However, the recently announced portfolio sale of assets to Vunani Group for the value of R6,3 billion is the single targeted business disposal activity by the group to restructure the company's balance sheet successfully. The consummation of this transaction will allow the company to settle a large portion of its current debt potentially resetting the LTV to c.43%. This will also afford the company to refinance remaining debt on the balance sheet to longer term debt profiles along with adequate hedging instruments. Despite the above plans, the transaction only becomes unconditional when all conditions precedent being met.

As at the 31 August 2021 there existed uncertainty related to events or conditions that may cast significant doubt on the entity'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 group's ability to continue as a going concern is dependent on the roll forward of the debt facilities by the banks and/or the successful completion of the portfolio sale of assets above.

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, South African REIT Best practise recommended on 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.

All amendments to standards that are applicable to Rebosis for its financial year beginning 1 September 2020 have been considered. Based on management's assessment, the amendments do not have a material impact on the group's condensed consolidated interim financial statements.

The accounting policies are consistent with those applied in the previous consolidated annual financial statements. 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 Chief Financial Officer AL Magwentshu (CA) SA.

The directors are not aware of any matters or circumstances arising subsequent to 31 August 2021 that require any additonal disclosure or adjustment to the financial statements, other than as is disclosed in this annoucement.

BDO South Africa Incorporated, the company's auditor, has audited the annual financial statements for the year ended 31 August 2021 and their unqualified audit opinion is available for inspection at Rebosis' registered office or on the following weblink http://www.rebosis.co.za/#investor-relations.

The audit opinion contains a material uncertainty that may cast significant doubt on the group's ability to continue as a going concern. The audit opinion has not been modified as a result of the material uncertainty.

This abridged report is extracted from audited information, but is not itself audited.

Prospects

The successful conclusion of the R6.3 billion office portfolio disposal announced post the reporting date will provide impetus to the company's strategy to deleverage and optimise its balance sheet by reducing the loan-to-value and restructure the business as a retail focused fund. On conclusion of the transaction, the company expects to resume dividend payments to shareholders, provided that a stable macro-economic environment is maintained with no material tenant failures or prolonged economic lockdown periods.

Notwithstanding the impact of the COVID-19 pandemic during the reporting period and ongoing market uncertainty around the future economic repercussions of the Omicron strain at the time of writing, the Board remains cautiously optimistic of a more stable and improving retail environment on the back of ongoing vaccine roll-outs. The domestic operating environment is expected to remain challenging, with an increasing interest rate cycle, load shedding and unsustainable municipal service charges being of particular concern.

The company will continue to apply itself to improving the retail portfolio's fundamentals through ongoing defensive and value enhancing capital expenditure, the filling of vacancies, lease renewals and timeous rental collections.

The above guidance has not been reported on by Rebosis' auditors.

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 (2020: 63 266 012)
B ordinary shares: 699 253 200 (2020: 699 253 200)
Company registration number: 2010/003468/06
Country of incorporation: South Africa
Website: www.rebosis.co.za

Directors
ATM Mokgokong (Chairman)*
K Keshav* (Deputy Chairman)
O Tshabalala (Chief Executive Officer)[#@]
S Ngebulana (Chief Executive Officer)[^@]
AL Magwentshu (Chief Financial Officer)[+@]
Z Kogo (Director: Commercial)[@]
NV Qangule*
S Naidoo*[%]
MR Burton*[%]
LC Pengilly*
MM Mdlolo*[!]
TS Tsepoa[$]
R Becker[&]

[@] *Executive*
* *Independent non-executive*
[!] *resigned 1 April 2021*
[^] *resigned 1 December 2021*
[#] *appointed 1 December 2021*
[$] *resigned 8 February 2021*
[&] *resigned 25 November 2021*
[+] *appointed 18 November 2021*
[%] *appointed 7 April 2021*

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