

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

SHORT-FORM ANNOUNCEMENT RESULTS
 for the year ended 31 August 2019

Highlights

Tangible NAV B Shares*	R6.99
Retail trading density growth	5.4%
Total Assets	R16.3bn
Net Property Income growth	0.4%
Vacancy	6.5%
Retail footfall growth	2.5%

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

	Reviewed	Group Audited
	for the year	for the year
	ended	ended
	31-Aug-19	31-Aug-18
Property Income (R'000)	1 842 144	2 261 439
Distributable income per A Share (cents)	265.50	252.86
Distributable income per B Share (cents)	8.60	92.83
Basic and diluted earnings per A Share (cents)	265.50	252.86
Basic and diluted earnings per B Share (cents)	(632.87)	(163.75)
Basic and diluted headline earnings per A Share (cents)	265.50	252.86
Basic and diluted headline earnings per B Share (cents)	(361.52)	15.72
Net asset value per A Share (R)	13.65	22.75
Net asset value per B Share (R)	6.99	12.76

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 dominant and newly built shopping centres set to dominate in their nodes in Port Elizabeth (Baywest Mall) and Centurion (Forest Hill City).

FINANCIAL RESULTS

Distributable income decreased by 71% from R791 million to R226 million for this reporting period of which R250 million was as a result of once off items. In addition, finance income decreased by R145 million due to lower income from cross currency swaps as well as loss of income due to the BBEE consortium and the Charitable trust. The increase in expected credit loss allowance of R61 million and tax expense of R38 million reduced the distributable income further. The Board deemed it prudent to retain capital in order to deleverage the fund and has therefore resolved to not declare a full year dividend for the year ending 31 August 2019.

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

Basis for Qualified Conclusion

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

properties at the values indicated by the auditor's expert, the investment properties would have been carried in the consolidated statement of financial position at R13.3 billion. Accordingly, the fair value adjustment, loss for the year and shareholders' equity would have been adjusted by R2.3 billion in the consolidated financial statements.

The direct investment in New Frontier Properties and the loan to the BEE consortium has been written down to Rnil. The impairment of New Frontier Properties of R2.4 billion together with the valuation adjustments above, resulted in the loan to value increasing from 57.1% as at 31 August 2018 to 64.5%.

DECLARATION AND PAYMENT OF CASH DIVIDEND

The Rebosis Board has resolved not to declare a dividend for the financial year ended 31 August 2019 (full financial year 2018:REA - 252.86 cents and REB - 92.83 cents).

PROSPECTS

The company has achieved good operational efficiencies in a difficult trading environment including progress on lease renewals and containing vacancies. It will continue to focus on these key efficiencies including remaining renewals on expired leases in order to improve WAULT that would lead to better credit profile especially in light of expiring debt. There will be more emphasis to continue the disposal program on the back of the lease renewals to reduce LTV and the Delta merger including other measures to unlock value.

SHORT-FORM ANNOUNCEMENT

This short-form announcement has been prepared by Ms I. King CA (SA), in her capacity as Chief Financial Officer of the company, and is the responsibility of the directors of Rebosis. The full announcement ("Full Announcement") was released on SENS on 13 December 2019 and can be found on the company's website, together with the auditor's qualified review opinion which includes key audit matters pursuant to International Auditing Standard ISA701, at <http://www.rebosis.co.za/#investor-relations>. The full announcement is also available on the JSE's website at <https://senspdf.jse.co.za/documents/2019/jse/isse/REB/rye2019.pdf>.

The information contained in this short-form announcement is only a summary of the information in the Full Announcement and does not contain full or complete details. Any investment decision by investors and/or shareholders should be based on consideration of the Full Announcement published on SENS and on the company's website as a whole.

A copy of the Full Announcement is available for inspection, and may be requested, by investors and/or shareholders at the company's registered office, 2nd Floor, Roland Garros Building, The Campus, Corner Sloane and Main Streets, Bryanston, 2191, Attention: Isabeau King, and at the offices of the Sponsor (Nedbank Corporate and Investment Banking, a division of Nedbank Limited, Nedbank 135 Rivonia Campus, 135 Rivonia Road, Sandown, Sandton, 2196, Attention: Michelle Benade) at no charge, during business hours from 13 December 2019 to 30 December 2019.

By order of the Board

Friday, 13 December 2019

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