

SHORT-FORM ANNOUNCEMENT RESULTS

FOR THE YEAR ENDED 31 AUGUST 2020

|                   |          |                             |           |
|-------------------|----------|-----------------------------|-----------|
| Asset disposals   | R516m    | Net Property Income growth* | (7.6%)    |
| Total Assets      | R13.7 bn | Vacancy**                   | 9.1%      |
| Total GLA Renewed | 43 047m² | Portfolio WALE              | 2.8 years |

# Like for like before bad debt, COVID-19 Reprieves and disposals.

\*\*6.4% excl. NBC and 373 Pretorius street under conversion

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.

|   | Group                                 |   |
|---|---------------------------------------|---|
|   | Reviewed for the year ended 31-Aug-20 | Audited for the year ended 31-Aug-19 Restated |
| Revenue (R'000)   | 1 704 854                             | 1 842 144                                     |
| Distributable income per A Share (cents)                | 278.78                                | 265.50  |
| Distributable income per B Share (cents)                | -                                     | 9.51  |
| Basic and diluted earnings per A Share (cents)          | 278.78                                | 265.50  |
| Basic and diluted earnings per B Share (cents)          | (9.67)                                | (972.14)                                      |
| Basic and diluted headline earnings per A Share (cents) | 278.78                                | 265.50  |
| Basic and diluted headline earnings per B Share (cents) | (47.94)                               | (361.52)                                      |
| Net asset value per A Share (R)                         | 1.15                                  | 13.65   |
| Net asset value per B Share (R)                         | 4.89                                  | 3.60  |

INTRODUCTION

Rebosis is a JSE listed real estate investment trust (REIT) with a high quality diversified portfolio across commercial and retail assets. The majority of the commercial income enjoys a sovereign underpin from leases to national government departments across 36 buildings. Its retail portfolio has a mix of shopping centres including Baywest Mall (Port Elizabeth) and Forest Hill City (Centurion).

FINANCIAL RESULTS

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

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

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

Detailed commentary on investment property changes

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

Quadrant Properties, led by Mr. Peter Parfitt, was responsible for the valuation of the retail portfolio and the office and industrial properties were valued by CBRE, led by Mr Carlo Geldenhuys. Both valuers are registered valuers in terms of Section 19 of the Property Valuers Professional Act (Act No 47 of 2000). The valuers work independently of each other and their valuations are combined to arrive at the value of the full portfolio.

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 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.

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

IMPACT OF Covid-19 ON THE FINANCIAL STATEMENTS

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

As only essential services tenants could trade, retail collections in April were 39%. From 1 May when the country moved to level 4 and additional stores could trade, collections increased to 50%. The collection rate for June under level 3 increased to 78%. Our collection rate in August had improved to 95%. The company negotiated concessions with tenants during the period of the pandemic. The impact of the concessions was R148 million including bad debt write-offs and changes in the expected credit loss allowances.

The outcome of the negotiations was recognised in the results. The company is pursuing an insurance claim for these losses however insurers are yet to respond to the claim. The longterm impact of the pandemic is still uncertain and is being closely monitored.

DECLARATION AND PAYMENT OF CASH DIVIDEND

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

PROSPECTS

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

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

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

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

SHORT-FORM ANNOUNCEMENT

This Short-form Announcement has been prepared by Ms A.L. Magwentshu CA (SA), in her capacity as Interim 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 3 December 2020 and can be found on the company's website 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/2020/jse/isse/REB/ye2020.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, Office 95 & 95A, Forest Hill City, 6922 Forest Beech Street, Monavoni Centurion, 0157, Attention: Asathi Magwentshu, 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: D Thiele) at no charge, during business hours from 4 December 2020 to 21 December 2020.

The information contained in this Short-form Announcement has not been reviewed or reported on by the company's auditors.

The Full announcement has been reviewed by the company's auditors and their unqualified review conclusion is available on the company's website at <http://www.rebosis.co.za/#investor-relations>. Shareholders are advised that the review conclusion by BDO South Africa Incorporated contains (i) a material uncertainty related to going concern which indicates that the Group's current liabilities exceeded its current assets by R9 830 525 000 and (ii) an emphasis of matter related to prior period adjustment in that the investment property values as at 31 August 2019 were restated to the valuation amounts determined by an independent valuer. Management also reassessed the carrying value of goodwill and restated the 31 August 2019 figure by R45.8 million. The review conclusion was not modified as a result of the material uncertainty and emphasis of matter."

By order of the Board

4 December 2020

Sponsor

Nedbank Corporate and Investment Banking



