

REBOSIS PROPERTY FUND LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 2010/003468/06)

JSE share codes:

REA ISIN: ZAE000240552

REB ISIN: ZAE000201687

Alpha code: REBI

(Approved as a REIT by the JSE)

("Rebosis" or the "Company" or the "Fund")

## **INTEGRATED ANNUAL REPORT NO CHANGE STATEMENT AND NOTICE TO ANNUAL GENERAL MEETING**

### **Integrated Annual Report**

Rebosis shareholders ("**Shareholders**") are advised that the 2019 Integrated Annual Report ("**Integrated Report**"), which incorporates the full annual financial statements for the year ended 31 August 2019, the notice of annual general meeting and form of proxy, has been distributed to Shareholders today.

The Integrated Report is also available on the Company's website, [www.rebosis.co.za](http://www.rebosis.co.za), and Shareholders wishing to receive a printed copy of the Integrated Report can e-mail their request to the company secretary, Mande Ndema, at [mande@mnaattorneys.co.za](mailto:mande@mnaattorneys.co.za).

Shareholders are referred to the reviewed provisional results for the year ended 31 August 2019 ("**Provisional Results**"), published on SENS on 13 December 2019. The Company confirms that the Integrated Report contains no material changes to the Provisional Results.

It should be noted that Rebosis obtained independent valuations for all the properties in the current financial period. The valuers used were Dipeo Valuations for our Retail portfolio and Valuations DNA for our Commercial portfolio. Further to the unaudited results for the year ended 31 August 2019 released on Sens on 11 November 2019 the Fund has continued to engage with its valuers on the investment property values and as a result, management has elected to re-value certain office properties that are likely to revert to market rentals and a further R900 million 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 high level desktop valuations which were performed remotely with no site visits. Their values were R2.4 billion below those determined by the Fund's 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. Refer to the Independent Auditor's Report for their opinion. Management and its independent valuers do not agree with the assumptions applied by Quadrant Properties and are comfortable that the assumptions applied by the Fund and its experts in arriving at its valuations are within acceptable parameters.

The Company further confirms that, there were no changes to the auditor's report contained in the Integrated Report compared to the auditor's review opinion referred to in the Provisional Results. The auditor's report includes the following qualification:

"Management obtained independent valuations for all the properties in the current financial period. At 31 August 2019, the investment properties and investment properties held for sale are carried at R13.9 billion and R1.7 billion respectively in the consolidated statement of financial position and at R7.7 billion and R0.7 billion respectively in the separate statement of financial position. Due to the significant risk associated with the judgements and estimates applied in the inputs and assumptions used in valuing a 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 the inclusion of excess revenue by management. Had management accounted for the investment properties and investment properties held for sale at the values indicated by the auditor's expert, the investment properties and investment properties held for sale would have been carried in the consolidated statement of financial position at R11.7 billion and R1.6 billion respectively, and in the separate statement of financial position at R6.7 billion and R0.6 billion respectively. Accordingly, the fair value adjustment, loss for the year and shareholders' equity would have each have been adjusted by R2.3 billion in the consolidated financial statements and by R1.1 billion each in the separate financial statements.

In addition, due to the effect of the lower investment property values in the underlying subsidiary entities as determined by the auditor's expert, the investment in subsidiaries balance in the separate financial statements would have been further impaired by R0.6 billion.

#### Notice to Annual General Meeting

The annual general meeting ("AGM") of Shareholders will be held on Friday, 31 January 2020 at 10:00am at the offices of the Company at 2nd Floor, Roland Garros Building, The Campus, 57 Sloane Street, Bryanston, Gauteng to transact the business as stated in the notice of the AGM forming part of the Integrated Report.

In terms of section 59 of the Companies Act, No 71 of 2008, the record date on which Shareholders must be recorded as such in the register maintained by the transfer secretaries of the Company for the

purposes of determining which Shareholders are entitled to attend and vote at the AGM is Friday, 24 January 2020. The last day to trade for purposes of determining which Shareholders are entitled to attend and vote at the AGM is Tuesday, 21 January 2020.

30 December 2019

Equity and Debt Sponsor

Nedbank Corporate and Investment Banking, a division of Nedbank Limited