REBOSIS

PROPERTY FUND

UNAUDITED RESULTS

For the six months ended 28 February 2022

Highlights

Portfolio WALE
2.4

Revised portfolio disposal
R3.3 billion

Total Assets
R13 billion

New vacancy letting
9 833 m^2

Trading density growth

7.4%

Lease renewals

95 930m²

Contents

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

Commentary

Profile

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.

Review of the year

Operating performance

RETAIL

- **5** high quality dominant malls
- Baywest, Hemingways, Forest Hill, Sunnypark and Bloed Street
- Strong national tenant profile
- Weighted average lease expiry of **3.2 years**
- Average contractual escalation of **6%**
- Portfolio by value **45.2%**

Number of properties	**5**
Property valuation	**R5.9bn**
Gross lettable area – m^2	**291 073**
Value per m^2 – R	**20 205**

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 **1.9 years**
- Average contractual escalation of **6%**
- Portfolio by value **54.0%**

Number of properties	**35**
Property valuation	**R7.0bn**
Gross lettable area – m^2	**489 820**
Value per m^2 – R	**14 325**

Commentary continued

INDUSTRIAL

- Single tenanted industrial warehouse in Johannesburg
- Weighted average lease expiry of **3.7 years**
- Average contractual escalation of **7%**
- Portfolio by value **0.8%**

Number of properties	**1**
Property valuation	**R108m**
Gross lettable area – m²	**18 954**
Value per m² – R	**5 698**

Lease expiry profile

Sector	Vacancy	Monthly	FY22	FY23	FY24	FY25	FY26	FY27 and Beyond
Retail	12.89%	3.26%	11.25%	14.20%	24.11%	18.40%	6.07%	9.83%
Commercial	24.55%	7.38%	14.30%	3.22%	19.86%	18.70%	8.26%	3.72%
Industrial	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%
Grand Total	20.03%	5.80%	13.04%	7.20%	21.21%	20.77%	7.37%	5.91%

Key trading metrics

	28 Feb 2022	31 Aug 2021	28 Feb2021	Feb 22 vs Aug 21 %	Feb 22 vs Feb 21 %
Foot count year on year	30 729 110	29 943 729	26 766 697	2.6%	14.8%
Annualised Trading density	2 916	2 839	2 716	2.7%	7.4%
Collections as % of collectibles	101%	115%	110%	(30.4%)	(27.3%)

Commentary continued

The retail trading densities for Rebosis has performed better than expected with 7.4% growth year on year. This can be attributable to the positive customer trading patterns due to COVID-19 lockdown restrictions, that have been subsided by national government. This also contributed to an increase in foot count of 14.8% and turnover growth of 11.5% year on year. Whilst the trading patterns have contributed positively for Rebosis, Forest Hill City continues to experience negative performance which are based to increases in vacancies, in the last quarter of 2021. The centre is anchored by Pick n' Pay, Checkers Hyper, Woolworths and Clicks.

Progressive leasing activity of 95 930 sqm is mostly due to leasing renewals at Hemingways (retail portfolio) and various Department of Public work renewals in the commercial portfolio.

The rental reversions and increase in vacancies in commercial buildings such as Grand central, Bathopele building, Game buildings, have negatively impacted fund performance compared year on year. The commercial portfolio continues the market sentiment of stubborn vacancies, with new lease opportunities taking longer to materialise. We expect this trajectory to continue for the foreseeable future.

The Rebosis management teams strategic focus in the short term, is to stabilise Forest Hill City as well as the execution of basic property fundamentals across the portfolio to realise shareholder value.

Financial performance

Financial results

Net property income decreased by 6% when compared on a like-for-like basis to the prior period. This is mainly due to vacancies on spaces that were occupied in February 2021.

The distributable income before tax excluding once-off items increased from a R71.3 million loss to a R72.5 million income. The increase in the distributable income is due to the lower finance costs when comparing year on year R358 million (2021: R516 million), this was mainly driven by the lower repo rate. Other operating expenses also decreased to R76 million (2021: R94.5 million), this was driven by no expenses being incurred for the deferred payment liability.

Funding

All interest-bearing borrowings have been disclosed as short-term portion due to the group breaching its loan covenants. Management has successfully renewed its facilities with Nedbank, Standard Bank and Investec for a further 6 months, the extension was negotiated in March and April 2022.

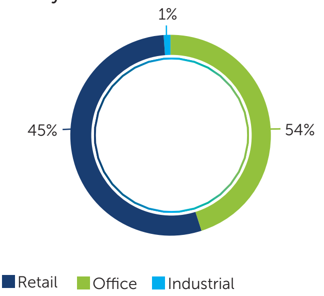
The loan with Rand Merchant Bank of R242.9 million expired on 31 August 2021 (February 2022: R242.9 million) and the facility has not been renewed. Negotiations are still underway to renew the facility up to 31 August 2022. At the time of the release of the interim results, the loan had not been recalled.

The uncertainty of the renewal of the loan may cast significant doubt on the entity's ability to continue as a going concern.

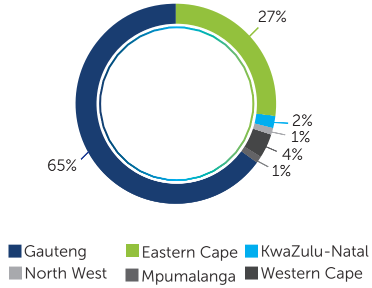
Commentary continued

Property Portfolio

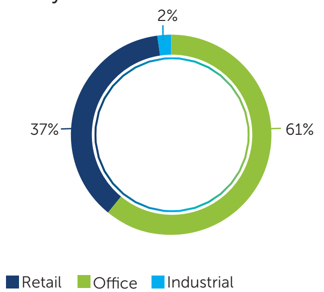
Sectoral by value



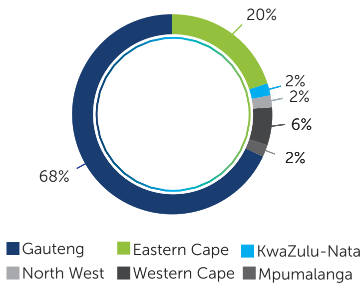
Geographic by Value



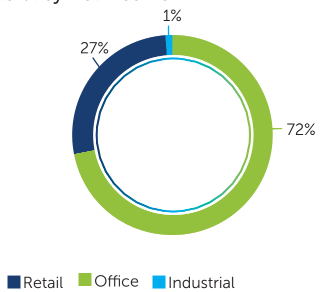
Sectoral by GLA



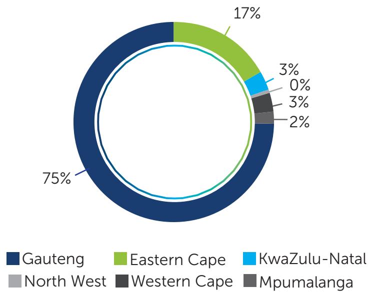
Geographic by GLA



Sectoral by Net Income



Geographic by Net Income



Investment property

The company's policy is to value the investment property on a rotational basis, ensuring that every property is valued by an independent valuer at least once every three years, however, the full portfolio has been valued independently for the past two financial year-ends. During the interim period and in light of current market uncertainty within the property sector, the company assessed the fair value of all properties in the group using management desktop valuation.

The portfolio including investment property held for sale is valued at R13.0 billion (2021: R13.1 billion). This signifies a R156 million drop in the value of the properties. Our segment report clearly depicts the movement in fair value adjustments with the commercial portfolio reflecting a R22 million decrease in value. This is attributable to reversionary rentals on government tenanted properties as well as vacancies that have taken longer to materialise.

The retail portfolio has the most significant change with a negative fair value adjustment of R134 million. The decline is mainly due to an increase in vacancies that were not previously anticipated predominantly in Forest Hill City and Sunnypark shopping center.

Investment property held for sale

As previously announced via a SENS "Update on the disposal of a portfolio of property assets" released 25 March 2022, the disposal transaction value had decreased to an aggregate cash consideration of R3.35 billion (Aug 21: R6.3 billion) due to the reduction in the sale portfolio through the removal of 11 rental enterprises (Originally 32 rental enterprises).

While there are several properties within the commercial segment that are held for sale it is important to note that the remaining commercial portfolio makes up 43% of the total investment property and therefore, by asset value alone it remains an operating segment. The commercial portfolio being sold is only 57% of the total investment property and therefore not substantially all the commercial buildings are being sold.

The disposal of buildings in the commercial portfolio is not a single co ordinated plan to dispose of all the office properties. We have been actively seeking an alternative which would give rise to raising additional capital. The group is continuing its disposal plan to create some liquidity and to return the entity to a better loan to value position.

The fair value figures reflect a sum effect of R3.3 billion which is lower than the aggregate cash consideration.

Investment property and held for sale portfolio valuation

The most significant inputs to the valuation process, all of which are unobservable, are the estimated rentals at the end of the lease, assumptions regarding vacancy levels (based on current and expected future market conditions), the discount rate, the capitalisation rate and terminal value taking into account rental and maintenance projections. The estimated fair value increases if the estimated rental increases, vacancy levels decline or if discount rates (market yields) and reversionary capitalisation rates decline.

The valuation of all revenue producing real estate is calculated by determining future contractual and market-related net income streams, as well as a terminal realisation value for the property and discounting this income stream to calculate a net present value. This is performed over a five-year period in order to reasonably revert all cash flow to a market-related rate. The terminal value (residual value) is calculated by capitalising the 11th years net revenue and discounting this value to present. The discount rate is determined as a forward yield rate (capitalisation rate) and to it is added a risk (as related to the nature and contracts of the property) and forward growth rate associated with the cash flow as related to the market. There are reasonable market observable transactions to support the capitalisation rate, growth rate and risk considerations as applied. SAPOA publishes data tables on which these assumptions may be benchmarked.

Adjustments are made to the present value calculated, to adjust for immediate capex requirements or roundings, as would be reasonably considered between a willing buyer and a willing seller. The significant inputs and assumptions in respect of the valuation process are developed in close consultation with management. The valuation process and fair value changes are reviewed by the Audit and Risk Committee and the board of directors at each reporting date. The directors confirm that there have been no material changes to the assumptions applied by the registered valuers.

In order to assist users of financial information to better understand the decrease, we have provided detailed disclosures around the valuation techniques and significant unobservable inputs on the retail portfolio that were subject to the significant decline in value.

The significant unobservable inputs for the commercial and industrial sectors have not materially changed from what was reported in August 2021.

Commentary continued

At the reporting date, the key assumptions and unobservable inputs used by the group in determining fair value were in the following ranges for the portfolio of retail properties:

		28 February 2022				
		Significant unobservable inputs and range of estimates used				
Description	**Valuation method**	**Discount rate (%)**	**Exit capitalisation rate (%)**	**Capitalisation rate (%)**	**Rental growth rate (%)**	**Vacancy rate (%)**
Retail portfolio	Discounted cashflow model	**12.75 – 14.25**	**8.00 – 9.25**	**8.00 v 9.25**	**5.00 – 7.10**	**2.00 – 3.50**

		31 August 2021			
		Significant unobservable inputs and range of estimates used			
Description	**Valuation method**	**Discount rate (%)**	**Exit capitalisation rate (%)**	**Capitalisation rate (%)**	**Rental growth rate (%)**
Retail portfolio	Discounted cashflow model	12.75 – 14.25	8.00 – 9.25	8.00 – 9.25	3.20 – 3.20

The valuation inputs below are weighted average inputs in terms of grade and geographic location. Accordingly, the inputs have been disaggregated as follows:

	28 February 2022				
	Retail				
Description	**Capitalisation rate (%)**	**Exit capitalisation rate (%)**	**Discount rates (%)**	**Market rental scalation rates (%)**	**Vacancy (%)**
Gauteng	**8.75%**	**8.75%**	**13.67%**	**8.44%**	**2.75%**
Eastern Cape	**8.13%**	**8.00%**	**13.00%**	**8.54%**	**2.63%**
Total	**8.50%**	**8.45%**	**13.40%**	**8.48%**	**2.70%**

	31 August 2021				
	Retail				
Description	**Capitalisation rate (%)**	**Exit capitalisation rate (%)**	**Discount rates (%)**	**Market rental scalation rates (%)**	**Vacancy (%)**
Gauteng	8.65%	8.65%	13.54%	8.00%	2.10%
Eastern Cape	8.12%	8.12%	12.99%	8.00%	2.25%
Total	8.34%	8.34%	13.22%	8.00%	2.18%

Commentary continued

Sensitivity analysis

Input	Change % %	28 February 2022 R'000	31 August 2021 R'000
Increase in capitalisation rate	0.50	**(798 100)**	(741 100)
Decrease in capitalisation rate	0.50	**628 500**	664 700
Increase in discount rate	0.50	**(462 100)**	(467 300)
Decrease in discount rate	0.50	**462 100**	435 300
Increase in exit capitalisation rate	0.50	**(669 000)**	(724 800)
Decrease in exit capitalisation rate	0.50	**736 900**	651 100
Increase in market rental rate	0.50	**(1 129 764)**	(1 104 990)
Decrease in market rental rate	0.50	**1 069 464**	953 544
Increase in vacancy factors	0.50	**(68 634)**	(67 331)
Decrease in vacancy factors	0.50	**68 634**	67 331

Declaration and payment of cash dividend

The Rebosis board has resolved not to declare an interim dividend for the 6 months ended 28 February 2022 (28 February 2021: Nil). As per the REIT requirements the board is required to perform the solvency and liquidity test (as defined in the Companies Act) 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.

Prospects

The Group will continue to focus on improving property fundamentals in the current financial year, including emphasis on leasing alternatives, especially at Forest Hill Shopping Centre, to reduce vacancies and increase revenue. In addition, negotiations with funding providers on the renewal of expired and near-term debt facilities will continue as a priority.

The Board remains cautiously optimistic of the improved trading densities and dominant position of the Group's retail portfolio in the context of rising interest rates and higher food and fuel costs, that is expected to constrain consumer spending. Specific initiatives to bring a differentiated shopping experience within the catchment area of each retail center are being developed.

The disposal of a portion of the Group's office portfolio for a revised aggregate cash consideration of R3.35 billion is ongoing, as communicated to the market in March and May this year respectively and is expected to be concluded in the current financial year.

Notwithstanding the impact that this disposal is anticipated to have on reducing loan-to-value to more sustainable levels, the Group will continue to focus on improving portfolio fundamentals in the current financial year. This prospect section has not been reviewed or reported on by the company's auditors.

Basis of preparation

These results have been prepared in accordance with 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. The 6 months results are unaudited and have not been independently reviewed by the external auditors BDO.

The accounting policies are in terms of International Financial Reporting Standards (IFRS), the policies, as well as the methods of computation are consistent with those applied in the previous consolidated annual financial statements. These financial results have been prepared under the supervision of the Chief Financial Officer AL Magwentshu (CA) SA

All amendments to standards that are applicable to Rebosis for its financial year beginning 1 September 2021 have been considered. Based on management's assessment, the amendments do not have an impact on the group's condensed consolidated interim financial statements.

The directors are not aware of any matters or circumstances arising subsequent to 28 February 2022 that require any additonal disclosure or adjustment to the financial statements, other than as is disclosed in this annoucement.

Going concern

In determining Rebosis' s ability to continue as a going concern, management performed an assessment which included the solvency and liquidity tests. A forecast of the debt covenants was performed such as the loan-to-value and the interest cover ratios.

The liquidity tests considered expected cash flows in the next 12 months, including cash flow relating to funding and capital expenditure

Current liabilities, which includes all interest-bearing borrowings are in excess of the current assets (including non–current assets held for sale) of the group by R7.2 billion. As a result, the group does not pass the liquidity test. 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 with the exception of RMB (R242.9 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.

The transaction with Vunani has seen a decrease in the sale price from R6.3 billion to R3.35 billion. If the sale is successful, it will reduce some of the current debt. 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 are met. A key condition that has not been met by the purchaser as at 28 February is the funding requirement, for which the purchaser has requested an extension until 22 June 2022.

Should the transaction not go through Rebosis will:

» Continue drive to lower the LTV through disposals
» Renew focus to assess alternatives for the Fund to realise shareholder value
» Focus on the vacancy fill ups especially Forest Hill shopping centre
» Focus on outstanding office leases conclusion to improve the WALE and portfolio quality.

As at 28 February 2022 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 realise 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.

Statement of profit or loss and other comprehensive income

	Group	
	Unaudited for the six months ended 28 February 2022 R'000	Unaudited for the six months ended 28 February 2021 R'000
Revenue	**822 086**	835 732
Investment property income	**815 805**	838 183
Net income from facilities management agreement	**13 640**	15 298
Straight-line rental adjustment	**(7 359)**	(17 749)
Impairment loss on trade receivables/reversal of impairment loss on trade receivables	**(22 083)**	4 661
Property expenses	**(305 523)**	(328 399)
Net property income	**494 480**	511 994
Other operating expenses	**(76 393)**	(94 550)
Operating expenses – normal	**(76 393)**	(66 031)
Operating expenses – deferred payment liability	**–**	(28 519)
Operating income	**418 087**	417 444
Net interest	**(356 326)**	(514 933)
Received	**1 823**	727
Paid	**(358 149)**	(515 660)
Net operating income/(loss)	**61 761**	(97 489)
Other income	**2 883**	4 595
Changes in fair values and impairments	**(136 063)**	24 841
Investment property	**(156 338)**	(15 125)
Derivative instruments	**20 275**	41 131
Investment Impairment	**–**	(1 165)
Total loss before income taxation	**(71 419)**	(68 053)
Taxation expense	**–**	–
Total comprehensive loss	**(71 419)**	(68 053)
Loss attributable to:		
Owners of the parent	**(71 419)**	(68 053)
Non-controlling interest		
Total comprehensive loss for the year	**(71 419)**	(68 053)
Basic and diluted earnings per REA ordinary share (cents)	**153.68**	146.36
Basic and diluted loss per REB ordinary share (cents)	**(24.20)**	(23.05)

Statement of financial position

	Group	
	Unaudited for the six months ended 28 February 2022 R'000	Audited for the year ended 31 August 2021 R'000
Assets		
Non-current assets	**10 338 038**	7 177 321
Investment property	**10 272 600**	7 126 000
Fair value of property portfolio	**10 020 976**	6 882 835
Straight-line rental income accrual	**251 624**	243 165
Land receivable	**42 000**	42 000
Property, plant and equipment	**23 438**	9 321
Current assets	**226 206**	316 407
Trade and other receivables	**206 834**	190 385
Cash and cash equivalents	**19 372**	126 022
Investment property reclassified as held for sale	**2 733 500**	6 018 500
Total assets	**13 297 744**	13 512 228
Equity and liabilities		
Equity	**3 116 709**	3 188 130
Stated capital	**9 015 068**	9 015 068
Accumulated loss	**(5 898 359)**	(5 826 938)
Current liabilities	**10 181 035**	10 324 098
Interest bearing borrowings	**9 492 482**	9 509 200
Deferred payment liability	**286 456**	283 738
Derivative instruments	**–**	20 275
Trade and other payables	**295 188**	387 732
Loan to Billion group	**7 430**	7 440
Current tax payable	**99 479**	115 713
Total liabilities	**10 181 035**	10 324 098
Total equity and liabilities	**13 297 744**	13 512 228
REA shares in issue	**63 266 012**	63 266 012
REB shares in issue	**696 844 874**	696 844 874
Net asset value per REA share (rands)	**2.70**	0.75
Net asset value per REB share (rands)	**4.23**	4.51
Loan to value	**72.8%**	71.4%

Condensed consolidated statement of changes in equity

Group	Attributable to equity holders of the Parent Stated capital R'000	Accumulated loss R'000	Group Total R'000
Balance at 31 August 2020	9 015 068	(5 535 582)	3 479 486
Total comprehensive loss for the 6 months ended 28 February 2021	–	(68 055)	(68 055)
Balance at 28 February 2021	9 015 068	(5 603 637)	3 411 431
Total comprehensive loss for the 6 months ended 31 August 2021	–	(223 303)	(223 303)
Balance at 31 August 2021	9 015 068	(5 826 940)	3 188 128
Total comprehensive loss for the 6 months ended 28 February 2022	–	(71 419)	(71 419)
Balance at 28 February 2022	9 015 068	(5 898 359)	3 116 709

Statement of cash flows

	Group	
	Unaudited for the six months ended 28 February 2022 R'000	Audited for the year ended 31 August 2021 R'000
Cash flows from operating activities		
Cash generated by operations	**314 049**	951 213
Finance income	**1 154**	1 059
Finance costs	**(358 030)**	(720 275)
Interest on land	**–**	(3 000)
Income tax paid	**(17 264)**	(26 212)
Net cash (outflow)/inflow from operating activities	**(60 091)**	**202 785**
Cash flow from investing activities		
Acquisition of property, plant and equipment	**(453)**	(1 122)
Capital expenditure, tenant installations and lease commissions	**(25 717)**	(49 734)
Proceeds from disposal of investment property	**–**	89 100
Repayment of land on loan	**–**	(42 000)
Net cash outflow from investing activities	**(26 170)**	**(3 756)**
Cash flow from financing activities		
Proceeds from interest bearing borrowings	**–**	21 000
Repayment of interest bearing borrowings	**(5 400)**	(99 100)
Repayment of deferred payment liability	**(14 989)**	(54 140)
Net cash outflow from financing activities	**(20 389)**	**(132 240)**
Net (decrease) /increase in cash and cash equivalents	**(106 650)**	**66 789**
Cash and cash equivalents at the beginning of the year	**126 022**	59 233
Cash and cash equivalents at the end of the year	**19 372**	**126 022**

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					
28 February 2022	**Retail R'000**	**Commercial R'000**	**Industrial R'000**	**Total R'000**	**Head office R'000**	**Total R'000**
Property portfolio	332 166	483 655	6 265	822 086	–	822 086
Investment property income	335 660	474 445	5 700	815 805	–	815 805
Net income from facilities management	–	13 640	–	13 640	–	13 640
Straight line rental income accrual	(3 494)	(4 430)	565	(7 359)	–	(7 359)
Impairment loss on trade receivables	(8 423)	(13 660)	–	(22 083)	–	(22 083)
Property expenses	(188 864)	(115 751)	(908)	(305 523)	–	(305 523)
Net property income	134 879	354 244	5 357	494 480	–	494 480
Other operating expenses	–	–	–	–	(76 393)	(76 393)
Operating income/(loss)	134 879	354 244	5 357	494 480	(76 393)	418 087
Net interest	–	–	–	–	(356 326)	(356 326)
Net operating income/(loss)	134 879	354 244	5 357	494 480	(432 719)	61 761
Other income	54	194	–	248	2 635	2 883
Changes in fair value investment property	(133 724)	(21 706)	(565)	(155 995)	(343)	(156 338)
Changes in fair value derivatives	–	–	–	–	20 275	20 275
Segment profit/(loss) before taxation	1 209	332 732	4 792	338 733	(410 152)	(71 419)
Investment property	5 881 200	4 391 400	–	10 272 600	–	10 272 600
Investment property held for sale	–	2 625 500	108 000	2 733 500	–	2 733 500
Other assets	86 080	109 548	(38)	195 590	96 054	291 644
Total assets	5 967 280	7 126 448	107 962	13 201 690	96 054	13 297 744
Total liabilities	169 936	81 648	1 540	253 124	9 927 911	10 181 035

Segment report continued

28 February 2021	Retail R'000	Commercial R'000	Industrial R'000	Total R'000	Head office R'000	Property portfolio Total R'000
Property portfolio	273 192	570 591	5 413	849 196	–	849 196
Investment property income	300 246	532 591	5 345	838 183	–	838 183
Facilities management income	–	28 762	–	28 762	–	28 762
Straight line rental income accrual	(27 055)	9 237	68	(17 749)	–	(17 749)
Property expenses	(176 629)	(177 580)	(543)	(354 751)	17 550	(337 202)
Impairment loss on trade receivables	(7 446)	12 107	–	4 661	–	4 661
Facilities management fees	–	(13 464)	–	(13 464)	–	(13 464)
Property expenses	(169 183)	(176 223)	(543)	(345 948)	17 550	(328 399)
Net property income	96 563	393 009	4 871	494 445	17 550	511 994
Other operating expenses	–	–	–	–	(94 550)	(94 550)
Operating Profit	96 563	393 009	4 871	494 445	(77 001)	417 444
Net interest	–	–	–	–	(514 933)	(514 933)
Net operating income	96 563	393 009	4 871	494 445	(591 934)	(97 489)
Other income	–	–	–	–	4 595	4 595
Changes in fair values and impairments	–	–	–	–	24 841	24 841
Segment profit/(loss) before taxation	96 563	393 009	4 871	494 445	(562 497)	(68 053)
Investment property	6 010 385	5 910 843	97 120	12 018 348	42 000	12 060 348
Investment property held for sale	–	1 048 027	–	1 048 027	–	1 048 027
Other assets	2 518 488	7 407 340	130 003	10 055 830	(9 486 726)	569 105
Total assets	8 528 872	14 366 210	227 123	23 122 205	(9 444 726)	13 677 480
Total liabilities	554 381	910 947	16 452	1 481 780	8 784 269	10 266 049

Distributable income

Reconciliation of profit before tax to distributable earnings:	Group Unaudited for the six months ended 28 February 2022 R'000	Unaudited for the six months ended 28 February 2021 R'000
Loss before taxation	(71 419)	(68 053)
Adjusted for:	143 976	(3 303)
Change in fair value of investment properties	156 338	15 125
Changes in fair values of derivative instruments	(20 275)	(41 131)
Changes in impairments on listed and unlisted securities	–	1 165
Straight line rental accrual	7 359	17 749
Amortisation of structuring fees	553	2 357
Swap amortisation	–	1 431
Distributable earnings/(loss) attributable to shareholders/owners of the parent – before once-off items	72 557	(71 358)
Distributable income per REA share (cents)	153.68	146.36
Distributable income per REB share (cents)	(3.54)	(23.53)

Earnings and headline earnings

	Group	
	Unaudited for the six months ended 28 February 2022 R'000	Unaudited for the six months ended 28 February 2021 R'000
Number of REA shares in issue at interim	**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 interim	**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
Loss attributable to ordinary equity holders of the parent entity (basic earnings)	**(71 419)**	(68 053)
Headline earnings adjustments:		
Change in fair value of investment properties	**156 338**	15 125
Changes in fair value of derivatives	**(20 275)**	1 165
Headline earnings/(loss) attributable to shareholders	**64 644**	(51 763)
REA		
Basic and diluted earnings per REA share (cents)	**153.68**	146.36
Basic and diluted headline earnings per REA share (cents)	**153.68**	146.36
REB		
Basic and diluted loss per REB share (cents)	**(24.20)**	(23.05)
Basic and diluted headline (loss)/earnings per REB share (cents)	**(4.68)**	(20.72)

Disposal announcement

On 21 October 2021 Rebosis announced that it, together with its wholly-owned subsidiary Ascension Properties Limited (collectively the "Rebosis group"), had concluded agreements with Ulicraft Proprietary Limited ("the Purchaser") in which the Purchaser will acquire from the Rebosis group the portfolio of rental enterprises as a going concern for a aggregate consideration of R6.3bn.

Properties held by Rebosis Property Fund

COMMERCIAL SECTOR

Property Name	Physical Address	R'000 Consideration
11 Diagonal Street	11 Diagonal Street, Gauteng	729 430
Liberty Building	278 Madiba Street, Gauteng	519 349
Victoria Mxenge	Hartley Street, Weavind, Park, Gauteng	582 492
124 Main Street	124 Main street, Gauteng	341 363
Bank of Lisbon	400 Paul Kruger Street, Gauteng	205 909
18 Rissik Street	18 Rissik Street, Gauteng	197 373
Arbour Square	82-98 Juta Street, Braamfontein, Gauteng	129 361
Revenue Building	205 Pietermaritz Street, Kwa-Zulu Natal	112 910
189 Schoeman Street	189 Schoeman Street, Gauteng	258 451
28 Harrison Street	28 Harrison Street, Gauteng	304 813
64 Eloff Street	64 Eloff Street, Gauteng	66 885
99 Market Street	99 Market Street, Gauteng	80 391
Jabu Ndlovu	270 Jabu Ndlovu Street,Kwa-Zulu Natal	169 567
SASSA Campus	2460 Dr Makgobo Avenue, North West	151 774
INDUSTRIAL SECTOR		
Antalis	John Street, Selby, Gauteng	93 613

Properties held by Ascension

COMMERCIAL SECTOR

Property Name	Physical Address	R'000 Consideration
Game Building	64 Pritchard Street, Gauteng	313 505
VWL Building	202 Madiba Street, Gauteng	280 938
Prorom	30-35 Brown Street, Mpumulanga	83 353
Spectrum	52 Voortrekker Road, Belville, Western Cape	93 110
Sigma Building	9 Blackenberg Street, Belville, Western Cape	38 034
174 Visage Street	174 Visage Street, Gauteng	248 591
238 Roan Crescent	238 Roan Crescent, Gauteng	98 285
373 Pretorius Street	373 Pretorius Street, Gauteng	163 214
Kingfisher	10 Kingfisher Drive, Gauteng	12 974
Meyersdal	65 Phillip Engelbrecht Street, Gauteng	63 546
Mishumo House	77 De Korte Street, Gauteng	107 149
NBC	76 Juta Street, Gauteng	137 486
Riverpark	Cnr Emtoweni & Cascade Close, Mpumulanga	81 690
Riverview	Cnr Emtoweni & Cascade Close, Mpumulanga	63 564
Schreiner Chambers	94 Pritchard Street, Gauteng	279 143
Surrey House	35 Rissik Street, Gauteng	194 310
Swiss House	86 Main Street, Gauteng	116 526
TOTAL		**2 375 418**
GRAND TOTAL		**6 319 099**

Disposal announcement continued

The transaction entered into was subject to certain conditions precedent, one of which being that the Purchaser must confirm in writing to the Rebosis group that it is satisfied with the outcome of the due dilligence investigation being undertaken before 11 March 2022.

The transaction agreement also made provisions that during the due diligence investigation period the parties may agree to exclude certain properties from the sale portfolio or agree on an adjusted slae price per building.

Based on this the number of buildings to be sold reduced from the initial 32 to 21 buildings adjusting the aggregate consideration by R3bn. There is still one critical condition precedent for which an extension of a further 2 months has been granted.

The revised sale portfolio details are outlined below.

Properties held by Rebosis Property Fund

COMMERCIAL SECTOR

Property Name	Physical Address	R'000 Consideration
Victoria Mxenge	Hartley Street, Weavind Park, Gauteng	727 372
124 Main Street	124 Main street, Gauteng	353 031
Bank of Lisbon	400 Paul Kruger Street, Gauteng	166 927
18 Rissik Street	18 Rissik Street, Gauteng	207 633
Arbour Square	82-98 Juta Street, Braamfontein, Gauteng	74 048
Revenue Building	205 Pietermaritz Street, Kwa-Zulu Natal	111 645
64 Eloff Street	64 Eloff Street, Gauteng	68 900
SASSA Campus	2460 Dr Makgobo Avenue, North West	125 927
INDUSTRIAL SECTOR		
Antalis	John Street, Selby, Gauteng	93 530
Total		**1 929 013**

Properties held by Ascension

COMMERCIAL SECTOR

Property Name	Physical Address	R'000 Consideration
VWL Building	202 Madiba Street, Gauteng	233 986
Prorom	30-35 Brown Street, Mpumalanga	78 183
Spectrum	52 Voortrekker Road, Belville, Western Cape	79 450
Sigma Building	9 Blackenberg Street, Belville, Western Cape	45 459
238 Roan Crescent	238 Roan Crescent, Gauteng	97 877
Kingfisher	10 Kingfisher Drive, Gauteng	10 222
Meyersdal	65 Phillip Engelbrecht Street, Gauteng	39 990
Mishumo House	77 De Korte Street, Gauteng	59 577
Surrey House	35 Rissik Street, Gauteng	226 738
Subtotal		**871 481**
Property to be converted to student accomodation *		
174 Visagie Street	174 Visagie Street, Gauteng	254 968
373 Pretorius Street	373 Pretorius Street, Gauteng	176 495
NBC	76 Juta Street, Gauteng	122 895
Total excluding student accomodation		**2 800 495**
Grand total		**3 354 853**

* *The properties earmarked to be converted to student accomodation will only transfer to the Purchaser once converted.*

Related party disclosure

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

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 directly and indirectly owns 5.84% (2021: 2.66%) of the shares in Rebosis.

Zacacode Proprietary Limited is a wholly-owned subsidiary of the Chartwell Trust of 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.

SM Ngebulana (CEO) retired as CEO and from the Board on 1 December 2021.

	Group	
Loans accounts – owing (to)/by related parties	**Unaudited for the six months ended 28 February 2022 R'000**	Audited Year ended 31 August 2021 R'000
Deferred payment liability – clawback	**(171 318)**	(155 484)
Loan Billion group land	**(7 430)**	(7 440)

	Group	
Transaction with related parties	**Unaudited for the six months ended 28 February 2022 R'000**	Unaudited for the six months ended 28 February 2021 R'000
Rental received from related parties	**550**	0
Rental paid to related parties	**550**	0
Interest on land	**259**	17 147
Interest on deferred laibility	**15 849**	147 277
Operating expense	**–**	28 519

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.

REIT disclosure

SAREIT fund from operations (SA REIT FFO)	Unaudited for the six months ended 28 February 2022 R'000	Unaudited for the six months ended 28 February 2021 R'000
Total comprehensive income/(loss) for the period attributable to equity holders	**(71 419)**	(68 055)
Adjusted for:	**147 960**	(1 721)
Change in fair value of investment properties	**156 338**	15 125
Changes in fair value of derivatives	**(20 275)**	(41 131)
Depreciation	**3 985**	1 583
Amortisation of debt structuring fee and swap	**553**	3 788
Asset impairments (excluding goodwill) and reversals of impairment	**–**	1 165
Straight-lining operating lease adjustment	**7 359**	17 749
SA REIT FFO:	**76 541**	(69 775)
Number of REA ordinary shares in issue 28 February 2022	**63 266 012**	63 266 012
Number of REB ordinary shares in issue 28 February 2022	**696 844 874**	696 844 874
SA REIT FFO per A share	**153.68**	146.36
SA REIT FFO per B share	**0**	0

SA REIT Net Asset Value (SA REIT NAV)	Unaudited for the six months ended 28 February 2022 R'000	Unaudited for the six months ended 28 February 2021 R'000
Reported NAV attributable to the parent	**3 116 708**	3 188 131
SA REIT NAV	**3 116 708**	3 188 131
Shares outstanding		
Number of REA ordinary shares in issue 28 February 2022	**63 266 012**	63 266 012
Number of REB ordinary shares in issue 28 February 2022	**696 844 874**	696 844 874
SA REIT NAV -REA ordinary shares	**2.70**	0.75
SA REIT NAV -REB ordinary shares	**4.23**	4.51

SA REIT cost-to-income ratio and administrative cost to income ratio	Unaudited for the six months ended 28 February 2022 R'000	Unaudited for the six months ended 28 February 2021 R'000
Expenses		
Operating expenses per IFRS income statement (includes municipal expenses)	**305 523**	328 399
Administrative expenses per IFRS income statement	**76 393**	66 031
Exclude:		
Depreciation expense in relation to property, plant and equipment of an administrative nature and amortisation expense in respect of intangible assets	**(3 985)**	(1 583)
Operating costs	**377 931**	392 848
Rental income		
Contractual rental income per IFRS income statement (excluding straight-lining)	**820 143**	853 481
SA REIT cost-to-income ratio	**46%**	46%
SA REIT administrative-to-income ratio	**9%**	8%

REIT disclosure continued

SA REIT GLA vacancy rate	**Unaudited for the six months ended 28 February 2022 R'000**	Unaudited for the six months ended 28 February 2021 R'000
Gross lettable area of vacant space	**159 005**	105 686
Gross lettable area of total property portfolio	**799 847**	799 847
SA REIT GLA vacancy rate	**19.9%**	13.2%

SA REIT loan-to-value	**Unaudited for the six months ended 28 February 2022 R'000**	Unaudited for the year ended 31 August 2021 R'000
Gross debt	**9 786 368**	9 820 652
Less:		
Cash and cash equivalents	**(19 372)**	(126 022)
Net debt	**9 766 996**	9 694 629
Total assets – per Statement of Financial Position	**13 297 744**	13 512 228
Less:		
Cash and cash equivalents	**(19 372)**	(126 022)
Trade and other receivables	**(206 834)**	190 385
Carrying amount of property-related assets	**13 071 538**	13 576 590
SA REIT loan-to-value ("SA REIT LTV")	**74.7%**	71.4%

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 (2021: 63 266 012)
Ordinary shares: 699 253 200 (2021: 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) *
SM Ngebulana (Chief Executive Officer) @ -
AL Magwentshu (Chief Financial Officer) @
Z Kogo @
NV Qangule *
LC Pengilly *
M Burton * ~
S Naidoo * ~
O Tshabalala (Chief Executive Officer) @!

@ Executive
* Independent non-executive
~ Appointed 1 April 2021
- Resigned 1 December 2021
! Appointed 1 December 2021

REGISTERED OFFICE AND COMPANY SECRETARY

MCP Managerial Services (Pty) Ltd
Represented by Joel Naidoo
1st Floor, The Link
173 Oxford Road
Rosebank, Johannesburg
Gauteng, 2196

MCP Managerial Services appointed 1 April 2021

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,
a division of Nedbank Limited.

LEGAL ADVISERS

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

RELATED QUERIES

Asathi Magwentshu
asathi@rebosis.co.za

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)

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.CO.ZA