Integrated Annual Report 2019

REBOSIS

PROPERTY FUND

Rebosis is a pre-eminent listed black property fund

Seven core values

211 staff

841 574 m² GLA

49.0 million visitors

index

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Rebosis at a Glance

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About this report

SCOPE OF THIS REPORT

Rebosis is a black real estate investment trust (REIT) listed on the main board of the JSE in the Real Estate Investment Trusts: Diversified REITS sector. The company has a diversified property portfolio compromising retail, office and industrial properties. The company has enjoyed its 8th year on the JSE and has grown its assets 6-fold in that time.

This integrated annual report presents the sustainable integrated performance of the group for the year from 1 September 2018 to 31 August 2019. It is targeted at our stakeholders and primarily our shareholders, funders, staff, tenants (both current and future) and the communities that we serve.

The focus of the management team for the year has been on deleveraging the fund through the sale of both commercial and retail assets. The target for the fund is to reduce the loan to value to below 40%, thereby strengthening the balance sheet and improving the rating of the fund. The challenges in the market, from lease renewals and economic conditions, have made progress slow which is detailed more fully in this report.

The sustainability of the business is premised on the defensive and stable nature of the retail portfolio, while in the commercial portfolio the renewal of long-term leases with government tenants provides a secure and predictable revenue stream.

Rebosis aims to communicate content that is useful and relevant in an open and balanced manner. The directors have identified the issues that materially impact the group's ability to create and sustain value. The report therefore contains a measured account of the group's approach to sustainability, that should enable its readers to reasonably evaluate Rebosis' ability to create and sustain value over the short, medium and long-term.

CORPORATE INFORMATION

The group's executive directors are Sisa Ngebulana (Chief Executive Officer), Rob Becker (Chief Investment Officer), Isabeau King (Chief Financial Officer) and Zandile Kogo (Director). They can be contacted at the registered office of the company. For additional contact details please see the inside back cover.

We welcome your feedback and any suggestions for our future reports. Please forward any comments to the Chief Financial Officer (Isabeau King).

KEY DATA

(Registration number: 2010/003468/06)
REA and ISIN: ZAE000240552
REB and ISIN: ZAE000201687
Alpha code: REBI
JSE Main Board sector:
Real Estate – Real Estate holdings and development
JSE share code: REB
JSE share code: REA
Listing date: 17 May 2011
Number of shares in issue:
A ordinary shares: 63 266 012 (2018: 63 266 012)

Ordinary shares: 696 844 874 (2018: 696 844 874)

A hard copy of this integrated annual report is available on request from the CFO.
The report is also posted online at www.rebosis.co.za.

APPLICABLE REPORTING REQUIREMENTS

Rebosis complies in all material respects with the principles contained in the King IV Report, as encapsulated in the applicable regulations. Any King IV principles which have not been complied with are explained.

Rebosis has considered and applied many of the recommendations contained in the International Integrated Reporting Framework issued in December 2013. The board acknowledges that integrated reporting is a journey and is continuing to improve reporting.

The annual financial statements have been prepared in accordance with IFRS, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, JSE Listings Requirements and the requirements of the Companies Act. There were no changes to accounting policies adopted in terms of IFRS apart from IFRS 9 Financial Instruments which impacted the calculation of the allowance for doubtful debts to be based on the expected credit loss model.

ASSURANCE

The company's external auditor, BDO South Africa Inc, has independently audited the annual financial statements for the year ended 31 August 2019. Their qualified audit report is set out on pages 96 to 98. The scope of their audit is limited to the information set out in the annual financial statements on pages 102 to 152.

FORWARD-LOOKING STATEMENTS

This integrated annual report contains forward-looking statements that, unless otherwise indicated, reflect the company's expectations as at 31 August 2019.

Actual results may differ materially from the company's expectations if known and unknown risks or uncertainties affect its business, or if estimates or assumptions prove inaccurate. The company cannot guarantee that any forward-looking statement will materialise and, accordingly, readers are cautioned not to place undue reliance on these forward-looking statements.

The company disclaims any intention and assumes no obligation to update or revise any forward-looking statement even if new information becomes available as a result of future events or for any other reason, save as required to do so by legislation and/or regulation.

RESPONSIBILITY STATEMENT AND REVIEW

The Audit and Risk Committee and the board acknowledge their responsibility to ensure the integrity of this integrated annual report.

Sisa Ngebulana
Deputy Chairman and Chief Executive Officer

Who we are

Our story: This is what we've done

2019

Announced merger discussions with Delta Property Fund

Exited New Frontier Properties

Completed the sale of Mdantsane City to Vukile Property Fund

202 574m² office GLA renewed

2018

Sale of a portfolio of 6 commercial properties in Cape Town to Boxwood.
Sale of industrial property, Island Centre

2017

Sold 29,9% of New Frontier to a Black Consortium. Listed the Rebosis A share (REA)

2016

Acquired Forest Hill and Baywest from the Billion Group and internalised the management companies

2015

Acquired a controlling interest in New Frontier Properties which has 3 dominant UK shopping centres

2014

Acquired Ascension Property Fund with 26 commercial and 2 industrial properties

2013

Approved as a Real Estate Investment Trust (REIT)

2012

Acquired Sunnypark Shopping Centre and 9 commercial properties

2011

Listed on the JSE, in the largest property IPO (initial public offering)

2010

Founded by Sisa Ngebulana

Our values: This is who we are

Our values

Trust | Honesty | Excellence | Teamwork | Compassion | Respect | Accountability |

Our vision

To be the best property fund

Our mission

To lead through people, innovation, optimisation of capital, quality assets

Our strategy: This is where we are going

- Refocus the fund as a retail property REIT;
- Dispose of non-retail assets;
- De-leverage the balance sheet and reduce loan to value to below 40%; and
- Diversify the funder base.

Our performance: This is how we've done

Dividends

	2019	2018	2017	2016	2015
REA cps	nil	252.86	240,82*	n/a	n/a
REB cps	nil	92.83	128,35	119,45	110,41
Total	nil	R790m	R973m	R632m	R572m

* 120,41 paid by Rebosis A ordinary share and 120,41 paid by Ascension (on a converted basis) A ordinary share. The REA share was listed on the stock exchange in April 2017.

Our Top Properties

HEMINGWAYS MALL

Situated in the bustling city of East London in the Eastern Cape, Hemingways Mall is conveniently located at the corner of Western Avenue and Two Rivers Drive, just off the N2 which runs to Port Elizabeth and Mthatha.

This 74 000m^2 super regional mall features an array of entertainment such as a 6-theatre cinema with a 3D offering, Electric Avenue family entertainment centre consisting of a bowling alley, 4D Simulator, various arcade games, kiddies' rides, karts and dodgems.

Close to 200 stores offer anchor tenants which include Dis-chem, Woolworths, Pick n Pay, Checkers, Edgars and to delight customers even further Newscafe, RJ's, Spur, KFC, Panarottis and much, much more. Fashionista's can shop till they drop at some of the best known brands such as Lacoste, Spitz, Guess, Forever New, Fabiani, G-Star Raw, Soviet, Timberland, Cotton On and Levisons.

BAYWEST MALL

Shoppers are spoilt for choice at Baywest Mall, the Eastern Cape's only destination centre, merging fashion, food and fun in a safe and modern environment. Situated conveniently along the N2 freeway in Port Elizabeth's western suburbs, Baywest Mall is within easy reach for shoppers and combines firm family favourites with some never before seen brands. Close to 200 stores offering more fashion, food and fun than any other retail destination in the Bay.

Endless entertainment is on offer in the Fun Factory between the Olympic sized Ice Rink, Ster Kinekor IMAX and Cine Prestige and Nitro Park games arcade, tenpin bowling and dodgem cars.

Shoppers can grab a bite to eat at one of the many tantalizing eateries in the Food Court, whilst keeping an eye on streaming entertainment beamed onto one of the biggest TV screens in South Africa.

FOREST HILL CITY

Forest Hill City is changing the way people shop, live, dine and play. Located at the corner of the R55 & N14 in Monavani, Pretoria West, Forest Hill City has high visibility along the N14 highway. The mall offers a unique shopping experience and entertainment offering. Anchored by Woolworths, Checkers Hyper, Pick n Pay, TFG Stores Group, Truworths, Mr Price Group and Edcon, the nationals are complimented by an exciting line up of specialist fashion retailers and brands that include global brands such as Forever New, Timberland, Cotton On, Fabiani, amongst others, together with a mouth-watering array of fast food and restaurants. The mall also has one of the first of Ster-Kinekors new concept cinemas with the latest in digital projection technology and self-service catering terminals and an Olympic size ice rink capable of hosting international events. Attractions include a heated wave pool, the first in Gauteng.

BLOED STREET MALL

Bloed Street Mall is situated in the heart of Pretoria, central to most suburbs and CBD residential apartments and is a landmark shopping centre that provides an all-in-one retail experience. Its location makes it easily accessible to all commuters. Established more than two decades ago, it continues to provide an exceptional shopping experience to both local and international shoppers. At the Bloed Street Mall you will find a taxi rank in the basement, gym with a spa, anchor tenants such as Game, Superspar and various fashion mix tenants including Spitz, Truworths, Levi, Sportscene and Mr Price.

MDANTSANE CITY

Mdantsane City is a shopping centre situated in arguably the 2nd largest township in South Africa. It is the biggest shopping centre in Mdantsane, located on Qumza Highway. Mdantsane City boasts over 90 shops, with Shoprite, Pick n Pay and Cashbuild as anchor tenants. It accommodates most of the national fashion retailers, Truworths, Woolworths, Foschini, Mr Price, Markham, and many more. The mall also has a gym that is very popular with the community.

*Rebosis disposed of Mdantsane City post the financial period, with transfer taking place with effect from 26 November 2019.

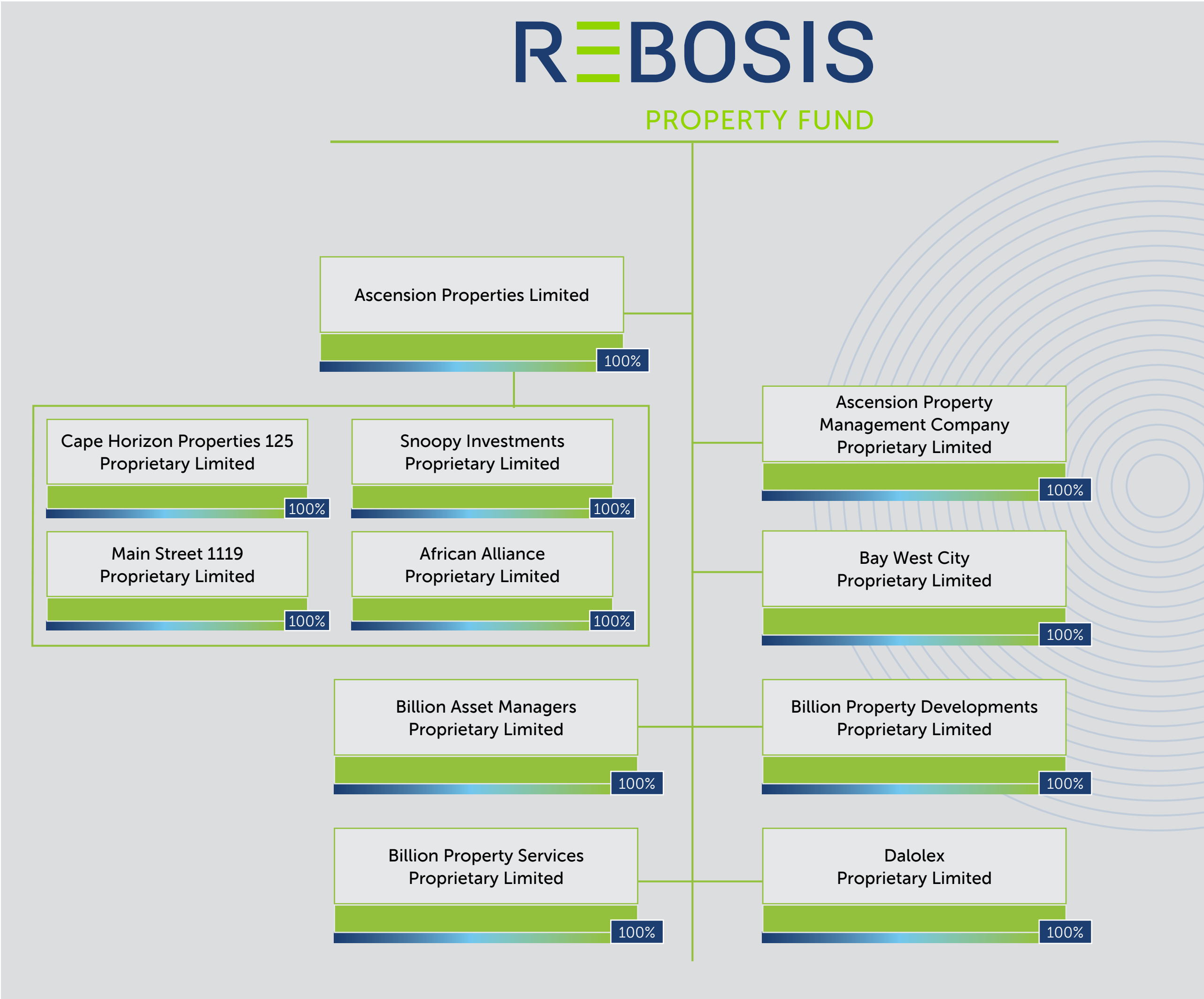
SUNNYPARK SHOPPING CENTRE

The legendary Sunnypark Shopping Centre in the heart of Sunnyside (Pretoria), provides shoppers with the ultimate contemporary shopping experience. Whether you are searching for convenience, fashion, footwear, banking, or something in between, Sunnypark is the go-to hot spot! Grab everything you need at our wide range of stores anchored by the likes of Woolworths, Checkers, Mr Price, Truworths and Foschini. Tuck into something tantalizing at our food court filled with some of the best-loved South African food brands such as Nandos, Wimpy, Debonnairs, Steers, Fishaways, Ocean Basket, and Chicken Licken, or work out at our exclusive Virgin Active gym. No matter what your shopping requirements or daily errands are, get them done all under one roof! Sunnypark Shopping Centre is accessibly positioned close to local and national government buildings, embassies and tourist attractions. Some of these include the National Department of Health, Tshwane University of Technology – Faculty of Science, Department of Basic Education and the Gauteng High Court.

Our top properties in numbers

Building	Baywest City	Forest Hill City	Hemingways	Mdantsane	Bloed Street Mall	Sunnypark
Size in m^2	88 620	73 294	73 829	34 935	26 400	28 930
Valuation R'000	2 144 000	1 793 000	1 877 000	561 486	693 000	756 000
Value per m^2	24 193	24 463	25 424	16 072	26 250	26 132
Footfall (millions)	6 618 345	4 862 134	8 943 257	9 673 772	10 527 687	8 595 793
Number of stores	244	176	168	100	83	89
Weighted average rent/ m^2	129.1	138.0	148.7	118.6	158.2	149.9
Total materials recycled m^3	6006,73	2837,78	3381,01	2225	n/a	Body Corporate
Equivalent of 240l wheelie bins of waste that were saved from landfill	25	11,8	14	9,2	n/a	Body Corporate
Total material disposed m^3	2403,12	971,28	735	582,96	n/a	Body Corporate
Carbon dioxide saved (m^3CO_2)	413 000	239 568	419 488	281 920	n/a	Body Corporate
Water saved (l)	5 087 813	2 944 284	5 102 023	3 750 885	n/a	Body Corporate
Average home swimming pools that could be filled with water @60m^3	84,7	4,9	85	62,5	n/a	Body Corporate
Trees saved	3 309	1 915	3 319	2 440	n/a	Body Corporate
Energy saved (kWh)	1 866 556	1 086 882	2 008 458	1 042 589	n/a	Body Corporate
Mid income homes that could be powered for one year by the energy saving	2 073,9	1 207,64	2 231,6	1 158,4	n/a	Body Corporate

Company structure



Our business model

Our business model is focused on creating shopping centres that are loved by customers and where retailers flourish and providing offices that are sought after and well maintained. This builds on a long-term business that delivers value for our shareholders and stakeholders.


BUSINESS MODEL
WHAT WE DO
We aim to create popular and exciting shopping centres and sustainable offices
Customer fulfilment
Our centres attract customers by offering the right mix of retail, leisure and food
Retailer success
Our locations and flexibility give retailers confidence that they will trade successfully which drives rental income and capital growth
Tenant satisfaction
Our offices provide facilities complying with all health and safety regulations
HOW OUR STRATEGY HELPS US CREATE VALUE
Optimising asset performance
Creating desirable shopping centres and sought after offices
Growth in net rental income
Deliver growth in like-for-like net rental income
Loan-to-value
Reduce loan-to-value to below 40%
Disposals
Dispose of an additional R1.7bn during the 2020 financial year
Corporate action
Evaluate various opportunities to raise capital

Our 2020 strategy

Our overall business strategy for 2020 is to deliver sustainable value for our shareholders and stakeholders through focussing on the following areas:

Operational efficiencies focus

- Continue office lease renewals
- Minimise negative reversions
- Reduce vacancies and costs
- Continue focus on the Forest Hill turnaround

De-leveraging the balance sheet

- Execute disposals on the back of lease renewals
- Continue finding optimal ways to restructure debt
- Optimising underlying asset quality to enhance value

Continue pursuing Delta merger

- Secure capital raise
- Launch scheme of arrangement
- Implement transaction

Five year review

	2019 R'000	2018 R'000	2017 R'000	Restated* 2016 R'000	Restated 2015 R'000
Revenue					
Property income	1 842 144	**2 261 439**	**1 883 818**	**1 394 226**	**1 049 822**
Investment property income	1 905 109	2 087 179	1 949 509	1 396 903	896 124
Net income from facilities management agreement	29 557	22 488	21 951	23 109	21 051
Management fees received	-	4 668	5 416	-	18 891
Listed property securities and related income	-	62 348	-	-	60 262
Straight line rental income accrual	(92 522)	84 756	(93 058)	(25 786)	53 494
Property expenses	(605 476)	(539 006)	(416 276)	(370 752)	(226 735)
Net property income	**1 236 668**	**1 722 433**	**1 467 542**	**1 023 474**	**823 087**
Other operating expenses	(142 104)	(127 428)	(142 457)	(63 040)	(111 831)
Operating income	**1 094 564**	**1 595 005**	**1 325 085**	**960 434**	**711 256**
Net interest	(996 982)	(755 278)	(758 101)	(440 652)	(282 078)
Received	2 946	147 674	87 042	44 750	7 509
Paid	(999 928)	(902 952)	(845 143)	(485 402)	(289 587)
Net operating income	**97 582**	**839 727**	**566 984**	**519 782**	**429 178**
Gain on bargain purchase	-	-	237 121	-	53 756
Other income	4 992	4 621	37 444	1 233	1 707
Changes in fair values	(4 306 399)	(1 768 329)	1 144 032	1 488 427	136 935
Investment property	(1 749 664)	(1 013 622)	1 269 631	1 419 313	80 014
Investment in listed securities	(992 774)	(484 949)	-	-	59 942
Loss on disposal of investment in listed securities	-	-	(26 705)	60	-
Derivatives	1 340	(92 677)	(98 894)	69 114	(3 021)
Loan impairment	(1 424 074)	-	-	-	-
Goodwill impairment	(141 227)	(177 081)	-	-	-
(Loss)/profit before debenture interest and taxation	**(4 203 825)**	**(923 981)**	**1 985 581**	**2 009 502**	**621 576**
Debenture interest	-	-	-	-	(346 811)
(Loss)/profit before taxation	**(4 203 825)**	**(923 981)**	**1 985 581**	**2 009 502**	**274 765**
Taxation	(38 314)	-	-	-	(13 499)
(Loss)/profit from continuing operations	(4 242 139)	(923 981)	1 985 581	1 914 602	261 266
Net result from discontinued operations	-	-	651 853	(135 315)	1 009
Total (loss)/profit for the year	**(4 242 139)**	**(923 981)**	**2 637 434**	**1 874 187**	**262 275**
Investment property at fair value (note 3)	13 878 200	16 682 000	18 608 490	16 996 072	14 555 401
Investment property held for sale (note 4)	1 723 102	1 403 000	212 689	1 156 698	-
Distribution/dividend per share (cents)	Nil	92.83	128.35	119.45	110.41

*Restated relates to discontinued operations (refer to note 37)

Our stakeholders

Our stakeholders include our employees, shareholders, funders, tenants, suppliers, regulators, visitors and communities in which we operate. Enduring partnerships with our stakeholders form a critical element of capitalising on the opportunities arising from our business activities and managing the risks that we face. Key constituencies are considered to be groups who are materially impacted by our business activities. We recognise that our constituencies' interests are dynamic, requiring ongoing analysis and management to determine their needs and respond appropriately.

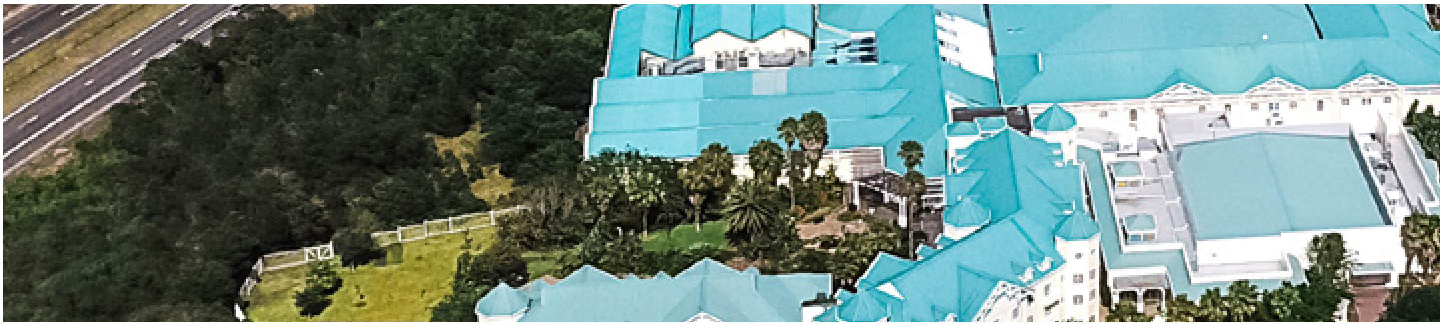
Our approach to stakeholder engagement is to communicate openly and to incorporate actionable and meaningful feedback into our business decisions. We see this as a mutually beneficial process that informs our strategy and at the same time directs a positive reputation within our community.

Rebosis is a member of the following industry bodies:

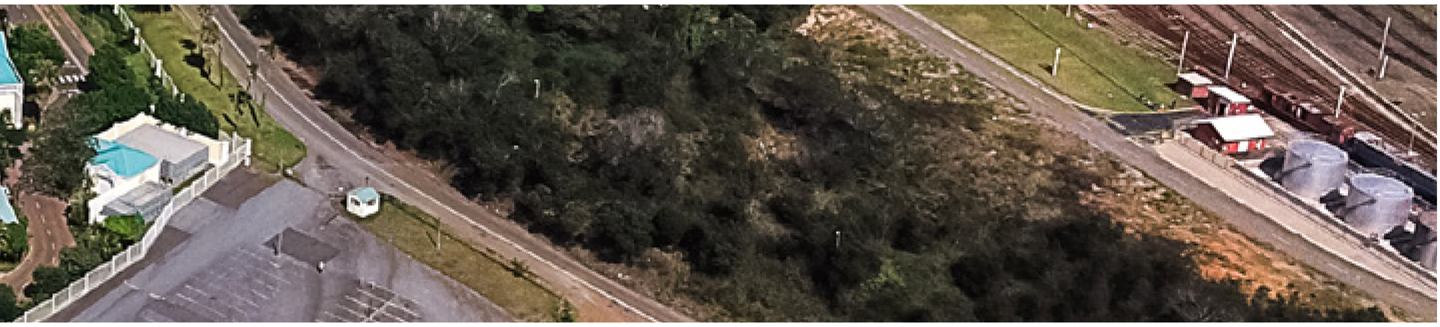
- South African Institute of Black Property Practitioners (SAIBPP)
- South African Property Owners Association (SAPOA)
- South African Council of Shopping Centres (SACSC)
- South African REIT Association (REITs South Africa)

Approach

- The company's good reputation hinges on its relationship with its constituencies. The process for identifying and considering legitimate interests and expectations is reviewed continuously by the board;
- The board oversees the establishment of mechanisms and processes that support community engagement;
- Stakeholders who could materially affect operations are identified, assessed and engaged with as part of the risk management process;
- Timely, relevant and accurate information is provided as appropriate, while considering legal and strategic issues;
- The board ensures that minority interests are considered;
- Ensure the safety and security of tenants, shoppers and employees, as far as possible;
- Engage with tenants, financiers, shareholders, analysts, regulators and local communities on risks and possible mitigation;
- Enhance local communities through our facilities and corporate social investment; and
- Working on continually improving and maintaining broad-based black economic empowerment (B-BBEE) credentials and employment equity.

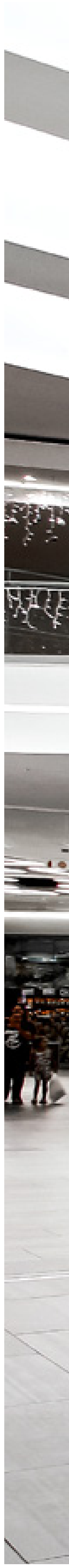


Key constituencies	What matters to them	How we engage	Our response
Employees	• Job security; • Career development and growth opportunities; • Clear and timeous communication; • Remuneration policy; • Code of Ethics and policies; • Skills retention; • Employment equity.	• Job profiles linked to KPIs; • Market related packages and short-term incentives; • Regular gatherings; • Employee wellness initiatives; • Participation in Corporate Social initiatives.	• Motivating employees to deliver our strategy; • Employees who are aligned to our company values; • Skills attraction and retention as well as ongoing skills development; • Non-discrimination; • Hiring competent employees; • Ethical leadership; • Safe working environment.
Investors	• Distribution consistency and growth; • Stable investment performance; • Accessibility of executives; • Timeous information; • Risk management; • Ability to execute on strategy; • Value extraction; • Corporate governance; • Capital appreciation.	• JSE SENS announcements; • Engagement prior to results announcements; • Pre-close discussions and announcements; • Integrated annual reports; • Investor presentations; • One-on-one meetings; • Regular telephone contact with investors.	• Expectations and perceptions of investors are communicated to and addressed by the board; • Transparent, accurate and timely communication.
Funders	• Capital management; • Interest rate management; • Solvency and liquidity; • Governance and compliance; • Risk management; • Timely debt servicing; • Portfolio value; • Credit rating.	• Contractually required information flow; • Regular communication.	• Feedback from meetings is relayed to and dealt with at board level.



Our stakeholders

Key constituencies	What matters to them	How we engage	Our response
Tenants	• Market related rentals and escalations; • Initiatives to enhance shopper experience and to attract new shoppers; • Tenant and landlord communication; • Mall security, management, cleanliness and maintenance; • Continuous supply of utilities; • Consumer spending; • Tenant mix improvements.	• Government – regular communication with the Department of Public Works; • Retail – on-site property management teams; • Print, web, social media and telephonic communication.	• Marketing projects and events to increase footfall; • Effective security presence; • Fun-filled malls that attract visitation.
Suppliers	• Market related contracts; • Fair opportunities for business; • Timely payments; • Clear and timeous communication.	• Procurement processes; • Ongoing engagement.	• Procurement policies and procedures; • Partnership philosophies.
Visitors and shoppers	• Safe and secure shopping environment; • Continuous improvement in shopping experience; • Tenant mix improvements; • Retail and entertainment offering.	• Shopper surveys; • Social media and web communication; • In-mall communication and signage.	• Convenient safe shopping experience; • Unique experience and entertainment.
Local communities and civil society	• New experiences; • Social and economic development; • Investment into communities; • Environmental impact.	• Environmental initiatives; • Corporate Social Initiatives at our properties; • Bursaries; • Involvement in city improvement districts.	• Impacting our communities in a positive way.
Government and regulators	• Legal and regulatory compliance; • Tax compliance; • Employment equity; • JSE Listings Requirements.	• Communication on building compliance; • B-BBEE scorecard; • Tax returns; • Employment equity reporting.	• Compliance with laws and regulations.




WIMPY
LOADS OF VALUE, VARIETY
& FUN IN-STORE!
Lifts
WIMPY
moments

Property portfolio

RETAIL

- 6 high quality dominant malls
- Baywest, Hemingways, Forest Hill, Mdantsane*, Sunnypark and Bloed Street
- Strong national tenant profile
- Secure, escalating income streams
- Weighted average lease expiry of 3.7 years
- Average contractual escalation of 6.7%
- Portfolio by GLA: 326 008 m^2
- Portfolio by value: 50%

*Mdantsane was disposed of and transferred post the reporting date on 26 November 2019.

OFFICE

- 36 predominantly A and B grade well-located properties in nodes attractive to government tenants
- Let primarily to National Department of Public Works under long leases
- Weighted average lease expiry of 3.0 years
- Average contractual escalation of 7.0%
- Shielded from private sector e.g. tenant cash flow and insolvency related default
- Portfolio by GLA: 496 612 m^2
- Portfolio by value: 49%

INDUSTRIAL

- Single-tenanted industrial warehouse in Johannesburg
- Industrial warehouse acquired in March 2013
- Lease underpinned by international listed parent company
- Weighted average lease expiry of 6.3 years
- Contractual escalation of 7.0%
- Portfolio by GLA: 18 954 m^2
- Portfolio by value: 1.0%

REBOSIS PROPERTY PORTFOLIO - LEASE EXPIRY PROFILE

	Retail		Office		Industrial		Total portfolio	
	By rental %	By GLA %	By rental %	By GLA %	By rental %	By GLA %	By rental %	By GLA %
As at 31 August 2019 - Monthly	7.4%	5.9%	14.3%	13.2%	0%	0%	11.5%	10.1%
As at 31 August 2019 - Vacant	0.0%	6.7%	0.0%	6.6%	0%	0%	0.0%	6.5%
31-Aug-20	26.1%	19.2%	26.5%	22.6%	0%	0%	26.0%	20.8%
31-Aug-21	14.1%	9.6%	14.6%	11.4%	0%	0%	14.3%	10.4%
31-Aug-22	12.1%	9.7%	6.9%	6.4%	0%	0%	8.8%	7.6%
31-Aug-23	9.5%	10.1%	0.6%	0.6%	0%	0%	3.9%	4.2%
31-Aug-24	13.9%	16.7%	14.0%	14.5%	0%	0%	13.8%	15.0%
Beyond	16.8%	22.1%	23.1%	24.8%	100%	100%	21.8%	25.4%

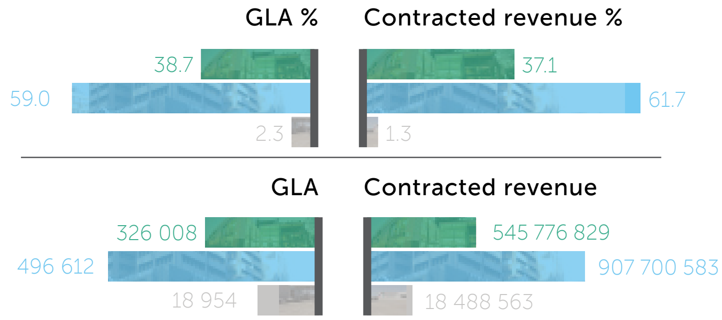
Group portfolio summary

SECTORAL SPREAD %

Number of properties

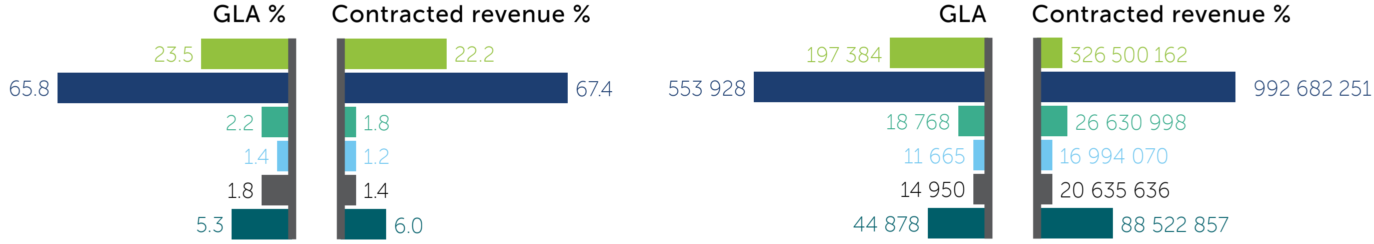
Retail	Office	Industrial
6*	36	1

* Mdantsane Shopping Centre was disposed post the year-end.



GEOGRAPHICAL SPREAD %

Eastern cape	Gauteng	KwaZulu-Natal	North West	Mpumalanga	Western Cape
3*	31	2	1	3	3



Tenant profile %

Rebosis' policy is to grade tenants on the following basis:
A = National and provincial government, large metro municipalities, national retailers and large blue-chip companies
B = Smaller international and national tenants, listed tenants, franchisees and medium to large professional firms
C = Other small tenants

		Rebosis Property Portfolio	
		Gross monthly rental	GLA
A	Retail	29%	30%
	Office	52%	46%
	Industrial	1%	2%
Total A grade		82%	78%
B	Retail	3%	2%
	Office	7%	6%
	Industrial	-	-
Total B grade		10%	8%
C	Retail	3%	2%
	Office	5%	5%
	Industrial	-	-
Total C grade		8%	7%
Total portfolio excluding vacancies		100%	93%
Vacancy	Retail	-	2%
	Office	-	5%
	Industrial	-	-
Total vacancy		-	7%
Total portfolio		100%	100%
Total number of tenants in C Grade		492	
C grade	Retail	183	-
	Office	309	-
	Industrial	nil	-

OCCUPANCY PROFILE AS AT 31 AUGUST 2019

	VACANCY PROFILE By sector by rentable area	WEIGHTED AVERAGE RENTAL PER M² By sector by rentable area	WEIGHTED AVERAGE RENTAL ESCALATION PROFILE By sector by rentable area	AVERAGE ANNUALISED PROPERTY YIELD By sector by rentable area
Retail*	6.66%	R139	6.69%	5.41%
Office	6.65%	R124	6.95%	11.30%
Industrial	0%	R81	7.00%	11.27%
Total	7%	R129	6.85%	7.92%

Investment property profile

as at 31 August 2019

PROPERTY	LOCATION	TOTAL GLA	OFFICE GLA per m^2	RETAIL GLA per m^2	VALUATION (R'000)	VALUE m^2	WEIGHTED AVE RENTAL per m^2 excl. vacancy
BLOED STREET MALL	GAUTENG	26 400		26 400	693 000	R 26 250.0	R 158.2
HEMINGWAYS SHOPPING CENTRE	EASTERN CAPE	73 829		73 829	1 877 000	R 25 423.6	R 148.7
SUNNYPARK	GAUTENG	28 930	1 423	27 507	756 000	R 26 132.0	R 149.9
FOREST HILL CITY	GAUTENG	73 294		73 294	1 793 000	R 24 463.1	R 138.0
BAYWEST MALL	EASTERN CAPE	88 620		88 620	2 144 000	R 24 193.2	R 129.1
RETAIL		**291 073**	**1 423**	**289 650**	**7 263 000**	**R 24 952.5**	**R 141.2**
124 MAIN STREET	GAUTENG	20 818	20 818		359 000	R 17 244.7	R 184.5
18 RISSIK STREET	GAUTENG	11 204	11 204		209 000	R 18 654.1	R 243.7
189 SCHOEMAN STREET	GAUTENG	19 332	19 168	164	297 000	R 15 363.1	R 138.0
28 HARRISON STREET	GAUTENG	20 984	20 140	844	262 000	R 12 485.8	R 106.2
64 ELOFF STREET	GAUTENG	4 938	4 415	523	67 000	R 13 568.2	R 144.1
99 MARKET STREET	GAUTENG	11 659	11 659		130 000	R 11 150.2	R 125.5
BANK OF LISBON	GAUTENG	14 599	14 053	546	190 000	R 13 014.5	R 84.7
JABU NDLOVU	KWA-ZULU NATAL	11 455	11 455		142 000	R 12 396.8	R 124.3
LIBERTY BUILDING	GAUTENG	33 885	33 885		535 000	R 15 788.7	R 128.3
REVENUE BUILDING	KWA-ZULU NATAL	7 314	7 314		71 000	R 9 707.6	R 113.2
ARBOUR SQUARE	GAUTENG	9 206	5 951	3 255	135 000	R 14 663.9	R 127.3
SALU BUILDING	GAUTENG	30 354	30 354		541 000	R 17 823.0	R 136.5
11 DIAGONAL STREET	GAUTENG	37 160	35 069	2 091	700 000	R 18 837.5	R 112.8
VICTORIA MXENGE	GAUTENG	24 720	24 720		628 000	R 25 404.5	R 0.0
174 VISAGIE STREET	GAUTENG	13 537	13 537		172 000	R 12 705.9	R 153.0
238 ROAN CRESCENT	GAUTENG	9 035	9 035		112 000	R 12 396.2	R 95.8
373 PRETORIUS STREET	GAUTENG	13 340	13 340		155 000	R 11 619.2	R 157.1
BATHOPELE BUILDING	GAUTENG	11 500	11 500		175 000	R 15 217.4	R 123.4
GAME BUILDING	GAUTENG	21 438	14 207	7 231	309 000	R 14 413.7	R 127.9
INFINITY OFFICE PARK	GAUTENG	12 681	12 681		238 000	R 18 768.2	R 133.7
KINGFISHER	GAUTENG	1 405	1 405		18 500	R 13 167.3	R 81.6

Investment Property Profile
as at 31 August 2019

MEYERSDAL	GAUTENG	4 957	4 957		58 000	R 11 700.6	R 106.4
NBC	GAUTENG	10 000	10 000		93 000	R 9 300.0	R 0.0
SCHREINER CHAMBERS	GAUTENG	18 815	17 048	1 767	245 000	R 13 021.5	R 136.0
SURREY HOUSE	GAUTENG	11 840	10 908	932	220 000	R 18 581.1	R 150.6
VWL BUILDING	GAUTENG	17 989	17 989		238 000	R 13 230.3	R 107.2
SIGMA BUILDING	WESTERN CAPE	3 751	3 305	446	46 700	R 12 450.0	R 157.3
SPECTRUM	WESTERN CAPE	7 550	7 292	258	100 000	R 13 245.0	R 138.6
OFFICE		**415 466**	**397 409**	**18 057**	**6 446 200**	**R 15 515.6**	**R 126**
ANTALIS	GAUTENG	18 954			164 000	R 8 652.5	R 81.3
INDUSTRIAL		18 954	0	0	164 000	R 8 652.5	R 81.3
MDANTSANE CITY SHOPPING CENTER	EASTERN CAPE	34 935		34 935	561 486	R 16 072.3	R 118.6
MEDSCHEME	GAUTENG	6 792	6 792		109 880	R 16 177.9	R 122.0
MISHUMO HOUSE	GAUTENG	6 154	6 154		70 338	R 11 429.6	R 144.0
SWISS HOUSE	GAUTENG	8 008	6 902	1 106	127 005	R 15 859.8	R 117.0
PROROM	MPUMALANGA	6 431	5 474	957	54 232	R 8 432.9	R 102.7
RIVERPARK	MPUMALANGA	4 216	4 216		63 015	R 14 946.6	R 128.0
RIVERVIEW	MPUMALANGA	4 303	4 303		50 146	R 11 653.7	R 141.9
SASSA CAMPUS	NORTH WEST	11 665	11 665		147 000	R 12 601.8	R 0.0
GRAND CENTRAL	WESTERN CAPE	33 577	20 164	13 413	540 000	R 16 082.4	R 147.0
HELD FOR SALE		116 081	65 670	50 411	1 723 102	R 14 844.0	R 115.5
TOTAL		841 574	464 502	358 118	15 596 302	R 18 532.3	R 128.7

Significant subsidiaries

ASCENSION PROPERTIES

Ascension is a wholly owned subsidiary of Rebosis with a portfolio of 21 office properties in Gauteng, Mpumalanga and the Western Cape. These properties are largely tenanted by government departments.

Since Ascension's listing, the company had a capital structure consisting of an A- and B- share. In 2014 Rebosis acquired 32% of the shares in Ascension. A further 20% was acquired in 2015 which gave Rebosis on effective shareholding of 59%. During 2017 Rebosis acquired full control of Ascension by issuing the Rebosis A-ordinary shares which replaced the Ascension A shares.

BAYWEST CITY

Baywest City Proprietary Limited is a wholly owned subsidiary of Rebosis which owns Baywest Mall, an 88 620m^2 A-grade regional shopping centre. The mall opened in Port Elizabeth on 21 May 2015.

BILLION PROPERTY DEVELOPMENTS (FOREST HILL CITY)

Billion Property Developments Proprietary Limited is a wholly owned subsidiary of Rebosis which owns Forest Hill City Shopping Centre, located in Centurion, Gauteng and opened on 29 May 2014. This A-grade regional shopping centre comprises approximately 73 294m^2 of retail shopping.

Significant associate

NEW FRONTIER PROPERTIES LIMITED

The investment in New Frontier was disposed of during the financial year. The company has no remaining commitments or exposure relating to New Frontier.


sunnypark

Leadership

2

Board of Directors

DR ANNA MOKGOKONG

Independent non-executive chairperson
Age: 62
Qualifications: Bsc, MBCHB, D Comm (hc)
Date of appointment: 12 April 2011
Honorary Consul General of Iceland in Pretoria

Dr. Mokgokong is a co-founder and executive chairperson of Community Investment Holdings (Pty) Ltd, a 100% black owned company founded in 1995. She is a well renowned business figure in South Africa and globally with widespread experience in healthcare, academia and commerce.

She is recognized as a senior director of companies on the Johannesburg Stock Exchange as she serves on the boards of five listed companies namely: Non-executive chairperson of Afrocentric Investment Corporation, Rebosis Property Fund Limited and Jasco Electronics Holdings Limited and non-executive director of companies and first female director of Shoprite Holdings Limited, the largest retailer in Africa. In 2019 Dr Mokgokong was appointed as a non-executive lead independent director at Adcock Ingram Holdings Limited, a leading pharmaceutical manufacturer.

She also serves on numerous non-listed entities, including Seriti Coal which she chairs and is the second largest coal supplier to Eskom utility.

She has received numerous local and international accolades as a community and business leader, including SA Businesswoman of the Year (1999) and one of the Leading Women Entrepreneurs of the World (1998).

Most recently she received a Life Time Achievement Award (2018) from Premier David Makhura (Gauteng Province) by the Township Entrepreneurship Awards.

She has served in numerous councils of academic institutions as well as civil society commissions such as The Independent Commission for Remuneration of Public Office Bearers, where she was appointed as deputy chairperson by former President Mr Thabo Mbeki (from 2004 – 2009); She was also a commissioner of the Interim National Defence Force Commission (SANDF) (from 2009 – 2013).

She is a social activist and passionate about women empowerment and transformation to bring about equality in the economy of South Africa.

She was appointed Honorary Consul General of Iceland in Pretoria (2017). The North-West University (NWU) installed Dr Anna Mokgokong, as its third and first female chancellor (November 2019).

Dr. Anna is very passionate about women empowerment and annually host an event where she grooms and mentor's young female future leaders. She is very active in philanthropy as a contribution to her community and society.

DR SISA NGEBULANA

Deputy chairman and chief executive officer
Age: 53
Qualifications: BJuris, LLB, LLM
Date of appointment: 12 April 2011

Dr Sisa Ngebulana is the CEO of Rebosis. Sisa founded the Billion Group in 1998 and Rebosis in 2010. Sisa has won various awards: Entrepreneur of the Year Award (2006), Pioneer award (2014), African Business Excellence (2014).

An admitted attorney of the High Court of South Africa, he practised with Jan S de Villiers Attorneys in commercial litigation before joining Eskom for seven years as legal counsel specialising in property and finance.

He is a past president of the South African Council of Shopping Centres (SACSC), and has been a director of the Attfund group, Truworths International and the Construction Industry Development Board (CIDB).

Sisa has single handedly developed a number of regional shopping malls in SA, including Hemingways Mall, Forrest Hill City, Mdantsane City, B.T. Ngebs City and with Abacus Asset Management and Bay West City in Port Elizabeth.

ROB BECKER

Chief investment officer
Age: 57
Qualifications: BAcc CA(SA), MBA
Date of appointment: 01 August 2018.

Rob is a Chartered Accountant having served articles at Deloitte. He read for a Master of Business Administration at Brunel University in the United Kingdom.

Rob has 25 years' experience in large corporates having served as chief financial officer of Sun International Limited, Nampak Limited and Robertsons Holdings.

Rob has executed numerous acquisition and disposal strategies and has international corporate finance experience in Africa, Europe and South America. More recently Rob had been running his own private equity advisory business.

ISABEAU KING

Chief Financial Officer
Age: 45
Qualifications: B.Com (Acc) Cum Laude, B.Com (Hons)(Acc), CA(SA), CMA
Date of appointment: 01 December 2018

Isabeau has 19 years of experience in financial management roles. She has been instrumental in the design and implementation of various new reporting systems.

She also has a wealth of experience in corporate governance and reporting.

She started her career as audit manager at Deloitte where she played an integral part of establishing the Professional Standards Review department. From there she moved to Sun International as group financial manager in 2002. Staying in the hospitality industry in 2008 she furthered her career as chief financial officer at Accor Southern Africa. In 2012 she moved to Barloworld Limited as group financial manager for five years, after which she joined the Equipment division as chief financial officer - corporate office.

ZANDILE KOGO

Executive Director
Age: 43
Qualifications: BAdmin, ILDP, RMDP
Date of appointment: 03 November 2017

Zandile has a wealth of experience in the Property Industry, in both developments and existing portfolios. She started her career with Rebosis in retail developments, then moved to leasing where she headed up retail leasing for the company. Zandile has a very strong retail background, with more than 10 years of fashion retail experience (heading up retail operations in different provinces for over six different fashion retail brands).

FRANCOIS FRONEMAN

Independent non-executive director
Age: 53
Qualifications: B. Com (Hons), CA (SA), Member of IRBA
Date of appointment: 08 February 2017

Francois Froneman is a founding partner, chartered accountant and registered auditor with Middel & Partners and has 22 years' experience in auditing with in-depth expertise in the property sector, imports and exports, manufacturing, mine contracting, software development and franchising. He has also advised clients on implementing proper financial management and controls, setting up internal audit procedures and processes, performed numerous business analysis and valuations and assisted clients in the preparation of IFRS financial statements.

NOMFUNDO QANGULE

Independent non-executive director
Age: 52
Qualifications: CA (SA), CAI, CAIB (SA)
Date of appointment: 26 April 2012

A qualified chartered accountant, Nomfundo has extensive experience in corporate finance and private equity and was previously the chief financial officer of Harmony Gold Limited.

She serves on the UNISA Foundation and is chair of the audit committee of Afrocentric Limited and a member of the investment committee of KZN Growth Fund. Nomfundo is a former chair of the audit committee of Spescom Limited.

THABO SEOPA

Independent non-executive director
Age: 55
Qualifications: B Acc, Hdip Tax, MDP
Date of appointment: 26 April 2012

Thabo is the former managing director of Trudon Proprietary Limited.

Prior to this he spent over seven years as an investment banker with HSBC and UBS in corporate finance and mergers and acquisitions.

He was also a member of the South African Institute of Stockbrokers, a member of the audit committee of Johannesburg Property Company and a director of Barnard Jacobs Mellet Holdings. Thabo currently serves as a trustee for the Red Cross Children's Hospital Foundation and is chairman of Pridwin School.

MAURICE MDLOLO

Independent non-executive director
Age: 55
Qualifications: Bachelor's degree - University of South Africa
Date of appointment: 08 February 2017

Maurice Mdlolo, non-executive director of Emerging African Property Holdings (Pty) Ltd, MLC Quantity Surveyors (Pty) Ltd and chief executive officer of Umthombo Property Investments (Pty) Ltd, has a comprehensive track record of delivery in the property sector.

Maurice is the former managing director of Liberty Group Properties (Pty) Ltd, former CEO of Akhona Broll Properties (Pty) Ltd and the former CEO of Motseng Marriott Property Services (Pty) Ltd. His other roles included senior manager of real estate for Woolworths Holdings Limited and senior manager of properties at Eskom Holdings Limited and Caltex Oil SA (Pty) Ltd. He has over 20 years of experience in property development, property investment, property management, leasing, acquisitions, disposals and project management. Maurice holds a degree from the University of South Africa and various management courses from various business schools. He also served as a non-executive director at the South African Council of Shopping Centres and at Synergy Income Fund Limited.

JACO ODENDAAL

Independent non-executive director
Age: 59
Qualifications: Personnel Management Diploma
Date of appointment: 12 April 2011

Jaco successfully managed his own property development and leasing company for 33 years.

In 2002 Jaco headed up a number of developments, notably the Cape Gate Precinct in joint venture with Hartwig Trust. In 2005 he co-founded Abacus Asset Management and has been involved in various other developments, namely the award-winning Mooirivier Mall in Potchefstroom, the Matlosana Mall in Klerksdorp, the Waterstone Village in Cape Town, the Eikestad Mall in Stellenbosch, the Dainfern Square in Johannesburg, the Sanctuary in Cape Town as well as with Billion Group Bay West City in Port Elizabeth. During the past five years he has expanded this business into property acquisitions in Germany and Switzerland.

MANDE NDEMA

Company secretary
Age: 45
Qualifications: B.Soc.Sci, LLB, PMD (GIBS), Certificate in Property Investment & Practise, Post Graduate Diploma in Marketing & Supply Chain Management.
Date of appointment: 12 April 2011

Mande is an admitted attorney of the High Court of South Africa (admitted in January 2001) having specialised in commercial law and corporate governance. He now specialises in all aspects of JSE Listings Requirements, the King Code and the Companies Act and is responsible for the flow of information to the Board and its committees and ensuring compliance with board procedures, legislation and regulations.


LIFE'S BETTER
IN BOARDSHORTS
BILLABO

Chairman's letter

Dear stakeholder,

The company's performance for the year to 31 August 2019 is set against a backdrop of continued global economic uncertainty and domestic socio-economic headwinds. Notwithstanding these challenges, the company has achieved good operational efficiencies in difficult trading circumstances, with good progress on lease renewals and containing vacancies.

Background

South Africa is not immune to the impact of the ongoing trade war between the US and China, which exacerbates Rand volatility and impacts the trading deficit. In the UK, ongoing Brexit negotiations continue to wreak havoc on the local property market with significant negative reversions in property valuations as more companies file for company voluntary administration.

Locally, stagnant growth, possible future ratings downgrades and low investor sentiment amidst power black-outs and concerns over the long-term effects of the bail-out of state owned enterprises continue to drag down the economy.

The negative sentiment created by policy uncertainty and the protracted renewal process of government leases, combined with exorbitant increases in rates and utility charges continue to impact both sovereign underpinned and retail shopping centre funds alike.

Analyst consensus is that this negative cycle is considerably more protracted than prior economic periods and in the property sector, falling rentals, poor consumer and business confidence, contracting valuations along with increasing rates, utility charges and vacancies all impact the bottom line.

As a board, we are aware that during times like these, the market prices for certainty, measured by quality of earnings and balance sheet strength.

With loan to value levels of 60.9% at the end of the reporting period, it remains our first priority to deleverage the balance sheet.

Financial review

Distributable income decreased by 71% from R971 million to R226 million during the year under review. Once-off items contributed R250 million to the decline. Finance income decreased by R190 million as a result of lower income from cross-currency swaps as well as the loss of income due to the BEE consortium and the Charitable Trust. Income was further reduced by bad debt provisions of R61 million and a tax expense of R38 million.

Cost of funding increased from 9.3% to 9.8% largely due to the increase in the prime lending rate as well as the refinancing of some short-term JIBAR-linked facilities to prime-linked facilities.

Borrowings decreased to R10.1 billion from R10.8 billion, following the R888 million disposal and transfer of the portfolio of office properties in the prior financial year. It is expected that the transfer of the Mdantsane Shopping Centre and Mafeking student accommodation (mentioned later on in this report) will further reduce borrowings in the current financial year.

Loan to value increased from 51.6% to 60.9% as a result of the write-down of the New Frontier Properties investment and the devaluation of assets. We continue to engage with our major funders, who remain supportive of our disposal and turn-around strategy.

Ms. King will provide more details in her Chief Financial Officer's report.

In light of the company's efforts to strengthen the balance sheet, no distribution was declared for the 2019 financial year.

Disposals and portfolio performance

In the prior financial year, we published a disposals roadmap that would see Rebosis sell approximately R7.5 billion of office and non-core retail assets. This will reduce the company's loan to value significantly and refocus Rebosis as a retail biased fund.

A portfolio of offices was subsequently disposed of for an amount of R888 million and transferred in the prior financial year, with several other disposal announcements made via the JSE's Stock Exchange News Service.

A number of these office disposals were contingent on the successful renewal of government leases. I am pleased to report that during the year, 202 574m^2 of office space was renewed. We expect negotiations on a number of office disposals to be completed and transferred in the current reporting year.

I wish to assure our shareholders and funders that disposals will not be done at any cost. We are acutely aware of our responsibility to shareholders to extract value from these disposals and will not sell assets where it does not make commercial sense.

We successfully disposed of Mdantsane Shopping Centre for a final purchase consideration of R516.5 million – transfer was effective post the year under review on 26 November 2019 – as part of a bulk transaction. Agreement with the purchaser on the appropriate price for our Bloed Street and Sunnypark assets could not be reached and we reverted to parties who initially indicated higher offers for each of these assets. These negotiations are still ongoing, and the market will be updated in due course.

In November 2019, we concluded the disposal of an office asset converted to student accommodation for a consideration of R141.2 million. Since this is a Category 2 related party transaction in terms of the JSE's Listings Requirements, a circular will be distributed to shareholders for approval of the transaction during the first half of January 2020. The salient dates and times pertaining to the required approval by Rebosis shareholders will be released on SENS and published in the press at the time of posting of the circular.

On the retail front, aggressive initiatives by management resulted in a robust retail trading performance with positive trading density and footfall growth, indicating market share gain. Dr Ngebulana will elaborate on the operational performance of the company in his CEO's review.

New Frontier Properties disposal

In July this year Rebosis disposed of its entire 49.35% shareholding in UK shopping mall owner New Frontier Properties Limited for a nominal amount. The investment was subsequently impaired by R2.4 billion.

The disposal follows ongoing pressure on the Rebosis share price as a result of the ongoing challenges New Frontier is facing as a result of declining shopping centre valuations in the United Kingdom as a result of, amongst other matters, Brexit.

As mentioned in my letter last year, management presented a number of options to deal with the New Frontier challenges which included a possible delisting and the disposal of our interest in the company. Subsequently, numerous parties approached Rebosis to acquire its New Frontier shares which culminated in Rebosis concluding the agreements.

Proposed merger with Delta Property Fund

As a board we remain supportive of the proposed merger with Delta Property Fund. The merger will result in a diversified fund of scale with a gross asset base valued at around R28 billion.

The unique positioning of the new fund with exposure to early stage, dominant retail assets and the largest landlord of reference to government tenants should result in enhanced liquidity and potential value upside for shareholders.

From an asset optimisation point of view, the transaction will improve the weighted average lease term across the combined portfolio and allow for capex to upgrade assets under the balance sheet restructure.

We are continuing to engage with our largest shareholders and funders within the scope allowed by the Takeover Regulation Panel on balance sheet optimisation through a unique capital raise, the reduction of the combined fund's loan to value to below 40% and the renegotiation of more market related funding rates on the back of optimal asset quality and lower debt exposure.

CSI, empowerment and corporate governance

Notwithstanding the board and management's focus on strengthening the balance sheet, we remain cognisant of our responsibility as a corporate citizen to continuously promote empowerment and corporate social investments and strive for the highest corporate governance standards. This integrated report elaborates on our progress in this regard, and I draw your attention especially to the good work done at shopping centre level on recycling and carbon footprint reduction.

Outlook

Going forward, the company will continue to focus on optimising key efficiencies, including vacancy reduction and the renewal of the remaining expired leases to improve WAULT.

There will further be more emphasis on the disposal programme on the back of lease renewals.

These initiatives are expected to improve the company's WAULT and lead to a better credit profile, especially in light of expiring debt.

Conclusion

I wish to thank my fellow board members for their support and guidance. On behalf of the board, I commend the executive team for their tenacity and dedication during a frustrating year where results were not reflective of the efforts and personal time invested.

Lastly, I wish to thank our stakeholders for their ongoing support and willingness to engage as we negotiate this volatile period.

Dr Anna Mokgokong
Chairman

20 December 2019

Chief Executive Officer's report

Overview

We have seen a combination of good and bad in this past financial year.

Our operational performance has been excellent with a 100% success on lease renewals, positive footfalls, trading densities and turnover growth on our retail centres, debt renewal despite constrained balance sheet, retained key staff and executives despite tough challenges outlined below and ongoing support of all stakeholders.

We have however equally had the most difficult period in our history, with our UK investment and the negative impact of Brexit on valuation yields on shopping malls that saw yields move some 300 basis points and above resulting in negative equity, implying that we had to write off earnings that made up a huge part of our earnings and dividends from the investment in New Frontier as well as impair a massive R2.4 billion of investment.

Reflecting on the UK investment at the time an investment decision was made, the UK presented itself as a top investment destination due to centuries of stability, same language, similar laws, entrenched and enforceable property rights, strong rule of law and enforcement, market liquidity due to massive investor base and appetite, excellent macro economic matrix at the time like 3.5% GDP growth, very low inflation, real wage increases, positive consumer spend and business confidence, etc.

The result of the UK impairments on our earnings was a huge drop in our B share earnings, and, on the balance sheet the impact was a high loan to value ('LTV'), which could be dealt with through disposal of assets strategy. This disposal strategy was announced in the prior period in anticipation thereof, and, while we achieved the first batch of disposals in Cape Town six buildings the listed property sector confidence waned and this impacted on overall property sector making further disposals difficult.

Several macro-economic headwinds, discussed in more detail in the Chairman's letter, exacerbated an already precarious situation. In light thereof, the Board decided to rather preserve capital and not declare a dividend for the first time, so as to redeploy same in the business on capex and debt reduction.

In light of ongoing macro-economic challenges, low business and consumer confidence and space oversupply, renewal reversions impacted rental income by a negative 6.4% and, despite these challenges, a like-for-like increase in net property income of 0.4% was achieved. This reflects well on the quality of our assets in South Africa in a tough operating environment, as many office properties came up for renewals after long 10 year leases with above inflation escalations resulting in rent reversions.

Operational performance

Retail

The consistent implementation of aggressive initiatives throughout the year resulted in a robust retail performance, with retail footfall increasing on average by 2.5% and trading densities by 5.4%, indicating market share gains.

The core retail portfolio consisting of Baywest Mall, Hemingways Mall and Forest Hill City are differentiated by their strategic locations and exceptional family entertainment offering, resulting in strong footfall.

Baywest Mall and Hemingways Mall reported trading densities of 8.1% and 5.1% respectively, against an IPD average of 1.1% (annualised as at 1 June 2019). Forest Hill lagged this performance, reporting a 0.8% decline, however interventions and marketing efforts are encouraging as the last quarter monthly average for the mall showed an increase in trading density of 9.5%.

Rebosis' community centres reported equally positive trading densities as a result of accessibility, public transport access and its customer base being less exposed to economic cycles.

Mdantsane City and Bloed Street Mall reported trading densities of 6.6% and 8.9% respectively, against an IPD average of 1.7%. Sunnypark lagged the IPD average slightly at 1.3% but reported a last quarter average of 3.6%. Mdantsane was disposed of during the year for a final settlement amount of R516.5 million and transferred post year-end on 26 November 2019.

The WAULT for the retail portfolio remained healthy at 3.7 years against an overall portfolio WAULT of 3.3 years .

Vacancies increased to 6.7% year-on-year, mainly as a result Edcon downsizing and Forest Hill loss of tenants, underscoring an otherwise improvement on vacancies fill ups, despite poor consumer spending, low business confidence and space oversupply.

Baywest Mall saw a massive improvement on occupancies, despite Edcon brands closures and Edgars downsizing, with new leases totalling GLA of 3 029m^2, with now only GLA of 5 892m^2 remaining vacant.

At Forest Hill City, the company achieved a 75% success rate in renewing or signing new leases, despite its prior year challenges. A total GLA of 15 927m^2 was renewed during the reporting year, against a total expiry of 23 090m^2, and, new leases totalling GLA of 2 107m^2 were concluded. At the time of writing, a further 1 250m^2 of GLA was under negotiation with imminent conclusion.

Reversions in the retail sector, excluding Forest Hill City, amounted to -6.0% (-25.8% including Forest Hill City).

> "I wish to thank the board for their ongoing support and guidance, as well as my fellow executives and staff for their unwavering commitment during a very tough year. Finally, I would like to thank our shareholders and funders for their ongoing input, engagement and trust in our strategy to return Rebosis to a positive value proposition."

In the retail portfolio, a total of 102 leases were concluded at an average contractual escalation of 5.9%. GLA totalling 36 424m² was renewed against an expired GLA of 51 177m². GLA of 4 750m² remains outstanding with non-renewals totalling GLA of 10 003m².

Retail rental averages across the retail portfolio remain competitive with an average rent to sale ratio of 7.1%. Both regional and small regional centres compare well at 7.9% and 5.4%, against IPD averages of 9.0% and 8.6% respectively.

Commercial offices

Excellent progress was made with commercial office lease renewals with GLA of 202 574m² being renewed, mostly on 5-year terms and contractual escalations of 6.4% per annum.

A historic GLA of 60 907m² comprised of 4 buildings (City of Tshwane 2 let buildings, Western Cape DPW let building and KZN Provincial DPW PMB building) remain outstanding. These are under negotiation and should conclude in the current year.

The expiring gross rentals on provincial and national government leases averaged R149.68 per square meter with average gross rentals of R115.59 being achieved on renewed leases.

This equates to a 10.5% reversion, excluding renewals at 124 Main Street, 189 Schoeman Street, 18 Rissik Street and 99 Market Street (22.5% reversion across the commercial office portfolio if all properties are included.)

Office vacancies decreased from 7.7% in the prior financial year to 6.4% for the year under review. The WAULT for the office portfolio increased from under 1 year to a healthy 3.3 years.

During the reporting year, Rebosis entered into a sales agreement of its Mafeking student accommodation asset for a total consideration of R141.2 million. This asset was converted from offices to student accommodation, and Rebosis will consider further re-appropriation strategies where it makes commercial sense. The disposal is subject to shareholder approval, scheduled for the first quarter of the 2020 calendar year.

Several office disposals were contingent on the renewal of leases. Rebosis' focus in the current year is to conclude these outstanding sales agreements.

Capex

Defensive capex totalling R41.5 million was invested during the year. These include:

- Hemingways Mall: upgrade of four entrances, external façade painting and elevator upgrades (R10 million)
- Baywest Mall: new tenant installations (R5 million)
- Forest Hill City: new tenant installation (R5 million)
- Sunnypark: Escalators upgrades (R2 million)
- VWL building: Elevator and aircon upgrades (R8 million)
- 11 Diagonal Street: Aircon and building upgrades (R6 million)
- Grand Central: Elevators upgrades, new automation systems (R3 million)
- Liberty building: Building and elevators upgrades (R2.5 million)

Strategic outlook

During the current year, Rebosis announced the potential merger with Delta Property Fund. There are many synergies that can be achieved if the merger went ahead as detailed on our sens announcements.

We will continue to deliver on the turn-around strategy including exploring possible rights issuance, private equity offers and any proposals to unlock value for shareholders and overcome balance sheet challenges.

Other key fundamental strategies in running the business continue, with ongoing focus on operational efficiencies. These will be achieved through ongoing office lease renewals, minimising negative reversions, the reduction of vacancies and costs as well as the successful turnaround of Forest Hill City.

The balance sheet will be strengthened through execution of the disposal programme on the back of lease renewals and finding optimal ways to structure debt as well as optimising the quality of the portfolio to enhance value.

Appreciation

I wish to thank the board for their ongoing support and guidance, as well as my fellow executives and staff for their unwavering commitment during a very tough year. Finally, I would like to thank our shareholders and funders for their ongoing input, engagement and trust in our strategy to return Rebosis to a positive value proposition.

Dr Sisa Ngebulana
Chief Executive Officer

20 December 2019

Chief Financial Officer's report

PORTFOLIO ASSETS AND DISPOSALS

The total portfolio of investment properties was valued by our independent valuers, Dipeo Valuations (on the retail portfolio) and DNA (on the commercial portfolio). All properties are reflected at fair value. At 31 August 2019, the group's portfolio was valued at R13.878 billion (2018: R16.682 billion) and the company portfolio was valued at R7.761 billion (2018: R9.481 billion). These values exclude the investment property held for sale of R1.723 billion (2018: R1.403 billion). The weighted average capitalisation rate of the total portfolio is 8.27% (2018: 7.97%). The reversions in leases have had a negative impact on the valuations. BDO appointed their own valuer to provide them with an independent value of the portfolio. Based on the valuations performed by Quadrant Properties a value of R13.3 billion was determined. The Rebosis board do not agree with their value. BDO issued a qualified opinion highlighting the difference of the valuations from the various professional valuers. In note three of the annual financial statements we disclose our underlying assumptions of our valuations. Refer to the director's report for more detail.

In terms of IAS 40: Investment property and IFRS 13: Fair value measurement, investment properties are measured at fair value through profit or loss using valuation inputs which are categorised as level 3 on the fair value hierarchy. There were no transfers between levels 1, 2 and 3 during the year.

On 10 May 2018, the company, through its wholly owned subsidiary Ascension Properties Limited, concluded sale agreements to dispose of the property letting enterprises in respect of the properties known as 14 Long Street, 45 on Castle, Bergstan building, Matrix building, Nedbank building and Rebosis House for a net aggregate consideration of R868 million to Boxwood Property Investment Fund (Pty) Limited (Boxwood). The proceeds were used to settle debt and the properties were transferred on 4 October 2018.

On 29 July 2019, the company disposed of its 49.35% interest in New Frontier Properties Limited (New Frontier) via separate sale agreements of its seven wholly-owned subsidiaries for a consideration of R100 each, which each have a shareholding in New Frontier. Rebosis disposed of the entire issued share capital in, and the claims of each subsidiary, being any amount owing by the subsidiary to the company in respect of claims receivable by the subsidiary from New Frontier. The carrying value of its investment in New Frontier at the time of the disposal comprised:

- Direct investment value of R109 million;
- Loan to New Frontier of R180 million; and
- Vendor loan of R65 million.

This full value has been impaired in the 2019 financial year.

On 12 May 2019 the company entered into a sale agreement with Vukile Property Fund Limited to dispose of three retail properties comprising Mdantsane City Shopping Centre, Sunnypark Shopping Centre and Bloedstreet Mall together with the rental enterprises conducted thereon by Rebosis. Sunnypark Shopping Centre and Bloedstreet Mall withdrew from the transaction. The disposal of Mdantsane City Shopping Centre was concluded on 26 November 2019 when transfer was affected for proceeds of R516 million. The proceeds were utilised to reduce debt.

A sale agreement was concluded on 5 September 2019 to dispose of the Mafikeng Student accommodation for a net consideration of R141 million. The purchasers have notified Rebosis that they are satisfied with the due diligence investigation conducted in respect of the property. The company is hoping to obtain shareholder approval for the transaction on 30 January 2020.

FUNDING AND INTEREST

As at 31 August 2019, the group's borrowings decreased to R10.1 billion from R10.8 billion in the prior year due to the proceeds from the Boxwood disposal.

The group's loan to value, at 31 August 2019, was 64.5% (2018: 51.6%) which resulted from the write down of the investment in New Frontier and the simultaneous decrease in value of investment property.

The total net interest cost was higher than the previous financial year by R242 million. The net interest cost increased from R755 million to R997 million. This increase was as a result of higher borrowing cost for the short-term debt and the loss of finance income from New Frontier, the B-BBEE consortium and cross currency swaps compared to 2018.

The weighted average cost of debt for the year was 9.8% compared to the prior year of 9.3%. The notional value of cross currency swaps was R83 million at the end of the 2019 year compared to R1.1 billion in the prior year. The maturing cross currency swaps amounted to R984 million and no additional cross currency swaps were entered into.

At 31 August 2019, 77% (2018: 70%) of the group's debt exposure were hedged with interest rate swaps, cross currency swaps and interest rate caps. It is the group's policy to hedge a minimum of 50% of the interest rate risk at any given time. The average debt maturity profile is 1.0 years and the hedge maturity profile are 1.2 years.

STATED CAPITAL

No additional shares were issued during the year.

DISTRIBUTABLE INCOME

Total distributable earnings decreased by 71% year-on-year with the REA share growing at the required 5% and the REB share returned a negative growth of 91%. 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 2019. The decline in the distributable earnings relate to no earnings from New Frontier, no income from rental guarantees and rates credits received in the prior year, increase of ECL of R61 million and the tax expense of R38 million.

The net cost to income ratio increased from 15.2% to 17.3%, mainly due to increases in municipal rates and a reduction in recoveries across the portfolio.

The adoption of IFRS 9 Financial Instruments had a substantial impact on the results. The net trade receivables reduced from R168 million to R123 million.

The financial performance of the portfolio overall was negatively impacted by vacancies and lower rental growth on renewals and retailers being under pressure due to subdued consumer spend.

Other operating expenses increased by 11.5% and relates mainly to the legal and advisory costs of anticipated disposals in the current financial year. There were also additional costs incurred to facilitate supplier and enterprise development.

RISK MANAGEMENT

Risk management remains a key priority for management and risks are reviewed on an ongoing basis. The top nine risks, their impact on the business and our migrating responses to these risks can be found in the risk management section of this report.

OUTLOOK

It remains the focus of the fund to improve the operational efficiencies and reduce its loan-to-value to below 40% by continuing with its disposal program and progress with the proposed Delta merger.

Isabeau King
Chief Financial Officer

20 December 2019


Forest Hill
CITY

Corporate Social Responsibility

3

Governance

3.1

Corporate governance report 2019

The board of directors (the board), as elected by shareholders, take overall responsibility for the performance and sustainable value creation of the company. Sustainable value creation is measured across the triple context of the company's economic, social and environmental performance, taking into account the six capitals, being the financial, manufactured, intellectual, human, social & relationship and natural capitals. The directors ensure that the group is managed in a transparent, equitable and responsible manner for the benefit of all its stakeholders. The board appreciates that strategy, risk, performance and sustainability are inseparable elements of value creation. The board ensures that the reports issued by the group enable stakeholders to make informed assessments of its performance, and its short, medium and long-term prospects.

BOARD COMPOSITION

The board consisted of 10 directors during the 2019 financial period. Four of the six non-executive directors were independent, and four were executive directors.

The non-executive directors are diverse in their academic qualifications, business experience, gender and race, resulting in a balanced board. Directors exercise leadership, enterprise, integrity and judgement in directing Rebosis' value creation processes to ensure they are sustainable for all stakeholders. All directors receive regular briefings on changes in risks, laws and the business environment.

BOARD FUNCTION

Directors are encouraged to promote rigorous debate with the aim of promoting direction, governance and effective control of the company. Decisions are usually made by consensus. All board members are conscious of their obligation to act with integrity. The board supports the materiality approach, which emphasises integrated reporting based on issues, risks and opportunities that can have a material impact on the sustainable performance of the business over the short, medium and long term. The company has made progress in identifying and managing significant risks that could have a material impact on the business. At board level there is a clear balance of power and authority to ensure that no one director has unfettered power of decision making.

The board appointed Isabeau King as the chief financial officer (CFO) on 1 December 2018 following Marelise de Lange's resignation. The CEO is responsible for leading the implementation and execution of the approved strategy, policy and operational planning, and serves as the chief link between management and the board, ensuring that the day-to-day business affairs of the company are appropriately managed.

DIRECTOR APPOINTMENT AND ROTATION

A third of non-executive directors are required to resign at each annual general meeting. This enables shareholders to hold directors to account and to appoint directors to the board whom shareholders believe will add value to the business.

In filling vacant positions, and in accordance with the requirements of the company's race and gender diversity policies that at least 25% of the board should comprise women, and that at least 25% of the board should comprise South African citizens who are African, Coloured or Indian, the board proactively seeks and appoints qualified individuals who reflect a diverse range of skills, professions and backgrounds that represent the gender, race and ethnic diversity of the communities we serve.

The board is satisfied that its composition reflects an appropriate mix of knowledge, skills, experience, diversity and independence. The board's gender and racial diversity targets have been met.

EVALUATION OF PERFORMANCE

The board annually conducts an evaluation of its contribution as a whole, as well as the individual performance of each of its directors. Completed questionnaires are submitted to the chairman, who conducts interviews with each member of the board. Discussions centre on how the performance and effectiveness of the board can be improved. Individual feedback is given to each director, and the chairman gives general feedback to the board.

ANNUAL ASSESSMENT OF INDEPENDENCE

King IV does not consider tenure of non-executive directors as an indication of independence. The company's policy remains that all independent non-executive directors who have served on the board for more than nine years retire by rotation at the end of every year, instead of the standard three-year term of office. None of the directors have served on the board for more than nine years.

The board annually gauges the independence of each non-executive director. Consideration is given to factors such as:

- The director's involvement with other companies
- External directorships
- Relationships with material suppliers and competitor companies
- Material contracts with the group, if any
- Whether the director had been employed by the group in an executive capacity during the preceding three years
- Whether the director's fees represented a material part (10% or more) of their wealth or income

All directors submit a declaration of their directorships and commercial interests to the company secretary. These declarations, which are regularly updated, are distributed quarterly to the board and noted at board meetings. Transparency of commercial interests ensures that directors can be seen to be free from any business or other relationship that may interfere materially with any director's capacity to act in an independent manner.

The board is satisfied that the independent non-executive directors met the criteria for independence as established by King IV, the Companies Act and the JSE Listings Requirements.

BOARD COMMITTEES

The board is supported by the audit & risk committee and social and ethics committee, remuneration committee, nomination committee and investment committee. The board's delegation of authority to committees contributes to role clarity and the effective exercise of authority and responsibilities.

The board committees report to the board on their activities. The terms of references of each committee are reviewed annually to ensure that the committee mandates remain current and effective. The board charter was reviewed to ensure that the requirements of King IV were met. The charter is available on the website, at www.rebosis.co.za. Each committee considers its effectiveness by way of a review of its activities against the approved terms of reference in line with their delegated powers and authority. The chair of the committees reports to the board on the assessment. All committees, after review, were satisfied that they carried out their responsibilities during the period.

COMPANY SECRETARY

The board is aware of the King IV principle of having an arm's-length relationship with the company secretary, and has created an environment in which the company secretary is able to ensure full adherence to board procedures and relevant regulations. The company secretary is not involved in an executive capacity on the boards of the various companies in the group.

The company secretary assists the board in fulfilling its functions and is empowered by the board to perform his duties. In managing the board process, the company secretary, directly or indirectly:

- Assists with the induction of new directors
- Assists with director orientation, ongoing development and education
- Ensures that the group complies with all relevant and applicable legislation
- Monitors the legal and regulatory environment, and communicates new legislation and any amendments to existing legislation relevant to the company and the board
- Provides the board with a central source of guidance and assistance
- Acts as secretary for all board committees

Directors have unlimited access to the company secretary's advice and services, with means of communication including personal interface, electronic communication platforms and board and committee meetings. Based on the outcome of the company secretary's annual formal assessment by the board, the board confirms that the company secretary has the qualifications, competence and expertise necessary for the role.

The company secretary is Mr Mande Ndema. The board is satisfied that an arm's length relationship is maintained between the board and the company secretary through the provisions of the service agreement entered into between Mr Ndema and the company, which limits the duties of the company secretary to only those related to the corporate governance of the company and the administration of company secretarial documentation.

RISK GOVERNANCE

The board appreciates the importance of risk management and a risk and opportunity register in an online format that outlines a detailed mitigation process has been put in place. Management is accountable for the design, implementation and monitoring of the risk management plan. The risk and opportunity register is monitored through a detailed process that involves rating the risk and categories with equivalent estimated values. The mitigation process involves allocation of responsibilities to individual employees and target dates as a monitoring tool.

To ensure that risk assessment is performed on a continual basis, the risk and opportunity register is monitored by the board on a quarterly basis. Refer to pages 59 to 61 for the key risks. The board has ultimate responsibility for establishing a framework for internal control. Rebosis's controls focus on the critical risk areas identified by operational management and confirmed by the executive management. Controls are designed to provide reasonable assurance of the integrity and reliability of the annual financial statements to safeguard, verify and maintain accountability of its assets and to detect fraud, potential liability, loss and material misstatement, whilst complying with applicable laws and regulations. The board is assisted in its responsibility by the audit and risk committee. Its objective is to monitor and consider the risk management processes. The company's annual internal audit plan is designed to incorporate the outcomes of the risk management process. Internal audit is based on a risk-based audit approach.

INFORMATION AND TECHNOLOGY (IT) GOVERNANCE

The board takes responsibility for the governance of information and technology (IT) and reviews and approves related policies to set direction on the use of technology and information by the company. The management of IT has been delegated to the CIO, who ensures that appropriate governance structures, systems and controls are implemented.

The board exercises ongoing oversight of IT management practices via the audit & risk committee. The committee considers the efficiency of and developments in IT controls, policies and processes, as well as risk and resource optimisation. Prioritised IT systems and processes form part of the internal and external audit programme. The board ensures that IT is used in an ethical and responsible way, and in compliance with relevant laws and regulation.

CORPORATE GOVERNANCE STRUCTURE

Rebosis is a public company incorporated in South Africa under the provisions of the Companies Act, No 71 of 2008, and the regulations thereto ("the Companies Act") and is listed as a REIT on the JSE Limited ("the JSE").

Committees	Audit & risk committee	Investment committee
Responsibility	A mandatory committee in terms of the Companies Act, it is responsible for: • Reviewing the interim and integrated annual report and annual financial statements; • The internal control framework and procedures; • Confirming and reviewing the internal audit as well as internal, financial and operational controls, including IT governance functions; • Reviewing risk management, standards of grievance, reporting and compliance and the integrity of the integrated annual report; and • Approving the appointment of the auditors for non- audit services.	Assisting the board in setting the company's investment policy • Evaluating transactions in respect of the property portfolio, portfolio management and the review and approval of property budgets and valuations; • Evaluating proposed unbudgeted capital expenditure which exceed authority limits; and • Reviewing the annual valuations of the property portfolio.

Members and number of meetings/attendance

Audit and risk committee		Investment committee		Social and ethics committee	
Francois Froneman (Chair)	5(5)	Maurice Mdlolo (Chair)	5(5)	Thabo Seopa (Chair)	3(3)
Thabo Seopa	5(5)	Sisa Ngebulana	5(5)	Isabeau King (CFO)	2(2)
Nomfundo Qangule	5(5)	Jaco Odendaal	4(5)	Zandile Kogo	2(3)
		Thabo Seopa	5(5)	Nomfundo Qangule	3(3)

Remuneration committee		Nomination committee	
Nomfundo Qangule (Chair)	4(4)	Anna Mokgokong (Chair)	1(1)
Sisa Ngebulana	4(4)	Maurice Mdlolo	1(1)
Jaco Odendaal	4(4)	Sisa Ngebulana	1(1)

The table above reflects attendance at board and sub-committee meetings for the year.

Directors and Number of Board Meetings/Attendance	
Dr Anna Mokgokong (Chairperson)	7(7)
Dr Sisa Ngebulana (CEO)	7(7)
Rob Becker (CIO)	7(7)
Isabeau King (CFO)	6(6)
Zandile Kogo	7(7)
Jaco Odendaal	7(7)
Nomfundo Qangule	7(7)
Thabo Seopa	7(7)
Maurice Mdlolo	7(7)
Francois Froneman	7(7)

	Social & ethics committee	Remuneration committee	Nominations committee
	Overseeing the good corporate citizenship of the group on behalf of the board.	Recommending to the board executive remuneration packages and policies, as well as the remuneration policy for the group as a whole.	Recommending suitable candidates for the board after following a vetting process which considers a candidate's skills offering and experience and other concerns such as diversity.

BOARD PROCESSES

Conflict of interest

To guard against conflicts of interest, directors are required to submit a written declaration regarding their shareholdings, additional directorships and potential conflicts of interest. Share dealings in Rebosis units are completely prohibited during 'closed periods' as defined by the JSE.

To ensure directors are aware of closed period/s, emails are distributed to the board and all staff advising when the company enters and concludes a closed period. Outside of closed periods, any director wishing to trade in securities of the company must obtain clearance from the CFO before trading (or in her absence the chief executive or company secretary), and any dealings are announced on SENS as soon as possible after the trade/s in question.

ETHICS

Rebosis is committed to achieving the highest standards of ethical behaviour. We have various mechanisms in place to prevent and discourage unethical and fraudulent behaviour in the group. We expect our employees and Rebosis-related stakeholders to conduct themselves with the highest level of honesty and integrity.

The company has an ethics hotline which is independently run by Deloitte Tip-Offs Anonymous. This hotline can be used by all employees, contractors, suppliers or other associates to report any suspected unethical behaviour.

RETIREMENT AND RE-ELECTION OF DIRECTORS

All directors are appointed in accordance with Rebosis' memorandum of incorporation and are subject to retirement by rotation and re-election by shareholders at least once every three years. Consequently, Francois Froneman, Thabo Seopa will retire by rotation. Being eligible for re-election, they offer themselves for re-election to the board.

DIRECTORS' REMUNERATION

Non-executive directors receive a fee for their contribution to the board and the sub-committees on which they serve. Fees are determined by the remuneration committee and approved by the shareholders at the annual general meeting. The remuneration of executive directors is determined by the remuneration committee in accordance with the company's memorandum of incorporation and approved by the board.

Information on directors' remuneration appears on page 135

Compliance framework

LEGAL COMPLIANCE

The board is responsible for ensuring compliance with laws and regulations. New legislation that impacts the company is discussed at board meetings. The directors are assisted in this regard by the company secretary.

The board has been assured of Rebosis' material legal compliance through the preliminary compliance checklist completed by the CFO during the year, and the external assurance of the company secretary.

Rebosis continues to expand the checklist of requirements to incorporate all the requirements of the JSE Listings Requirements, King IV Report, the Companies Act and other applicable legislation.

No fines or non-monetary sanctions were imposed on the group for non- compliance with any laws or regulations during the year under review, nor has the group been party to any legal actions for anti-competitive behaviour or anti-trust and monopoly practices during the year.

KING IV APPLICATION

From 1 October 2017, all JSE listed companies are required to issue annual reports and circulars that comply with the King IV Report on Corporate Governance for South Africa 2016 (King IV). Rebosis has accordingly benchmarked our governance practices against the principles of King IV. This King IV application register explains how Rebosis complies with King IV.

Leadership	Principle 1: The governing body should lead ethically and effectively.
	Our board of directors (the board) is the governing body of the company and is committed to good corporate governance principles set out in King IV. It is committed to the principles of transparency, accountability, integrity and fairness and how these fill the organisation. The board continually provides leadership and strategic guidance to increase value creation for all our stakeholders. It also assumes responsibility for all subsidiaries on audit, risk, social and ethics, and governance issues.
Organisational ethics	Principle 2: The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.
	The board has assumed responsibility for the ethics of the company by having established a Code of Business Ethics that it ensures is implemented. The Code of Business Ethics is reviewed annually The board ensures compliance with the Code of Conduct is integrated into the strategy and operations of the company. The group's ethics are contained in its vision; strategies and operations; its decisions and conduct; and the way it treats its internal and external stakeholders. The board has ensured that a Code of Conduct and ethics-related policies, through which ethical standards are clearly articulated, have been established and implemented. These codes and police are updated by the board as required The development of an induction programme for new directors meets both the following requirements: - It is tailored to the needs of both the company and the new director; and - It enables new directors to contribute effectively as quickly as possible. A formal induction program is in place for new directors which includes the distribution of a comprehensive induction pack which include presentations of the property industry in which the company is involved. There is a whistle blowing hot line in place within the company which is independently managed
Responsible corporate citizenship	Principle 3: The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.
	The social and ethics committee manages its corporate citizenship responsibilities through ongoing measuring and reporting on safety, health and environmental guidelines. The board ensures that the company is a responsible corporate citizen, by complying with all laws of the country.

Strategy and performance	Principle 4: The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.
	The board informs and approves strategy and ensures that the strategy is aligned with the purpose of the company, the value drivers of its business and the legitimate interests and expectations of its stakeholders. The board takes account of the legitimate interests and expectations of its stakeholders in its decision-making in the best interests of the company. The board discloses if the company is a going concern. The audit & risk committee continuously reviews a documented assessment by the management of the going concern premise of the company.
Reporting	Principle 5: The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long-term prospects.
	The company has controls to enable it to verify and safeguard the integrity, i.e. accuracy and reliability, of its integrated report. The board ensures that the integrated report sets out: the positive and negative effects of the company's operations on the environment and society; and the plans to improve the positive effects and remove or reduce the negative effects in the financial year ahead. The integrated report discloses details of how the board has satisfied itself that risk assessments, responses and interventions are effective. The board ensures that the reporting framework complies with the Companies Act, 71 of 2008, as amended, and the JSE Listings Requirements.
Primary role and responsibilities	Principle 6: The governing body should serve as the focal point and custodian of corporate governance in the organisation.
	The board's role, responsibilities, membership requirements and procedural conduct are documented in a board charter that is reviewed from time to time. All directors have full access to any company information they might require. The board is fully involved with approving policy and planning by managing the strategy of the company. The board has a board charter which is reviewed annually and updated as and when required. The board charter stipulates that the board should take independent external professional advice, at the company's costs, for the proper execution of their duties and responsibilities. The board meets at least four times a year. Attendances at these meetings are reported in the integrated report.
Composition	Principle 7: The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.
	The remuneration and nominations committee (Remco) assists the board to review and consider the board's composition for a balance of skills, experience, diversity, independence and knowledge, and whether the board is able to effectively discharge its role and responsibilities. The board is satisfied that it has fulfilled its responsibilities in accordance with its charter for the reporting period.

Committees	Principle 8: The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.
	The board ensures that suitable candidates, who have suitable qualifications, from the board are appointed to the subsidiary committees, so as to achieve the objectives of the board committee.
Evaluations of the performance	Principle 9: The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.
	The board determines its own role, functions, duties and performance criteria as well as that for directors and board committees. An annual effectiveness self-evaluation is undertaken in respect of the board and its sub-committees and for the year under review, the board satisfied itself that it and its sub-committees operated effectively. In addition, the chairman also ensures the board operates effectively by regularly engaging with the non-executive directors on their performance and other matters that may need to be raised with exco. Any pertinent matters of concern are conveyed by the chairman to the chief executive officer and filtered down to exco.
Appointment and delegation to management	Principle 10: The governing body should ensure that the appointment of, and delegation to management contribute to role clarity and the effective exercise of authority and responsibilities.
	The chief executive officer, Sisa Ngebulana, is responsible for executing strategy and the day-to-day business of the company. The board is satisfied that its delegation to management contributes to an effective arrangement by which authority and responsibilities are exercised. The company secretary is empowered and authorised to provide corporate governance services to the board and management.
Risk governance	Principle 11: The governing body should govern risk in a way that supports the organisation in setting and achieving strategic objectives.
	The board's responsibility for risk governance is expressed in the board charter and risk policy and plan. The board ensures that appropriate risk management programmes are in place and monitors their implementation against key risk indicators. Each year the board evaluates the company's risks against current realities and resets risk tolerances as necessary. The board has delegated the management of risk to the group's management team, which executes this responsibility through processes within an established risk management policy, online risk tool and governance framework. The board has an approved risk policy. An overview of the arrangements for governing and managing risk is included in the report of the audit & risk committee in the integrated report and the annual financial statements.

Technology and information governance	Principle 12: The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.
	The board is responsible for IT governance. Management is responsible for the implementation of all the structures, processes and mechanisms for the IT governance framework. Management regularly demonstrates to the board that the company has adequate business resilience arrangements in place for disaster recovery. The board ensures that an information security management system is developed, implemented and recorded that ensures security (confidentiality, integrity and availability of information). Business strategies and objectives and the role of IT in achieving them are clear.
Compliance governance	Principle 13: The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.
	The board ensures compliance with all relevant South African legislation, including REIT, King IV and JSE Listings Requirements. Compliance with laws, rules, regulations and relevant codes is integral to the company's risk management process. The audit and risk committee is responsible to ensure that an appropriate compliance framework is in place and that non-compliance is reported and to review significant risk matters. The social and ethics committee has also been mandated to monitor the effectiveness of compliance management.
Remuneration governance	Principle 14: The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.
	The remuneration committee is responsible for compensation of all executive directors, senior management as well as non-executive directors. The executive remuneration is aligned with the company's approach of rewarding directors and senior executives fairly and competitively. The remuneration of non-executive directors is approved by shareholders at the annual general meeting of the company each year. The remuneration philosophy seeks to reward executive directors and other senior management for individual and company performance. The remuneration policy provides a framework for remuneration to attract, retain and motivate employees to achieve the strategic objectives of the organisation, within its risk appetite and risk management framework. The remuneration committee assists the board in approaching and administering remuneration. Remco comprises only independent non-executive directors, which monitors and strengthens the credibility of the executive remuneration system. A non-binding approval of the remuneration policy is placed before shareholders at the annual general meeting of the company. Non-executive fees comprise a base fee and attendance fee per meeting. The remuneration policy and the implementation report is tabled every year for separate non-binding advisory votes by shareholders at the annual general meeting.

Assurance	Principle 15: The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.
	Internal controls are established not only over financial matters, but also operational, compliance and sustainability issues. The audit and risk committee is responsible for the assurance provided by the external auditor, and internal audit. The social and ethics committee is responsible for the assurance in respect of the B-BBEE certification, health & safety issues, whistleblowing, CSI and other sustainability issues. The audit and risk committee ensures that the internal audit function is subjected to independent quality reviews when appropriate. The board, through the board committees, operates within the confines of the JSE regulations, Companies Act, King IV and framework to integrated reporting to determine the approach and direction of the external reporting. The board and its committees rely on management's knowledge and expertise of the various areas requiring assurance in order to scrutinise and validate the results of all external reports. The internal audit function is independent and objective. The function reports administratively to the CFO and functionally to the chairman of the audit and risk committee.
Stakeholders	Principle 16: In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.
	Stakeholders have been identified as one of our four key strategic pillars, therefore stakeholder risks and concerns are carefully considered when reviewing and refining strategy. The CEO, CIO and the CFO continuously engage with investors and analysts. The board has adopted a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the company. The board has delegated the development of the strategy to management. The board has adopted communication guidelines that support a responsible communication programme. Stakeholder communication is through SENS announcements and the required integrated, interim and provisional reports of the company. Stakeholders are welcomed at any general meeting of the company. The board encourages shareholders to attend the AGMs. The CEO, CIO, CFO, company secretary, chairperson and chairpersons of the audit and risk committee as well as the social and ethics committees are available to answer shareholder's queries at the annual general meeting The external audit partner regularly attends the annual general meeting of the company.

Risk report

Rebosis implements a risk management process for identifying, evaluating and monitoring the nature and extent of risks affecting the achievement of its business objectives and for managing and controlling these risks. The audit and risk committee are tasked with assisting the board in determining the company's risk tolerance.

Certain important risks are set out below. These are not prioritised or ranked in any order, and do not comprise an exhaustive risk register but serve rather as examples of the group's risk focus.

The company has an appropriate risk management policy in place, which is in accordance with industry practice. The audit and risk committee has monitored compliance with this policy and is satisfied that the company has, in all material respects, complied with the policy.

Risks are rated on the following basis.

	8	16	24	32	40	48	56	64
	7	14	21	28	35	42	49	56
	6	12	18	24	30	36	42	48
SEVERITY	5	10	15	20	25	30	35	40
	4	8	12	16	20	24	28	32
	3	6	9	12	15	18	21	24
	2	4	6	8	10	12	14	16
	1	2	3	4	5	6	7	8
	LIKELIHOOD							

RISK	RISK DESCRIPTION	CONSEQUENTIAL EFFECTS	RISK RESPONSE/ MITIGATION	OPPORTUNITIES AND STRATEGIC OBJECTIVES	RATING
LIQUIDITY RISK	Insufficient cash holdings to meet obligations, including distributions. Inability to settle funding on maturity or extend maturity terms. More stringent requirements from funders could hinder access to capital. Concentration of capital risk. Risk of adverse interest rate fluctuations on the financial position and performance of the group.	Breaching loan covenants such as loan-to-value and interest cover ratio. Funding providers could potentially call on their security. Ability to meet the distributions guideline communicated to the market.	Covenants are discussed on a regular basis and we meet frequently with our funders. Execute the disposal programme to lower loan-to-value ratio and reduce our risk profile, improve the liquidity buffer and improve on debt serviceability. Effective hedging strategies to minimise exposure to interest rate fluctuation. Assess potential merger opportunities.	Reduced loan-to-value levels mean lower interest rates and increased distributions to shareholders. To stabilise the fund and improve investor confidence. To refinance the fund and spread the capital risk between various capital providers. Potential new capital injection.	
STRATEGY EXCECUTION	Inability to effectively execute the strategy.	Unable to execute the disposal strategy timeously. Negative impact on market confidence regarding ability to execute. Reputational damage to the business due to non-performance. Lack of deleveraging the fund.	Signing of long-term leases to facilitate commercial sales. Develop alternative strategies such as mergers or buy-outs.	Successful execution of disposals and reductions in debt levels.	
PEOPLE CAPITAL RISK	Inability to retain management and key staff, unsuccessful talent acquisition and career progression.	Loss of institutional knowledge and key skills required to execute the turnaround strategy. Poor moral and performance.	Implement appropriate incentives and retention scheme.	Retain and improve talent.	

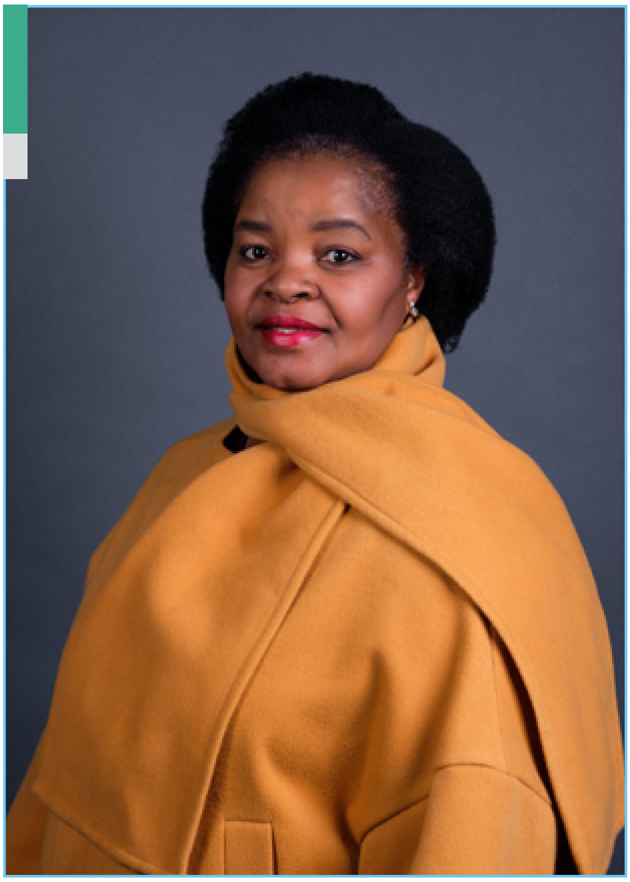
RISK	RISK DESCRIPTION	CONSEQUENTIAL EFFECTS	RISK RESPONSE/ MITIGATION	OPPORTUNITIES AND STRATEGIC OBJECTIVES	RATING
VALUATIONS	Deterioration in property values.	Pressure on the loan-to-value levels. Negative impact on investor confidence and possibility of raising capital. Difficulty to successfully dispose or acquire assets.	Improve WALE and ensure properties are well maintained.	Restore investor confidence and potentially successful raise of capital.	
RETAIL PERFORMANCE	Slowdown in domestic economy increasing the risk of retailers reducing space, defaulting on payments and resulting in increased retail failures or business rescue. Negative reversions leading to loss of income and ultimately affecting the value of the property. Increase in supply and change in consumer behaviour. Lower foot count and trading densities. Lower turnover rentals.	Lower business confidence levels hampering national growth, resulting in an oversupply of retail space. Potential for existing tenants to enter business rescue due to market pressures. Decline in retail sales affecting the sustainability of tenants. Decline in lease renewals, with potentially increased vacancies. Requirement for discounted rentals to maintain occupancies. Reduced valuations due to higher discount and cap rates.	Quality locations motivating tenants to retain space in malls. We maintain good relationships with our tenants and have a view of their financial standings. We endeavour to respond proactively to possible tenant defaults. Ensure centres are attractive to tenants and customers.	Strengthen tenant relationships to improve collaboration and loyalty. Strengthen entertainment space, making it a destination of choice. Increase development of surrounding nodes. Improve the retail experience through use of data and technology.	

RISK	RISK DESCRIPTION	CONSEQUENTIAL EFFECTS	RISK RESPONSE/ MITIGATION	OPPORTUNITIES AND STRATEGIC OBJECTIVES	RATING
COMMERCIAL LEASES	Inability to secure long-term leases with Government tenants. Buildings do not comply with regulations.	Inability to dispose of buildings in the absence of long-term leases. Loss of tenant due to non-compliance with Occupational Health and Safety and occupational compliance regulations and lost income.	Escalated engagement to resolve policy matters within Government. Monitoring of compliance of buildings to ensure a safe environment for tenants. Continuous maintenance performed to ensure compliance and reduce risk. Continued engagement with key tenant representatives.	Strengthen relationships with key tenants and continue to maintain buildings to retain quality.	
REIT STATUS	Loss of REIT status.	Loss of shareholders' confidence and support. Loss of the Sec 25BB tax deduction resulting in the payment of tax on taxable income. Possibility of Capital Gains Tax exposure.	Upfront communication with the JSE around the challenges the company face. Execute the disposal strategy to rectify the status.	Possibility of corporate action to improve the current position of the company.	
GOVERNANCE AND SYSTEM RISK	Risk of inadequate systems and processes being in place supporting the required level of governance. The risk of IT failure and inadequate disaster recovery plans. Risk of cyber-attacks. Lack of response to business requirements.	Inadequate record and information keeping supporting good corporate governance. Loss of tenant information, disruption to data integrity and loss of income due to non-rental recovery/ billing.	IT systems are cloud based with effective security in the various IT environments. Staff can access all data remotely. Responsible hacking is done on a periodical basis to check security of IT systems. Documenting of processes and procedures.	Formalise processes and record keeping as support for King IV compliance. Reduced cost of recovery resulting in increased returns to shareholders.	
BBBEE RATING	Failure to maintain an appropriate B-BBEE rating.	Risk of not renewing leases as a result of an unacceptable rating.	Dedicated transformation committee managing processes. Advisors assist in developing improvement plan.	Increased opportunities to enter into long-term leases.	

Remuneration committee report

3.2

Chairman's report



I am pleased to present the report of Rebosis Property Fund's remuneration committee for the year ended 31 August 2019.

The remuneration report, in line with King IV's prescribed format, is presented in three parts, namely the background statement, the remuneration philosophy and policy, and the implementation report. The monitoring of the remuneration policy and the remuneration implementation report is the responsibility of the committee.

Governance of the committee

Composition of the committee

Nomfundo Quangule (Chairman) Profile on page 33	Jaco Odendaal Profile on page 34
Independent non-executive director	Independent non-executive director

Meeting attendance

Attended 4/4	Attended 3/4
Attendance by invitation: Chief Executive Officer, Chief Financial Officer, Chief Investment Officer. PricewaterhouseCoopers as advisors from time to time.	

Task undertaken by the committee during the year:

- Reviewed progress on the company's transformation targets
- Oversaw the design of a long-term incentive plan in collaboration with PricewaterhouseCoopers
- Reviewed and recommended for approval to the board the performance measures for executive directors
- Considered the retention of key individuals in the fund
- Reviewed the annual performance of the Chief Executive and Executive Directors
- Reviewed and approved salary increases
- Reviewed and approved the short-term incentive bonuses
- Reviewed and recommended non-executive director's fees to shareholders for approval
- Approved the remuneration policy for the non-binding vote at the AGM
- Considered shareholders input regarding the negative voting at the AGM

The results of the non-binding advisory vote at the 2019 AGM were:

Remuneration Policy	Implementation Report
45% for / 55% against	39% for / 61% against

Issues raised by shareholders who have engaged with management are:

- No long-term incentive scheme in operation
- Deferral of a portion of the short-term incentive into shares
- Executive directors' performance targets and achievement against these not disclosed
- Malus and claw back clauses have not been implemented

The committee accepts this feedback and has addressed the concerns in the report that follows.

Nomfundo Qangule
Chairman: Remuneration committee
20 December 2019

Background statement:

This report provides an account of the remuneration and people management for 2019. The report provides an overview of the various actions undertaken during the year under review, particularly our remuneration policy and our remuneration implementation policy – which are both subject to non-binding advisory votes at the AGM – and various performance and reward elements.

In recognising the importance of incentivising our employees and management, and the belief that strongly committed employees and management promote the group's growth, quality, efficiency and strategic focus areas, the Remco believes that it is imperative to remunerate employees in line with market practices.

It is incumbent upon us to ensure we prevent the loss of key skills. The Remco, in collaboration with the board, strives to address the challenges faced by the group. With the assistance of external advisors, we have recalibrated our executive remuneration, in a manner that promotes the achievement of the key business objectives facing the group.

The Remco is sensitive to the global issue of wage disparity; between genders, amongst races and between high and low earners.

Remuneration philosophy and policy:

Remuneration philosophy:

Rebosis' remuneration philosophy remained largely unchanged during the year under review. The philosophy aims to deliver a structure to reward and retain high-quality individuals. We believe our remuneration practices must be performance driven and our established performance appraisal system is designed to match performance with rewards.

Rebosis aims to provide a fair and competitive remuneration program that will attract, retain and reward high-performing employees who are committed to the attainment of team, individual and group results and the achievement of organisational goals.

The group is committed to paying market related salaries and working towards providing pay guidelines to ensure that employees are paid fairly and equitably for the jobs they perform, while accommodating differences and changes in job requirements, labour markets and the economy.

The key aims of the remuneration policy are to achieve the following:

- Attract, retain and motivate key talent who have the skills and experience necessary to make a difference to the organisation and in delivering the group's strategy.
- Incentivise key employees through a remuneration package that is appropriately competitive with other real estate companies, considering the importance and experience of the individuals involved.
- Align as far as possible, the interests of senior executives with those of shareholders by providing a significant proportion of total remuneration through a mix of short-term and long-term performance related elements that are consistent with the group's business strategy.
- Enable executives to accumulate shareholding in the company over time that is meaningful to them.
- Exercise discretion within a framework designed to make appropriate trade-offs between risk and reward and apply a thoughtful balance by keeping a meaningful portion of incentives at risk for future performance outcomes.
- Appoint independent directors to the committee, to provide an independent review and approval of the organisation's overall remuneration philosophy and policy.
- Clearly and consistently communicate Rebosis' approach to remuneration throughout the year, cascading such communications to employees through key value statements.

Remuneration policy

Overview of group remuneration policy

Element of remuneration		Eligibility	Purpose	Policy	Proposed changes for 2020
Fixed	Cash salary	All	Basic reward for services	Market related	
	Benefits	All	Retirement funding and death and disability	All to participate	
Variable	13th cheque	All staff below senior levels	Motivation and performance related	Continue with 13th cheque for staff not on senior levels	
	Annual short-term incentive scheme	Executives and senior management	To reward performance	Linked to company KPI's and affordability.	
	Special incentive scheme	Certain Executives and senior management	To drive and execute the disposal strategy	Achieved through delivery of Fund deleverage targets.	Continue until the deleverage is achieved.
	Conditional share plan	Executives and senior management	To reward exceptional performance and retention	No LTI yet	LTI developed by Remco, will be implemented when appropriate.

Fixed remuneration and benefits:

Remuneration is structured in a guaranteed package manner, which is a fixed cost to employment, is competitive and market related. Rebosis' remuneration packages have a cash or salary component, a retirement benefit and death and disability benefit that forms the total cost to company package. Salaries are benchmarked against the sector on a regular basis.

All our employees participate in a provident fund with a group life benefit that includes, death, disability and funeral benefits. Leave days are at 20 days per annum and increase by five days with every five years of completed service to 25 days per annum and after 10 years of completed service to 30 days per annum. The company has improved its benefits relating to maternity leave and now pays 100% salary during four months of maternity leave and allows for 10 days' study leave per annum for approved qualifications. The board approved the implementation of Primary-Care medical aid under Discovery for employees earning below R180 000 per annum. This benefit allows employees day-to-day medical attention as well as a trauma benefit for in-hospital cover.

Rebosis believes that the health of its employees is essential to its success. As such, Rebosis has collaborated with ICAS South Africa Pty Ltd ("ICAS") in order to assisting employees to seek professional help in order to deal with the challenges that impact on their personal and interpersonal work relationships. ICAS provides life skills and assists with awareness and education programmes to promote healthy lifestyle choices and coping skills while building capacity for managers to use the service as well as identifying distressed employees and referring them to appropriate resources.

These benefits are above the minimum standards set out in the Basic Conditions of Employment Act (2002).

Variable remuneration:

Rebosis has a performance management system in place whereby managers and employees complete formal performance appraisals biannually. The evaluation is based on key performance areas, extra-mile effort and peer review which includes how the employee manages his or her relationships within the organisation and towards external stakeholders. This gives a holistic evaluation of performance of an employee within the larger company structure. This ensures that employees are aligned with the company strategy and values and that they take ownership of performance, their career advancement and personal and professional development. Performance targets are reviewed annually and aligned with the group's strategy. Performance management is key to the variable remuneration process.

Short-term incentive scheme:

Rebosis has a bonus program that supports its reward-for-performance philosophy whereby bonuses, when granted, are dependent on company performance, individual performance, and affordability.

Managers and executives are eligible to participate in the scheme. Anticipated changes to the short-term incentive scheme have not been implemented as these are contingent on shareholders approving the long-term incentive plan. The long-term portion and retention mechanism of remuneration will be replaced with the new long-term incentive scheme when implemented.

The performance appraisal scores an individual's performance between 0% and 150%. An individual can earn up to 100% of his or her annual CTC on the following basis:

No bonus below 75% of agreed output (not met),

Up to 10% of CTC between 75% - 100% output (meets expectations),

Up to 50% of CTC between 100% - 125% output (exceed expectations), and

Up to 100% of CTC above 125% of agreed output (exceptional performer).

Executive management reserves discretion on these outcomes to ensure fairness and to guard against irresponsible outcomes, and these are reported to the remuneration committee.

Staff members not eligible for the scheme receive a 13th cheque, on condition that they scored at least 75% on their performance appraisal.

Special incentive scheme:

In the absence of a long-term incentive scheme, and in order to retain key individuals and drive the achievement of the funds deleverage program, the committee implemented a special incentive scheme during the 2019 year. The scheme participants are rewarded on a linear scale for implementing the asset disposal programme. Participation in the scheme is by invitation from the Remuneration Committee and has been limited to a few key executive and senior managers who are directly involved in delivering the deleverage strategy. Participants can earn up to two times their CTC if the Board objectives are met. This scheme will vest in the event that there is a change in control of the fund.

Proposed new long–term incentive: conditional share plan (CSP):

Rebosis intends to implement a conditional share plan in the near future to ensure that management interests are aligned with shareholder interests. In addition, the CSP is aligned with best practice and good governance principles as well as Rebosis' principle of 'pay-for-performance'. Annual awards of conditional shares, aligned with market levels, will be made in terms of the CSP. Further detail will be provided once the incentive has been approved by shareholders. It is intended that the proposed CSP will be put to shareholders at the 2021 AGM. We invite our shareholders to give us feedback on the proposed CSP, the salient features of which are set out below.

Purpose	The purpose of the CSP is to provide eligible employees with a conditional right to receive company shares on vesting. This will promote the continued alignment of management's focus to shareholders' interests and to attract and retain suitably skilled and competent personnel. The CSP will be aligned to Rebosis' business structure and takes into account best practice for long term incentive design.
Participants	The CSP would be used for senior management and upwards, including executives.
Type of instrument	The CSP will provide for the annual award of performance shares which vest after three years subject to the achievement of strategically important performance conditions and the participant remaining employed with Rebosis. The CSP also provides for the award of retention shares. These would not form part of the annual pay mix for any employee and would be used in exceptional circumstances such as where a genuine retention risk exists which cannot be addressed through the use of performance conditions.
Vesting	It is intended that awards will vest in full after three years, subject to performance conditions being met and the participant remaining employed by Rebosis for the duration of the employment period.

Performance conditions and targets	The Remco will consider performance conditions, weightings and targets to be implemented which will be designed to incorporate appropriate financial and non-financial performance measures aligned to the strategic objectives of Rebosis at the time of implementation.
Termination of employment and change of control	Participants are required to remain employed until the expiry of the employment period for their awards to vest. If they leave before the expiry of the employment period, they will be considered to not have fulfilled the employment condition in full. Depending on the circumstances of their termination of employment, they will either forfeit the award in full ('bad leavers' – e.g. dismissal or resignation), or they will have their awards pro-rated ('good leavers' – e.g. retrenchment, retirement, or termination due to ill-health or death). In good leaver instances where awards are pro-rated, they are pro-rated for time and performance, i.e. the performance conditions will be early tested, and the awards will be adjusted accordingly. The CSP will provide for what is termed a 'clean break' principle to be applied in instances where there has been a 'change of control'. This means that good leaver treatment is applied to participant's awards upon the occurrence of a change of control (i.e. pro-rating for time and achievement of performance conditions). In these instances, the remco will need to apply its mind to what happens to the remainder of the award.

Non-executive director fees:

Benchmarking of related property funds and studies are used to determine the level of non-executive remuneration.

Malus and clawback provisions:

The committee is considering how to implement malus and clawback provisions. Malus means the adjustment of a bonus amount upon the discovery of deficient performance relative to the evaluation on which the payment was initially made. Clawback means the recovery of a bonus amount which has already been paid, in the case of malice or mala fide error becoming apparent.

Remuneration implementation report

Implementation report:

This section explains how the remuneration policy was implemented in the reporting year, and the resulting payments each of the directors received. The implementation report should be read in conjunction with the disclosure contained in the directors' report.

Annual adjustments to fixed remuneration:

An inflationary increase of 6,0% was approved by the board for all employees, effective 1 January 2020. Executive directors and members of the fund's executive committee did not receive increases for the 2019 year.

STI bonus scheme outcomes for 2019:

The executive directors' STI is measured against the following personal performance criteria:

	CEO	CFO	CIO	Leasing Director
Achieving earnings in line with targets	√	√	√	√
Seek opportunities to deleverage the fund	√		√	
Seek opportunities to unlock value for stakeholders	√		√	
Implement board approved disposals	√	√	√	
Manage performance of the fund	√	√		√
Achieve lease renewals	√			√
Manage debt levels		√	√	
Manage collections		√		√
Operational efficiency	√			√
Asset management performance	√			√
Driving tangible BBBEE	√	√	√	√
Driving transformation	√	√		√

Despite the difficult trading conditions and inability to pay dividends, in recognition of the tremendous pressure that the executive team has faced over the last year in managing the fund, the board has awarded short-term bonuses for the 2019 financial year. Executive directors and members of the executive committee had not been awarded bonuses for 2018.

No payments under the special incentive scheme have been paid for the 2019 financial year.

No long-term incentive is in place yet, and while the committee is aware that this presents a market challenge, it does not believe that it would be appropriate to implement this until there is more stability in the fund. This has been taken into account in awarding the short-term incentive.

The allocation of incentives and fixed remuneration to executive directors is detailed below:

Remuneration of executive directors	2019 R'000	2018 R'000
SM Ngebulana^	9 600	2 845
Salary and allowance	5 550	2 104
Retirement benefits	450	150
Performance bonus	3 600	-
For services as a director	-	-
New Frontier Properties Limited	-	591

Remuneration of executive directors	2019 R'000	2018 R'000
MI King#	4 830	-
Salary and allowance	1 693	-
Retirement benefits	187	-
Performance bonus (225 of the total amount is deferred)	1 450	-
Sign-on bonus	1 500	-
RP Becker	5 940	3 333
Salary and allowance	3 700	308
Retirement benefits	300	25
Performance bonus (120 of the total amount is deferred)	1 940	-
Sign on bonus	-	3 000
Z Kogo	2 596	2 647
Salary and allowance	1 686	1 841
Retirement benefits	137	193
Performance bonus (73 of the total amount is deferred)	773	613
M De Lange!	3 229	3 218
Salary and allowance	627	2 463
Retirement benefits	85	336
Performance bonus	-	-
Separation payment	2 517	-
For services as a director		
New Frontier Properties Limited	-	419
AM Mazwai (resigned 18 April 2018)	-	2 773
Salary and allowance	-	2 313
Retirement benefits	-	212
For services as a director		
New Frontier Properties Limited	-	248

^Mr SM Ngebulana took up the position as non-executive deputy chairman on 1 October 2017 and returned as an executive director on 18 April 2018.
!Mrs M De Lange was appointed as the Chief Financial Officer on 1 March 2017 and resigned on 13 December 2018.
* Mr R Becker was appointed as the Chief Investment Officer on 1 August 2018.
#Mrs I King was appointed as the Chief Financial Officer on 1 December 2018.

Remuneration of non-executive directors	2019 R'000	2018 R'000
ATM Mokgokong	633	653
SM Ngebulana*	-	435
WJ Odendaal	319	235
NV Qangule	467	441
TSM Seopa	473	460
MM Mdlolo	393	368
GFvL Froneman	388	420
Total	**2 673**	**3 014**

Non-binding advisory vote

This remuneration policy and the remuneration Implementation Report will be tabled at the company's next annual general meeting for a non-binding advisory note.

In the event that less than 75% shareholder support is achieved, Rebosis will invite dissenting shareholders to send reasons for such votes in writing where of the further engagement may be scheduled.

Social & Ethics committee report

3.3

Chairman's report

The Rebosis social and ethics committee ("the committee") is a statutory committee derived from section 72 of the Companies Act 71 of 2008 and assists the board in monitoring and reporting on matters relating to the company's ethics, sustainable development, corporate citizenship and stakeholder relationships.

The committee is governed by its terms of reference which details its duties in terms of the Companies Act, JSE Listings Requirements, King IV Code on corporate governance and any other applicable law or regulation. These terms of reference are approved by the board. These responsibilities encompass among others monitoring and regulating the impact of the company on its stakeholders.

This report is presented in accordance with requirements of the Companies Act and the details are enclosed in this integrated report.

Terms of reference

The social and ethics committee has adopted the terms of reference in terms of the approved board charter. The terms of reference are amended and reviewed whenever the board deems it necessary. The committee has conducted its affairs during this reporting period in accordance to these approved terms of reference. These cover the following areas:

1. Social
   - Community development
   - Donations and sponsorship
   - Reduction of corruption
   - Consumer protection
2. Safety and environment
   - Public health and safety
   - Environmental impact
3. Workplace and employment
   - The company's standing in terms of International Labour Organisation Protocols
   - Employment equity
   - Contribution towards employee education and development
   - Protocols on decent work and working conditions
   - Prevention of unfair discrimination
4. Market place
   - Broad-based Black Economic Empowerment
   - United Nations Global Compact Principles
   - Global best practice, including OECD
5. Corporate Governance

Membership and attendance

The committee comprised of two independent non-executive directors namely Thabo Seopa (Chairman) and Nomfundo Qangule, and two executive directors, Isabeau King and Zandile Kogo. The chief executive officer, Sisa Ngebulana, chief investment officer, Rob Becker, the head of legal and the head of human resources attend meetings as invitees. The members of the committee are nominated and appointed by the board. The company secretary, Mande Ndema acts as the secretary of the committee. Details of meetings attendance are set out on page 50.

The responsibilities of the committee covers the areas listed below:

Promoting ethical conduct

The group has an ethics policy and a code of conduct, which guides its business practices. The ethics policy seeks to reinforce the company's many policies, principles and practices through providing clarity on expectations and underlying matters of principle. The key aspects of the ethics policy are how business is conducted, the group's societal contribution and handling of people, the need for employees to speak out about wrong doings, conflicts of interest, the legitimate interests of the business, application of law, policies and procedures, corporate governance matters and individual accountability. The code of conduct provides guidance on matters such as conflicts of interests, acceptance and giving of donations and gifts, compliance with laws and the dissemination of confidential information.

Whistle blowing

Rebosis subscribes to the ten Principles in the areas of human rights, labour, environment and anti-corruption. As such, we have a whistleblowing hotline in place that allows employees, internal and external stakeholders a platform to report, in their language, bribery corruption and wrongdoing in the workplace. The Hotline received four reports for 2019 which was investigated and resolved successfully by human resources and management.

Black Economic Empowerment

The committee is responsible for developing and implementing the company's transformation strategy and monitoring transformation across the South African business in line with the B-BBEE Act, No. 53 of 2003, its associated Codes of Good Practice as well as the Property Sector Charter's Broad-based Black Economic Empowerment (B-BBEE) Codes of Good Conduct.

The company set the target of improving its rating to a level 2. A special transformation committee was created and the required input from advisors was obtained. A special effort was made in the areas of enterprise development and supplier development by partnering with a company specialising in this area.

Water scarcity

The severe drought affecting the Western, Eastern and Northern Cape provinces is a stark reminder that South Africa is a water scarce country.

Rebosis has set the target of a 2,5% reduction in overall water consumption across our portfolio of properties. During 2018 we achieved an overall reduction in water consumption of 2%. As a part of our continuous initiatives the goal for 2019 was to match or exceed the 2018 result and an additional 1,2% saving was achieved. I wish to thank our tenants for their cooperation in this regard.

Human rights & labour practice

Rebosis complies with employment laws and is committed to protecting human rights. Our code of ethics and our disciplinary code are communicated to all employees. We have zero tolerance for discriminatory behaviour.

Social Economic Development (SED) and Corporate Social Investment (CSI)

The company's SED and CSI are managed internally to foster our vision of being a model corporate citizen by ensuring that we add value to our stakeholders. This entails ensuring that we focus on addressing the needs of the communities surrounding our properties and those affected by our business operations.

These activities cover the following:

- Bursaries for tertiary education;
- Training and development supporting entrepreneurship;
- Rise against Hunger; and
- Space for vendors to sell locally produced and homemade goods and crafts.

Environment, Health and Safety

The committee monitors the company's activities in respect of the environment, Health and Safety with regards to any relevant legislation, other legal requirements and prevailing codes of best practice. During the year under review we have increased our scope on carbon footprint reporting to include Scope 1 & 2 Emissions, and will continue to analyse and establish practices to limit our carbon footprint

Thabo Seopa
Chairman, Social & Ethics Committee
20 December 2019

Black Economic Empowerment

TRANSFORMATION - BEE

Rebosis' empowerment initiatives were independently verified by Honeycomb BEE Ratings (Pty) Ltd during the year under review and the company achieved a Level 4 contributor status with a 100% BEE procurement recognition level. The B-BBEE verification certificate is available on the company's website at [to be provided]. http://www.rebosis.co.za/wp-content/uploads/2019/02/Rebosis-Property-Fund-Buckminsterfullerene

The company embarked on a robust implementation of the transformation strategy in 2019. There were specific strategic initiatives identified and realistic objectives were set to ensure not only do we meet the targets but also focusing on sustainability.

For the company to remain focused on transformation, we have partnered with various stakeholders to assist us in realising our goals.

1. **BEE123 system – to ensure that we and continuously measure ourselves and our progress.**
2. **Alternative Prosperity – to assist with devising and implementing our strategy.**
3. **Enterprise and Supplier Development training company – to manage the development of the SME's.**

The above partnerships have assisted us in assessing all elements of BEE and helped us in making strategic decisions on which elements of BEE required more of our focus and efforts. Although there was focus on other elements, more effort and resources were put into:

1. **Enterprise and supplier development**

   Rebosis has initiated a supplier and enterprise development program with selected SME's to assist them in growing their business and make a difference in the economy of South Africa to ensure sustainability and job creation. This was done by introducing an 18 month incubation program for four SME's. The incubation program will provide the SME's with skills and tools to grow their businesses.

The SME's have applauded the company for affording them the opportunity to be involved in the program and they are looking forward to growing their business and giving back to their respective communities.

2. **Skills development:**
   a. Bursaries for employees - nine
   b. Learnerships - 20 unemployed; four employed; seven bursaries for non-employment
   c. Scares skills training - 12 electrical; one plumbing; two property management
3. **Employment Equity (EE):**
   a. Improved EE level - Appointing EE candidates in all critical positions and levels when a vacancy arises.
   b. Appoint persons with disabilities - six appointed in this year which represents a 2,7% of the total workforce compared to a 0% base in the previous year.
4. **Preferential procurement**
   a. Ensuring that we procure from the correct level BEE suppliers and empower the new entrants.

Environmental

The Rebosis environmental approach

Our environmental approach is based on a natural capital framework, creating a focused and thorough analysis of all environmental initiatives and results. For Rebosis, the careful management and preservation of all-natural capital is not a bonus or nice- to-have, but rather a core part of strategic asset and facility management excellence.

The human connection to nature, and thus any environmental surrounding is fundamental to the health of every individual. Research indicates that environments supplied with healthy natural capital (i.e. clean air, greenery, quality lighting, etc.) boosts mood and lowers blood pressure, while also improving attention and problem-solving ability. This means that natural capital is integral to the long-term performance of any business.

The water, electricity and waste consumption profile of every building influences:

1. Overall resource consumption and waste generation.
2. The cost of ownership, management and occupancy costs to tenants.
3. The ability to improve performance within constrained resource supply parameters.
4. The environmental impact and corporate responsibility of Rebosis.

What is natural capital?

Natural capital can be defined as the world's stocks of natural assets which include:

- Geology,
- Soil,
- Air,
- Water and
- All living things.

It is from this natural capital that humans drive a wide range of services, often called ecosystem services, which make human life possible.

Clean air, water, plants, and food supplies are essential for personal health and wellbeing. The relationship between the environment and humanity is one of interdependence-each affects the other. Therefore, our actions and choices affect the environment, the health of individuals, communities and economies.

What natural capital means to Rebosis

As a property company that does not undertake development, Rebosis is regarded as having a relatively low environmental impact. Despite this, the company acknowledges that its operations and the operations of its tenants in its properties have a material impact, especially in relation to Scope 2 carbon emissions.

Scope 2 is also referred to as Energy Indirect GHG (Greenhouse Gas) and is defined as emissions from the consumption of purchased electricity, steam, or other sources of energy (e.g. chilled water) generated upstream from the organization.

Rebosis is committed to responsible environmental management. The board, management and staff of Rebosis are dedicated to reducing the company's environmental impact and continually improve our environmental performance as an integral part of our business strategy.

The 5-R's principle of the waste management hierarchy

The waste management hierarchy is a model for effectively reducing the environmental impact and wastage of resources for all residential, commercial and industrial entities in South Africa. The 5 R's of waste management entails the following:

The 5 R's explained simply as:

Rethinking waste

Our perception of waste needs to change for us to find solutions to these environmental effects. Note that more jobs are created in recycling than in landfilling or incineration.

Reduce waste

To ensure that we help our environment, we can assist by reducing what we are purchasing and being mindful about what we need and want.

Reuse waste

Refuse single use of plastics, like disposable plastic bags. These materials are made of plastic and thrown away after one use. As a company, we expect our staff to act responsibly to ensure that this philosophy is followed in going about our duties.

Recycle waste

One of the easiest ways to reduce the waste is to recycle. Adopting a recycling process in your city requires one to opt for materials that are easily recyclable.

AT REBOSIS:

The recycling concept is expanded to include the environmentally friendly usage of water, electricity and waste resources.

The strategic foundation for natural capital management is based on two simple principles:

Avoidance and reduction

In order to maximise the usage lifespan of natural resources, wasteful usage should be avoided, resource usage is minimised wherever possible and all reusable or recyclable materials are carefully used in a cradle-to-cradle waste management process. The ideal is for all waste materials to become inputs for new products and materials.

In our holistic natural capital approach, the concept of waste reduction includes all harmful factors that resource usage generates, including light and noise pollution and the environmental impact of replacing disposable materials through maintenance. The lifespan of materials used has a marked role to play in the environmental impact of every step along the supply chain.

Environmental aims and goals: 2019

The overall goals for our environmental initiatives; It is the avoidance of unnecessary natural-capital-expenditure and the reduction of resource usage.

Through the application of recycling and natural capital frameworks Rebosis continues to make strides in three key areas, namely:

Electricity reduction,

Waste Management (recycling)

Water usage reduction.

For water reduction the goal is set at a 2,5% reduction annually, as well as 1% reduction in all electricity usage across all properties. Our recycling goal is to achieve a waste neutral portfolio of properties while constantly improving efficiency through meticulous application of recycling initiatives.

REBOSIS
PROPERTY FUND

Highlights of 2019

Continued savings in **water usage** in the Western Cape in line with ***20% saving in 2018.***

1% reduction in **electricity usage.**

50% reduction in **disposable waste** and **40% recyclable waste** generated.

3% increase in total **waste materials recycled.**

Water reduction

South Africa remains a water scarce country and the careful management, usage and recycling of water resources have become an ever-increasing priority for homes, businesses and government bodies alike.

During 2018/2019 severely diminished rainfall in most parts of the country reduced the available water resources to the bare minimum, creating a constrained supply to all business. This poses the challenge of reducing usage and wastage, while maintaining service and operations standards.

The ongoing drought in the Western and Eastern Cape serve as an excellent case study in the potential effects of a water supply collapse scenario, providing a much-needed impetus for water saving initiatives. With unpredictable rainfall across the country, the recent extreme measures needed in the Western and Eastern Cape provide immediately applicable solutions for buildings across the country.

Consistent and standardised water usage reduction measures enable our buildings to reduce their load on the national water grid and achieve a measure of independence from rainfall patterns while also reducing the cost of water supply for owners and tenants.

Goals - 2019

Rebosis has set the target of a 2,5% reduction in overall water consumption across our portfolio of properties. During 2018 we achieved an overall reduction in water consumption of 2%. As a part of our continuous initiatives the goal for 2019 was to match or exceed the 2018 result.

Initiatives

In keeping with the "reduce and avoid" framework, we have implemented a number of initiatives across our entire Western Cape portfolio to minimize our impact and help in the mitigation of a water crisis in the province. The following measures were applied:

1. Converted all urinals to waterless urinals
2. Through aeration we reduced the flow rate of all taps
3. Reduced operational taps to a single unit per restroom
4. Installed Hand sanitizers to use instead of washing hands
5. Optimised the flush mechanism of all toilets
6. Encouraged water saving strategies to tenants
7. Carefully monitored daily consumption across our portfolio
8. Identified baseline consumption by ensuring no leakages are unattended
9. Reduced air conditioning operating times
10. Implemented rapid leakage reporting to minimize repair time

Results

Following the strategies implemented during 2019 Rebosis has matched the 2018 reduction in the total water resources consumed.

Waste management

All human activity produces various waste and thus the management of waste recycling and reduction is paramount in minimising the environmental impact or our activities. The dual reason for waste collection is to promote environmental protection and in turn improve the general population health.

If not properly managed, waste products can have serious and devastating effects: rubbish and waste can cause air and water pollution while rotting garbage is known to produce harmful gases that cause long term breathing problems and health risks for individuals who come into contact with the waste and corrupted air.

In terms of the global standard, South Africa is generally, not competitive in terms of recycling thoroughness and efficiency.

Waste generation and removal is not a top priority and we aim to set an example of environmental nurturing through leadership at Rebosis.

As a society, we need to be more aware of how we dispose of our waste, but what we do not realise, is how much our waste disposal methods; are having negative impact to our environment and society.

Global environmental health

Every choice an individual makes in the course of a day:

- *what to eat,*
- *where to shop,*
- *what to buy,*
- *how to travel,*

affects their environment on some levels. Some effects are immediate, and others have a hidden, long-term impact on the environment. For example, turning off the light to save electricity has a direct savings factor while other actions, such as purchasing clothing produced in a factory that prioritizes safe working conditions for its employees, serves more global, long-term sustainability goals.

In order to achieve a holistically sustainable framework for global environmental health we can apply the four principles of sustainability set forth by Terry Gips, an ecologist and sustainability business consultant.

The principles are as follows:

1. To limit what is taken from the earth by reducing the consumption of natural capital and reusing extracted resources;
2. To limit the use of toxic substances through strategic vision, high quality maintenance and use of innovative technologies;
3. To respect and protect the earth through careful waste management and resource recycling; and
4. To meet fundamental human needs through providing healthy and sustainable environments while achieving excellence in service delivery

Waste management locations:

Rebosis have ongoing waste management initiatives at the following Retail Centres:

1. Baywest Mall (Port Elizabeth)
2. Forest Hill City (Centurion)
3. Hemingway's Mall (East London)
4. Mdantsane City (East London)

Key findings and results

Across the four properties where holistic waste management systems have been implemented the following results have been achieved:

- ✓ Reduction in total waste from 2018 to 2019 = 46%
- ✓ 32% decline in total waste
- ✓ 70% reduction in general waste products
- ✓ 9% reduction in plastic wastage

In addition to the successful implementation of natural capital initiatives, Rebosis receives income generated through the recycling of waste material. This project is implemented on site, generating employment as well as keeping costs down.

Waste management locations:

Rebosis have ongoing waste management initiatives at the following retail centres:

1. Baywest Mall (Port Elizabeth)
2. Forest Hill City (Centurion)
3. Hemingway's Mall (East London)
4. Mdantsane City (East London)

Key findings and results

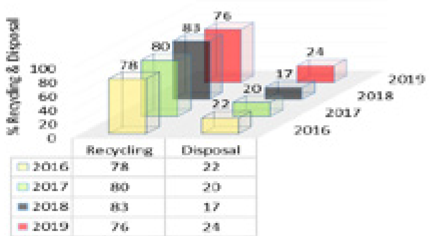
Across the four properties where holistic waste management systems have been implemented the following results have been achieved:

Types of recycling

	2019	2018	2017	2016
Paper	10 963	7 908	12 676	11 827
General waste	4 562	2 140	4 228	4 158
Plastic	2 632	1 827	3 077	2 459
Scrap metal	275	239	436	400
Tetrapack	137	115	184	136
Glass	122	0	0	0
Organic waste	25	0	0	0
Hazardous dry	3	0	0	0

The recycling and disposal graph indicates an increase in recycling trend over the four-year cycle and with disposals experiencing a slight decline

% Recycling & disposal



Electricity reduction

In keeping with the Rebosis framework for environmental capital the reduction of electricity usage remains a top priority, with supply uncertainty and global environmental impact being top determining factors.

Ongoing and unpredictable electricity supply shortcomings from Eskom creates an uncertain environment that at times is dependent on high cost and inefficient backup systems such as diesel generators. These solutions are not sustainable, in terms of property expenditure and environmental impact and a long-term approach to reducing power wastage, as well as materials wastage, is needed.

Goals and results

The goal in electricity reduction for 2019 is to continue to reduce consumption above the 1% achieved in 2018 across all buildings, this goal was achieved through converting to additional LED lighting.

This was to enlighten work areas and create bright, clear light for showcasing retail property.

Initiatives

LED lighting

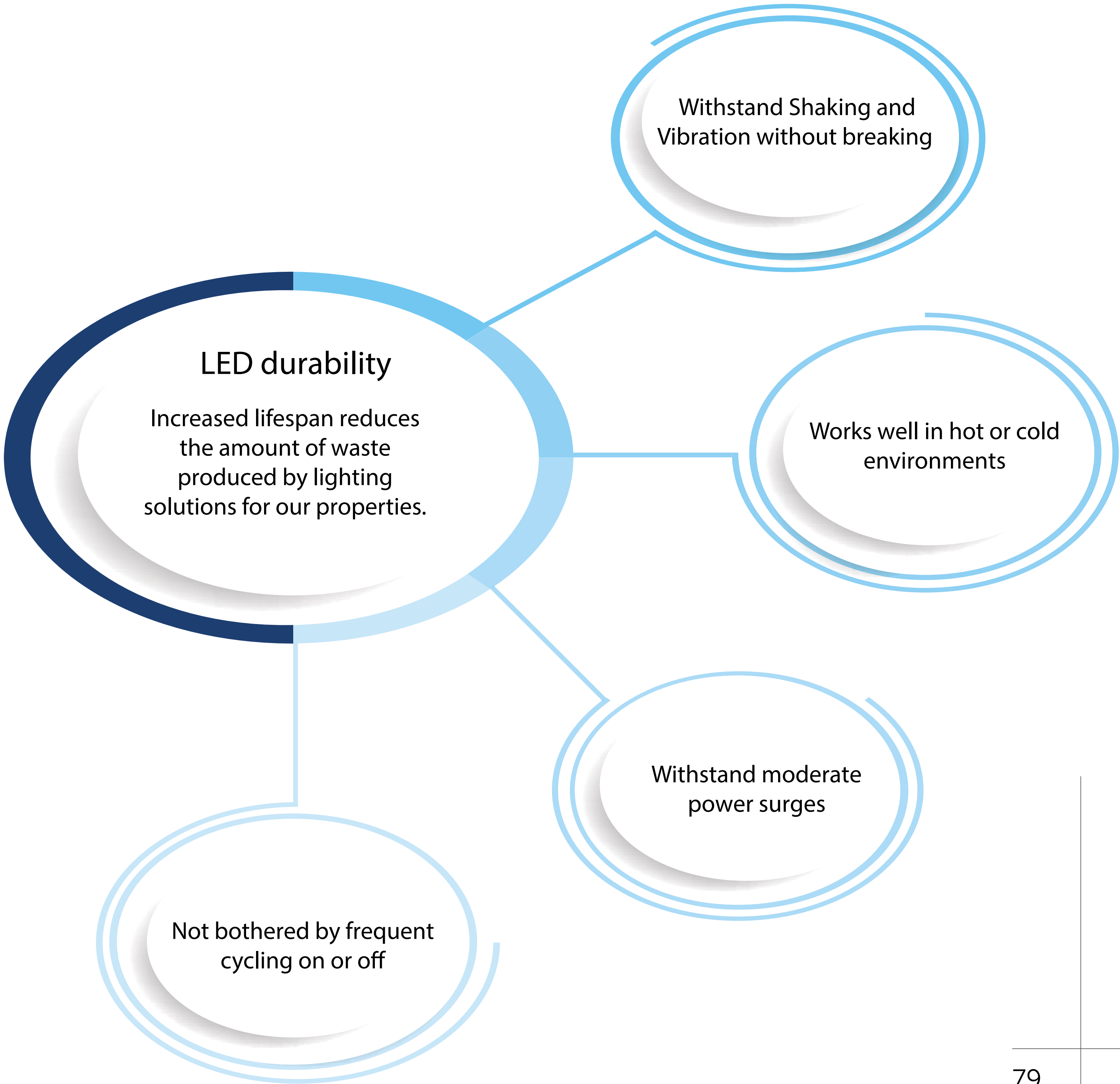
LED (Light Emitting Diode) is a bright, energy-efficient lighting component with no moving or fragile parts. Modern LED lighting has far surpassed other solutions in terms of flexibility, sustainability and cost efficiency, providing a first-class illumination solution for both commercial and residential uses.

LED lighting has distinct advantages from older technologies such as xenon tube lighting, providing a more sustainable and cost-efficient future. Human friendly advantages include zero electromagnetic interference, thus no background static hum. LEDs generate a full-spectrum light closely resembling daylight, illuminating tasks and enhancing work, school, and retail environments. LEDs can provide exceptional directional lighting and our applications are in two main initiatives - installing LED lighting and power factor correction equipment to enlighten a work area and create a bright, clear light for showcasing retail.

The extreme durability and low maintenance nature of LEDs also render them perfect for commercial use.

A total of 20 600 Lights were replaced in 2019 with more efficient LED options: A summary is given below

Amount	Type	Old Watt	New Watt	Saving/ Lamp [W]	Hours/ Day	Days/Wk	Wk/Yr	Hours/ Yr	kWh/ lamp/yr	kWh total
16 000	4 foot	36	18	18	10	5	50	2 500	45	720 000
4 000	5 foot	58	22	36	10	5	50	2 500	90	360 000
600	2 foot	14	9	5	10	5	50	2 500	12.5	7 500
Total									1 087 500	

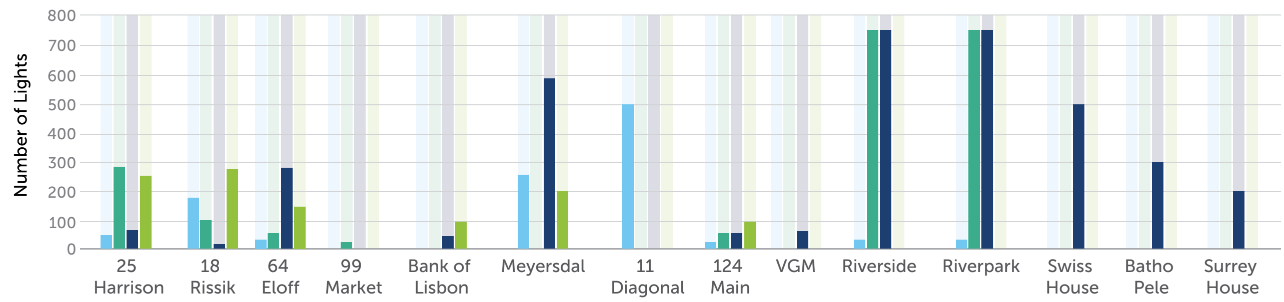


Based on these values, 1 087 500 kw will be saved per year and at an average tariff of R2/kWh, this is equal to a saving of R2 175 000 per year.

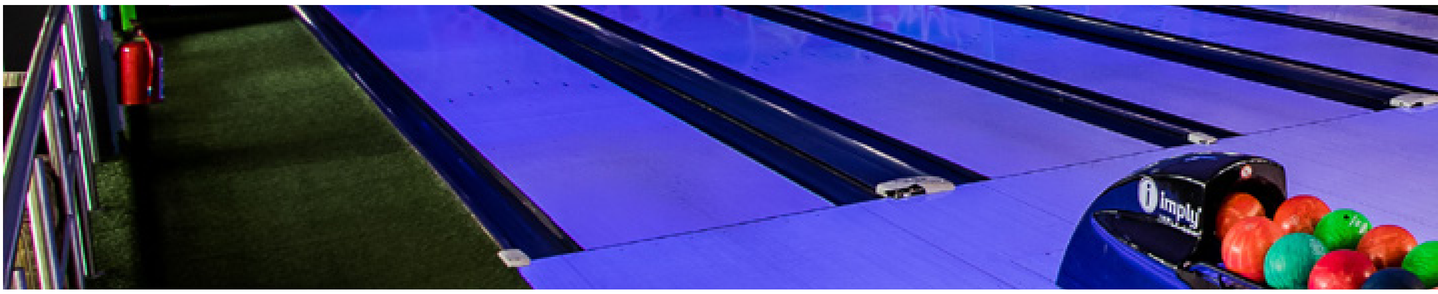
The other advantages in terms or reduction and avoidance is:

Advantages: reduction and avoidance		
Max efficiency	**Minimum heat**	**Minimum environmental impact**
LED lighting use substantially less power than incandescent or compact fluorescent lamps (CFLs). Replacing existing lighting with LED lighting can save between 50% and 90% of lighting energy costs.	Minimum Heat LEDs generate very little heat, transferring power to light instead of heat. Heat from traditional lighting creates a higher load on air conditioning systems, adding to the energy inefficiencies of non-LED lighting.	LEDs are 100% recyclable. In addition LEDs do not require a material safety data sheet (MSDS) or hazardous waste disposal.
Retrofitting to LEDs creates energy efficiencies, reducing our carbon footprint and minimising the impact of human activities regarding the amount of greenhouse gases produced. Power factor is a measure of how effectively incoming power is used in an electrical system and defined as the ratio of Real to Apparent (total) power.		
Real power		
Real Power is the power that actually powers the equipment and performs useful, productive work.	Reactive power is required by some equipment	This equipment realize huge savings on the electricity bills

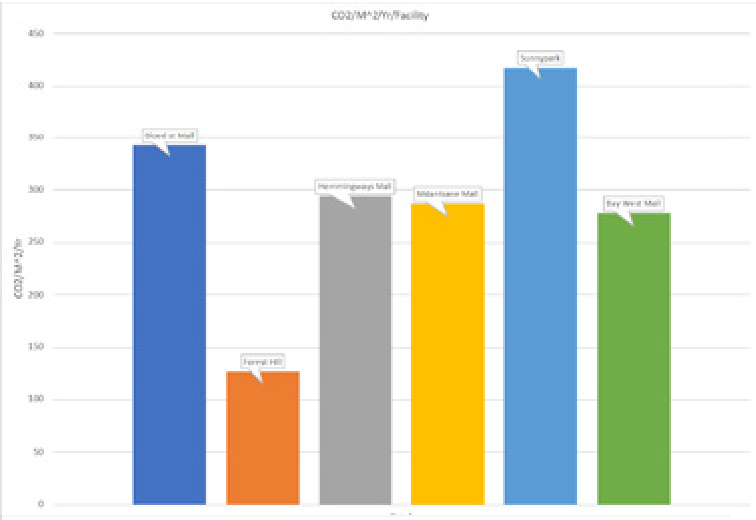
LED lights replacement (commercial)



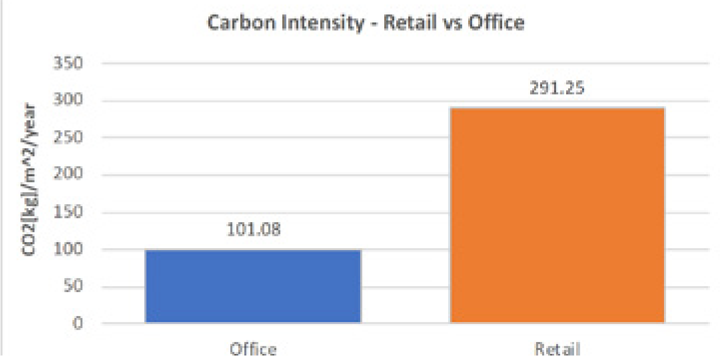
	25 Harrison	18 Rissik	64 Eloff	99 Market	Bank of Lisbon	Meyersdal	11 Diagonal	124 Main	VGM	Riverside	Riverpark	Swiss House	Batho Pele	Surrey House
Panel Lighht	43	170	30	-	-	250	500	20	-	22	22	-	-	-
2ft LED tube	275	95	50	20	-	-	-	50	-	750	750	-	-	-
4ft LED Tube	60	10	275	-	43	580	-	50	56	750	750	500	300	200
5ft LED Tube	245	270	140	-	90	200	-	100	-	-	-	-	-	-



Rebosis carbon foot-print (retail)



Intensity values $(C0_2/m^2)$ for retail facilities	
Bloed Street Mall	> 345 $(C0_2/m^2)$
Forest Hill Mall	>140 $(C0_2/m^2)$
Hemingways Mall	> 295 $(C0_2/m^2)$
Mdantsane Mall	> 290 $(C0_2/m^2)$
Sunnypark Shopping Centre	> 420 $(C0_2/m^2)$
Bay West Mall	> 280 $(C0_2/m^2)$



Looking ahead

In order to maintain and expand the current environmental initiatives, Rebosis is committed to ensuring that the highest standard of natural capital management and preservation is achieved.

Data tracking

A further initiative is to implement power factor correction in certain buildings. Implementing smart reading is another initiative being implemented for proper metering of electricity consumption and effectively managing energy efficiency and sustainability.

Solar power

Rebosis is investigating new and better ways to incorporate renewable energy as part of the energy mix for our buildings. Ensuring independent, sustainable and reliable power supply for our portfolio that is set to take energy savings at our buildings into the future.

Health and Safety

Rebosis committed to providing a safe, healthy and hygienic working environment for its representatives and suppliers as well as for its tenants and their patrons. The company is committed to maintaining a working environment that is free from any danger or hazard to their employees and the public and at all times times considering the possible impact on the environment.

In terms of the Occupational Health and Safety Act (Act 85 of 1993), the primary responsibility for ensuring a safe and healthy work environment is placed on the chief executive officer. The CEO may delegate his responsibility to Management of the business. The appointee/s will then be responsible for the management of the occupational health and safety matters. The officials are appointed on an annual basis as s in accordance with the Occupational Health and safety Act. These appointees are delegated to ensure compliance to Health & Safety within their areas of responsibility.

To this end, strict adherence with the Occupational Health and Safety Act, 85 of 1993 is enforced at all properties and in all operations. Rebosis has policies in place which accordingly govern health and safety at all Rebosis' premises. These policies are in place to govern the following:

- To provide a guideline on Health and Safety which is of a high standard, and subject to continuous review and improvement to meet ever changing challenges in the industry.
- To comply with the requirements of the relevant statutory provisions relating to Health, Safety, and environmental matters as these affect employees, customers, contractors and the public at large.
- Ensure that all employees stay informed of their responsibilities with regard to health, safety and environmental matters and that staff implement health and safety measures effectively.
- Encourage employees to participate in the prevention of accidents and incidents in the working environment, through continuous high-quality training and awareness programmers.

To achieve the above objectives, we are committed to the following principles:

- Establishing arrangements for the effective organisation, planning, monitoring and reviewing of health and safety policies and procedures.
- Setting ourselves challenging targets and objectives to ensure continual improvement in standards of health and safety management.
- Communicating the above to all managers, employees and regular contractors through regular updates and meetings.
- Complying with relevant health and safety legislation and other requirements. Encouraging the use of industry best practices wherever reasonably practicable.

The health and safety performance of Rebosis continues to be of a high standard and the number of accidents and incidents remain at a low level. The company's health and safety culture has improved over the last few years, with significant commitment to personal development in this area.

This is shown in the number of health and safety training courses attended by staff and management.

Rebosis Property Fund has a formal HIV/Aids policy in place, the primary objectives of which are:

- To promote equality and non-discrimination between individuals with HIV infection and those without and between HIV/AIDS and other comparable health/ medical conditions.
- To create a supportive environment so that HIV-infected employees are able to continue working under normal conditions in their current positions for as long as they are medically fit to do so.
- To subscribe to the protection of human rights and dignity of people living with HIV/AIDS as an essential prerequisite for the prevention and control of HIV/ AIDS.
- To recognise the right of employees to privacy and confidentiality. The company will not coerce any employee into revealing his / her HIV status.
- To allocate adequate financial resources to ensure the implementation, monitoring and evaluation of all aspects of the policy.

HIV/AIDS programme

The HIV/AIDS programme of the company shall give all employees access to:

- Information, education and communication activities to promote understanding and awareness of HIV and AIDS.
- Support for both infected and affected staff through peer educators or other appropriate support structures.

Carbon footprint

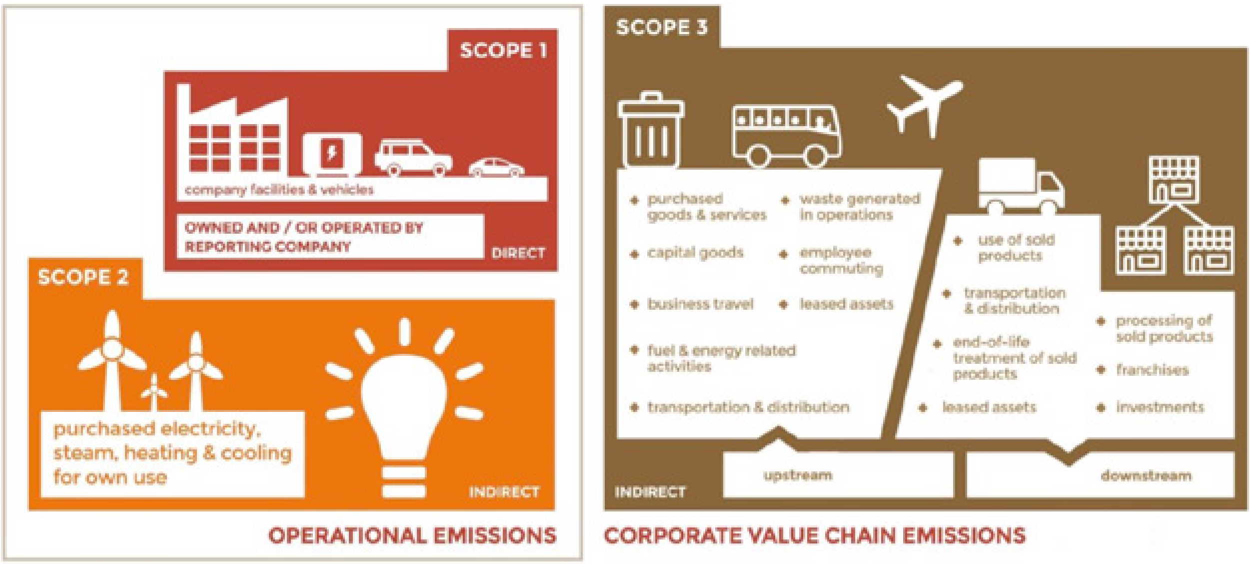
As part of our sustainability strategy, Rebosis is committed to quantifying, reporting and managing our carbon footprint. This is the second carbon footprint report on the portfolio.

This report deals only with some Scope 1 (diesel consumption of backup generators) and Scope 2 emissions – i.e. emissions as a result of purchased electricity.

A carbon footprint is the total set of greenhouse gas (GHG) emissions caused by an organisation, event, product or person. Greenhouse gases are emitted through transport, land use change, the production and consumption of food, fuel combustion, manufactured goods, material consumption, waste disposal and use of services. A carbon footprint is usually reported in CO2e (carbon dioxide equivalent) which is the internationally recognised measure of greenhouse gases.

The GHG Protocol is the most widely used standard for mandatory and voluntary GHG reports and is compatible with other international GHG standards such as ISO 14064.

According to the GHG Protocol, the emission scopes are defined as illustrated below.



Scope 1 emissions

Emissions from sources owned or controlled by the company, e.g., generators, refrigeration, air- conditioning units.

Scope 2 emissions

Emissions associated with the consumption of purchased electricity, heat or steam from a source that is not owned or controlled by the company, e.g., an electricity utility such as Eskom.

Scope 3 emissions

Scope 3 emissions are indirect emissions, other than purchased electricity, heat or steam, which can be described as relevant to the activities of the company, e.g., business travel, but which are emitted by sources in the company's supply chain.

Electricity consumption data provided for this report was obtained from billing meters or billing reports. Any renewable energy generated on-site is therefore already subtracted from these figures and has therefore effectively reduced the carbon footprint (as it should). The GHG Protocol does not require water usage to be recorded in a carbon inventory – water usage was therefore excluded.

A total of 37 buildings' data was obtained for the purpose of this report. The total estimated annual power consumption is 127 650 135 kWh. The resulting CO2 emissions is 135 468 071 kg. The Sulphur Oxide (Sox) emissions is 1 136 086kg. The Nitrogen Oxide (Nox) emissions is 545 066kg. The shopping centers contribute significantly to the carbon footprint, but this also includes much of the consumption that is not under the direct control of Rebosis as it is tenant usage.

Social and Human

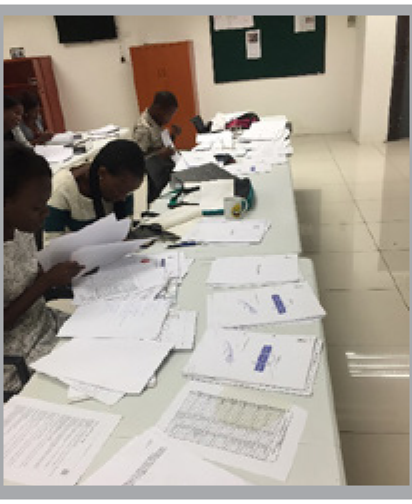
Introduction

Rebosis Property Fund contracted ALFC (Pty) Ltd to establish an academy to educate, train and develop previously disadvantaged entrepreneurs from 2018 and beyond.

The academy has been running in a Rebosis venue called "Room 2 Grow" located at Forest Hill City.

After successfully graduating 16 candidates from the 2018 intake, a decision was made to continue with this group to upskill them further and to include some candidates with disabilities in the program.

The initial 16 candidates first participated in an RPL process (Recognition of Prior Learning). This means that they will gain a formal qualification from the Services SETA in New Venture Creation based on their training received in 2018. This is a great achievement as the first year was the pilot project.



THE PILOT GROUP OF CANDIDATES PREPARING THEIR FILES FOR RECOGNITION OF PRIOR LEARNING

Some highlights:

Solwandle Nkambule

Solwandle was the top student from last year and wanted to open a Car Service City. He is currently gaining workplace experience at the Car Service City in preparation to opening his own franchise.

TK's Perfumes

Three of the ladies from the 2018 group set up their own company manufacturing and distributing perfumes in Diepsloot.

NCPD

Our learners with disability are currently being hosted by the National Council of People with Disabilities for their workplace learning.

Essence of Beauty

Phuti Kaka is running this retail salon, HANNON in Forest Hill City under the mentorship of ALFC.

Socio-economic development 2019

Recently the BEE commission has changed the way the support to SED/CSI projects should be executed.

In our journey to be a good corporate citizen and supporting Socio-Economic Development, our strategy was to focus on programs that creates sustainable access to the economy for its beneficiaries. This means that contributions should be providing sustainable benefit."

The company embarked on different initiatives and partnered with beneficiaries in and around the areas where we operate around the country. Our focus was on these objectives:

- Development programmes for women, youth, people with disabilities, people living in rural areas
- Support for education programmes, resources and materials at primary, secondary and tertiary education level as well as bursaries and scholarships
- Community training, skills development for unemployed people and adult basic education and training
- Support of arts, cultural or sporting development programmes

Initiatives

Donation of library books

Donation of sanitary pads & refreshments for school pupils

Donation of school shoes

Supporting cultural dance groups

Khawenze CCC NPO that keeps the elderly busy by doing beadworks, knitting, gardening and sewing.

We have also Adopted a Team Creative Creche which is based in Olievenhoutbosch. The support ranges from food parcels, educational tours and outings, educational material and providing maintenance service at the crèche facilities.

Besides the above initiatives we are also supporting potential up and coming vendors by offering them space within the retail context to sell their products during weekends.

We have also collaborated with the GOAT Foundation and successfully hosted the annual Olieven Academic Awards (OAA). The event aims to recognize and award students who performed exceptionally in mathematics, science and accounting, while encouraging students to work hard in the coming academic year to achieve better results. The event also aimed at improving the matric pass rate in the Olievenhoutbosch high schools.

The company also supported the Compass Group NPO who were raising funds for the recent KZN floods victims. Employees also donated clothes, toiletries and non-perishable food to the course.


BAYWEST
JAM
TURN LEFT
FOR GREAT
SUPRISES

Annual Financial Statements

4

Directors' Responsibility and Approval

The directors are required in terms of the Companies Act, 71 of 2008, as amended, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the group as at the end of the financial reporting period and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditor is engaged to express an independent opinion on the financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and company, and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group and company's cash flow forecast for the 12 months to 31 August 2020 and, in the light of this review and the current financial position, they are satisfied that the group and company with the continued support of their funders has or has access to adequate resources to continue in operational existence for the foreseeable future.

The board is responsible for the financial affairs of the group.

The external auditor is responsible for independently auditing and reporting on the group and company's financial statements.

The financial statements (Pages 102 to 151) have been examined by the group's external auditor and their report is presented on pages 96 to 98.

Approval of the Annual Financial Statements

The annual financial statements were approved by the board on 20 December 2019 and are signed on its behalf by:

Dr Anna Mokgokong
Chairman

20 December 2019

Sisa Ngebulana
Deputy Chairman and Chief Executive Officer

20 December 2019

Certificate by Company Secretary

In terms of the Companies Act, 71 of 2008, as amended ("the Act"), I declare that to the best of my knowledge, for the year ended 31 August 2019, Rebosis Property Fund Limited has lodged with the Registrar of Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Act and that such returns are true, correct and up to date.

Mande Ndema
Company Secretary

20 December 2019

The information below constitutes the report of the Audit and Risk Committee ("the Committee") in respect of the year under review. The Committee is an independent statutory committee, to which duties are delegated by the board.

The report has been presented as required in terms of the Companies Act, 71 of 2008, as amended.

The Committee is chaired by independent non-executive director, Francois Froneman and further comprises independent non-executive directors, Thabo Seopa and Nomfundo Qangule. The board of directors is satisfied that these directors act independently for the purpose of the committee. The CEO, CFO, CIO, External Auditor and Internal Auditor are present at meetings by standing invitation.

The Committee is governed by a formal charter which is reviewed annually. The Committee has conducted its affairs in compliance with these terms of reference and has discharged its responsibilities contained therein.

The Committee meets at least four times a year and special meetings are convened when necessary. Details of attendance by members of meetings, for the year under review, are set out on pages 50.

Responsibilities

The Committee has an independent role with accountability to both the board and shareholders. The committee does not assume the function of management, which remains the responsibility of the executive directors, officers and other senior members of management. The duties and responsibilities of the members of the Committee are set out in the Committee terms of reference, which is approved by the board. The committee fulfils an oversight role regarding the company's integrated report and the reporting process, including the systems of internal financial control. The purpose of the committee is to provide the board and shareholders with assurance that their interests are protected in respect of enterprise risk management, information and technology governance, legal and regulatory compliance, internal controls and financial reporting.

The Committee oversees co-operation between the internal and external auditors and is inter alia, responsible for assisting the board in discharging its duties in respect of the safeguarding of assets, accounting systems and practices, internal control processes and the preparation of accurate financial statements.

In the conduct of its duties, the audit and risk committee has, inter alia:

- nominated and recommended the appointment of the external auditor of the company who is a registered auditor and who, in the opinion of the committee, is independent of the company;
- determined the auditor's terms of engagement and the fees to be paid to the auditor;
- ensured that the appointment of the auditor complies with the Companies Act, 71 of 2008, as amended, and any other legislation relating to the appointment of the auditor;
- determined the nature and extent of any non-audit services that the auditor may provide to the company;
- reviewed and evaluated the quality of the financial information prepared to ensure integrity of reporting;
- reviewed and approved the interim and final financial results, and the related press releases, for recommendation to the board;
- confirmed that the Company has established appropriate financial reporting procedures and that those are operating;
- confirmed that the audit committee has been provided with all decision letters or explanations issued by IRBA or any other regulator and any summaries relating to monitoring procedures or deficiencies issued by the audit firm;
- prepared this report for inclusion in the annual financial statements;
- received and dealt with any concerns relating to the accounting practices of the company, the content or auditing of the company's annual financial statements, the internal financial controls of the company or any related matter; and
- made submissions to the board on any matter concerning the company's accounting policies, financial controls, records and reporting.
- Key focus areas for the committee during the 2019 financial year have been:
- to obtain an understanding to the requirements of the external auditor to report on significant matters impacting on their review;
- the potential impacts of IFRS 9 to the extent applicable to the company.

External Auditor

The Committee has satisfied itself that the external auditor is independent of the company, which includes consideration of compliance with criteria relating to independence or conflicts of interest as prescribed by the Independent Regularity Board for auditors. Requisite assurance was sought and provided by the auditor that internal governance processes within the audit firm support and demonstrate its claim to independence.

The committee is satisfied of the required independence of the external auditor is independent from Rebosis, as set out in section 94(8) of the Companies Act, after considering the following factors:

- Representations made by the external auditor to the committee.
- The criteria specified for independence by the Independent Regulatory Board for Auditors and international regulatory bodies.
- The auditor does not receive any remuneration or other benefit from Rebosis, except as external auditor.
- The auditor's independence was not prejudiced as a result of any previous appointment as auditor.
- The Committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and budgeted audit fees for the financial year-ended 31 August 2019.

The external auditor is invited to and attend all the Committee meetings and are required to meet independently with the Committee at least annually. Findings by the external auditor arising from their annual statutory audit are tabled and presented at a Committee meeting following the audit. The Committee endorses action plans for management to mitigate noted concerns. The external auditor has expressed a qualified opinion which includes a 'material uncertainty regarding going concern paragraph on the financial statements for the year ended 31 August 2019.

Refer to pages 96-98 for their full opinion

The Committee has completed the process stipulated in section 3.84(g)(iii) of the JSE Listings Requirements and has nominated, for election at the annual general meeting, BDO South Africa Inc as the external audit firm and Vincent Ngobese as the designated auditor responsible for performing the functions of auditor for the 2019/2020 financial year. The Committee has satisfied itself that the audit firm and designated auditor is accredited as such on the JSE list of auditors and their advisers.

Pre-approval of Non-Audit Services

BDO routinely performs non-audit services. The Audit and Risk Committee is required to pre-approve all audit and non-audit services performed by BDO in order to assure that auditor independence is not compromised. Refer to the Corporate Governance section of this report for further details and approval of non-audit services.

Internal Auditor

Rebosis has outsourced its internal audit function to Xabacha SA Incorporated, a professional service provider, ensuring that an independent strategically aligned function exists. The committee reviewed and approved the plan incorporating the field work to be performed. Critical and significant findings are reported to the Audit and Risk Committee. Corrective action is taken to address internal control deficiencies identified in the execution of work.

During the year the internal auditor performed audits in the following areas:

- Human Resources
- Financial disciplinary review – Expenses and related cycle
- Information Technology
- Risk and compliance / governance

Internal Controls

To meet the company's responsibility to provide reliable financial information, the group maintains financial, legal compliance and operational systems of internal control. These controls are designed to provide reasonable assurance that transactions are concluded in accordance with management's authority, are properly authorised and recorded and that the assets are adequately protected against material losses, unauthorised acquisition, use or disposal.

The system includes a documented organisational structure and division of responsibility, established policies and procedures (which are communicated throughout the company) and the careful selection, training and development of people.

Risk Management

Effective risk management plays an integral part in ensuring that the company's strategic intent is met.

Rebosis has an enterprise risk management policy which is reviewed, assessed and amended, where applicable, by the Audit and Risk Committee. Rebosis applies a formal risk assessment process on an annual basis and continuously identifies and quantifies emerging risk to the company. The board of directors takes ultimate responsibility for risk management and has delegated oversight responsibility to the committee. Management, as the implementer of strategy, has to ensure that the company has an effective system to manage risk, and that effective and efficient risk mitigations are implemented.

Risk management is a strategic partner of business ensuring that it not only protects value but acts as an enabler for business and growth. Management and the Committee are committed to continuously improving the risk management process to ensure a risk-resilient environment.

Compliance

The Audit and Risk Committee oversees the compliance with accounting standards and financial reporting requirements.

The compliance risk management process is facilitated by the company's head of legal and her team and supported by the risk management function from a monitoring and reporting perspective. The legal and regulatory compliance process is managed through a compliance risk assessment process. Refer to the Compliance Framework section of this report of further details on legal compliance.

Expertise and Experience of CFO and the Finance Function

The Audit and Risk Committee has considered and is satisfied with the expertise and experience of the CFO, Isabeau King.

Further, the committee has considered, and has satisfied itself of the appropriateness of the expertise and adequacy of resources of the financial function and experience of the senior management responsible for this.

Annual Financial Statements

The Audit and Risk Committee assists the board with all financial reporting and reviews the annual financial statements as well as the preliminary results announcements and interim financial information. The committee has reviewed the annual financial statements of the group and company and is satisfied that they comply with International Financial Reporting Standards ("IFRS") and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, JSE Limited Listings Requirements and the requirements of the Companies Act, 71 of 2008, as amended.

Going Concern

The committee reviewed a documented assessment by management of the going concern premise of the group and company before concluding to the board that the group and company will remain a going concern in the foreseeable future with the ongoing support of its funders.

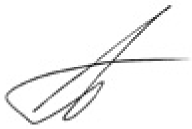
The short-term portion of the interest-bearing borrowings is in excess of the current assets of the group and company and as a result the group and company does not pass the liquidity test. The group is actively pursuing merger discussions which would create the opportunity to raise additional capital resulting in a new combined entity that would be liquid. In addition to this the group is continuing with its disposal program in order to reduce its loan to value and exposure to its funders. If the merger fails, the group would accelerate its disposal program in the absence of any other possible corporate actions. The group prepares forecast cash flows to ensure the optimal use of available cash and highlighting the areas of risk. In spite of the above plans demonstrating that the group can meet its short term commitments and service its debt obligations, there remains a material uncertainty on the entity's ability to continue as a going concern if it does not have the continued support of its funders. The directors have satisfied themselves that the group and company do have the continued support of its funders and have adequate resources to continue its operations in the foreseeable future allowing the group and company time to execute on the above strategies.

Investment property valuations

As disclosed in note 3 to the financial statements, Rebosis obtained independent valuations for all the properties in the current financial period. The valuers used were Dipeo Valuations for our Retail portfolio and DNA for our Commercial portfolio. 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 R2.4 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 independent valuations. Their values were R2.3 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 valuer 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.

Recommendation of the Integrated Report of Approval by the Board

The Committee, reviewed and recommended the integrated report for approval by the board of directors.



Francois Froneman
Chairman of the Audit and Risk Committee

20 December 2019

Qualified Opinion

We have audited the consolidated and separate financial statements of Rebosis Property Fund Limited (the group and company) set out on pages 102 to 151, which comprise the consolidated and separate statements of financial position as at 31 August 2019, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion section of our report, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Rebosis Property Fund Limited as at 31 August 2019, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Qualified Opinion

As disclosed in note 3 to the financial statements, 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' 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.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the group and company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material Uncertainty Related to Going Concern

We draw attention to the Going Concern note 35 in the consolidated and separate financial statements which indicates that the group's and company's ability to fund its short term liquidity requirements is dependent on the financial support of the various banks. Note 35 also indicates that this condition, along with other matters, indicates the existence of a material uncertainty which may cast significant doubt on the group's and company's ability to continue as a going concern. Our opinion is not modified is respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. This matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion and Material Uncertainty Related to Going Concern sections, we have determined the matter described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Impairment testing of goodwill - Group (R0.3 billion) At 31 August 2019, the Group has goodwill values of R0.3 billion, and this balance has been attributed to three cash generating units (CGUs). Management are required to perform an impairment test on goodwill at least annually. We have determined this is a key audit matter due to the judgement required by management in preparing a 'value-in-use' model to satisfy the impairment test. Forecasting future cash flows and applying an appropriate discount rate, inherently involves a high degree of estimation and judgement by management.	Our procedures included, amongst others, the following: • Reviewed the model for compliance with ISA 36 Impairment of Assets; • Assessed the determination of CGUs based on our understanding of how management monitors the Group's operations and makes decisions about groups of assets that generate independent cash flows; • Verified the mathematical accuracy and methodology appropriateness of the underlying model calculations; • Evaluated the cash flow projections and the process by which they were developed, comparing the cash flows to the latest budgets, and assessing the historical accuracy of the budgeting process; • Assessed the key growth rate assumptions by comparing them to historical results, economic and industry forecasts, and assessing the discount rate by reference to the cost of capital of the Group; • Performed sensitivity analysis of the key assumptions in model; • With the assistance of our valuation experts, we scrutinised the models for accuracy and the inputs for reasonableness and • Reviewed the adequacy of the disclosures in the financial statements, including disclosure on significant inputs.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Rebosis Property Fund Limited Annual Integrated Report for the year ended 31 August 2019", which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that BDO South Africa Incorporated has been the auditor of Rebosis Property Fund Limited for 9 years.

BDO South Africa Inc.

BDO South Africa Incorporated
Registered Auditors

V Ngobese
Director

Registered Auditor

23 December 2019

Wanderers Office Park
52 Corlett Drive
Illovo, 2196

The board has pleasure in submitting their directors' report for the year ended 31 August 2019.

Nature of business

Rebosis is a listed property REIT which owns a high growth defensive property portfolio.

The group's portfolio, valued at R15.6 billion, comprises 43 quality grade retail, commercial and industrial properties located in Gauteng, the Eastern Cape, KwaZulu-Natal and Northwest Province.

At 31 August 2019, nine of these properties valued at R1.7 billion (2018: R1.4 billion) were classified as investment property held for sale.

Rebosis' primary objective is to grow its portfolio and distributions by investing in high quality properties yielding secure capital and income returns for shareholders.

Year under review

The results of the group and company are addressed in the reports of the Chairman, the Chief Executive Officer and the Chief Financial Officer and are set out in the annual financial statements on pages 36, 38 and 42.

Share capital (shares in issue)

During the year under review, Rebosis did not issue any shares. In the prior year the following ordinary shares were issued ("REB"):

Date of issue	Number of shares issued	Issue price	Value of shares issued
2018		R	R'000
15 January 2018	30 973 451	11.30	350 000
27 August 2018	15 852 048	7.57	120 000
27 August 2018	10 111 373	8.00	80 891
	56 936 872		550 891

The company's authorised share capital comprises of 5 000 000 000 ordinary shares of no par value.

Dividend distributions

No dividends were declared during the year under review.

Rebosis uses dividend per share as the key measure of financial performance for trading statement purposes.

Directorate

The directors of the company during the year and at the date of this report were:

Current directors

ATM Mokgokong (Chairman) $	Z Kogo*
SM Ngebulana (Deputy Chairman and Chief Executive Officer)*	MM Mdlolo $
RP Becker (Chief Investment Officer) *	WJ Odendaal $
GFvL Froneman $	NV Qangule $
I King (Chief Financial Officer) *	TSM Seopa $

* Executive directors

$ Independent non-executive directors

The number of board and committee meetings attended by each of the directors during the year is tabled in the Corporate Governance Report on pages 50.

Directors' interests

The interests of the directors in the REB share of the company at 31 August 2019 were as follows:

	Beneficial Direct	Beneficial Indirect	Total
Executive directors			
SM Ngebulana	-	40 840 122	**40 840 122**
RP Becker	225 000	-	**225 000**
Z Kogo	15 577	-	**15 577**
	240 577	**40 840 122**	**41 080 699**
Non-executive directors			
WJ Odendaal	-	4 227 876	**4 227 876**
	-	**4 227 876**	**4 227 876**

No changes to the interest of directors took place between year-end and the date of approval of the annual financial statements. No director has any direct or indirect interest in the REA share in the current or prior year of the company.

As at 31 August 2018 the interests of the directors in the REB share of the company were as follows:

	Beneficial Direct	Beneficial Indirect	Total
Executive directors			
SM Ngebulana	-	40 470 122	40 470 122
RP Becker	225 000	-	225 000
M de Lange	29 662	-	29 662
Z Kogo	15 577	-	15 577
	270 239	40 470 122	40 740 361
Non-executive directors			
WJ Odendaal	-	5 637 168	5 637 168

Directors' interests in contracts

Sisa Ngebulana is both a director of Rebosis and a trustee and beneficiary of the Amatolo Family Trust, which owns 100% of the share capital of Billion Group Proprietary Limited ("BG") which in turn owned 100% of the share capital of the following companies:

Billion Property Group Proprietary Limited ("BPG"), which owned 50% of Baywest City Proprietary Limited ("Baywest"), prior to the acquisition by the group.

Disposal of assets

Disposal of assets to the value of R1.7 billion will continue in the new financial year as indicated to shareholders. These assets have been classified as assets held for sale on the statement of financial position.

Going concern

The directors are of the opinion that the group and company has adequate resources with the continued support of its funders to continue operating for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing the financial statements.

The short-term portion of the interest-bearing borrowings is in excess of the current assets of the group and company and as a result the group and company does not pass the liquidity test. The group is actively pursuing merger discussions which would create the opportunity to raise additional capital resulting in a new combined entity that would be liquid. In addition to this the group is continuing with its disposal program in order to reduce its loan to value and exposure to its funders. If the merger was to fail, the group would accelerate its disposal program in the absence of any other possible corporate actions. The group prepares forecast cash flows to ensure the optimal use of available cash and highlighting the areas of risk. In spite of the above plans demonstrating that the group can meet its short-term commitments and service its debt obligations, there remains a material uncertainty on the entity's ability to continue as a going concern if it did not have the continued support of its funders. The directors have satisfied themselves that the group and company do have the continued support of its funders and have adequate resources to continue its operations in the foreseeable future allowing the group and company time to execute on the above strategies.

Investment property valuations

As disclosed in note 3 to the financial statements, Rebosis obtained independent valuations for all the properties in the current financial period. The valuers used were Dipeo Valuations for our Retail portfolio and DNA for our Commercial portfolio. 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 R2.4 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 independent valuations. Their values were R2.3 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 valuer 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.

Major shareholders

Beneficial shareholders holding in excess of 5% of the shares in issue are detailed on pages 157 to 159 of the annual report.

Executive directors' service contracts

The executive directors' have service contracts with the company. A three-month notice period is required from the Chief Executive Officer, Sisa Ngebulana, Chief Investment Officer, Rob Becker, and the Chief Financial Officer, Isabeau King.

Subsequent events

On 5 September 2019 Rebosis entered into an agreement with Adowa Infrastructure Managers (RF) (Pty) Ltd to dispose of Erf 2460, comprising 209 units/apartments including 611 Student accommodation beds and auxiliary facilities, situated in Mafikeng, together with the restated enterprise for a cash consideration of R141 million.

Mdantsane City has transferred into the name of Vukile with effect from 26 November 2019. Accordingly, the disposal consideration in the amount of R516 million was paid in cash by Vukile to Rebosis. R491 million of the proceeds were used to settle debt.

As part of the DMTN programme REB15U for R19 million and REB16 for R21 million matured on 21 November and was settled. REB17U for R21 million with a maturity date of 21 May 2020 has been issued.

Company secretary

The company secretary for the year and at the date of this report was Mande Ndema.

The board has considered and is satisfied with the competence, qualification and experience of the company secretary, Mande Ndema.

The business and postal addresses of the company secretary are as follows:

M Ndema

The Campus
2rd floor, Roland Garros Building
Corner Sloane and Main streets
Bryanston, 2191

(Postnet Suite 158, Private Bag x21, Bryanston, 2021)

Telephone: +27(0) 11 575 4835

By order of the board

Sisa Ngebulana
Deputy Chairman and Chief Executive Officer

Bryanston

20 December 2019

Consolidated and Separate Statements of Financial Position

	Note	GROUP 2019 R000	2018 R000	2017 R000
ASSETS			Restated	Restated
Non-current assets		**14 254 761**	19 620 367	21 617 102
Investment property		**13 878 200**	16 682 000	18 608 490
Fair value of property portfolio	3	**13 587 785**	16 266 788	18 275 621
Straight line rental income accrual	3.1	**290 415**	415 212	332 869
Loans to group companies	5	**-**	-	-
Investment in subsidiaries	6	**-**	-	-
Investment in securities	7	**4 275**	992 774	1 044 979
Loans to related companies	8	**-**	180 472	70 699
Loans receivable	10	**-**	1 246 994	1 150 247
Goodwill	11	**358 104**	499 331	676 412
Derivative instruments	12	**8 334**	10 201	60 540
Property, plant and equipment	13	**5 848**	8 595	5 735
Current assets		**291 827**	631 326	816 263
Derivative instruments	12	**9**	5 826	49 131
Loans receivable		**-**	-	286 013
Trade and other receivables	14	**219 661**	445 557	376 479
Cash and cash equivalents	15	**72 157**	179 943	104 640
Investment property held for sale	4	**1 723 102**	1 403 000	212 689
Total assets		**16 269 690**	**21 654 693**	**22 646 054**
EQUITY AND LIABILITIES				
Equity		**5 734 700**	10 329 420	11 715 539
Stated capital	16	**9 015 068**	9 015 068	8 464 527
Reserves		**(3 280 368)**	1 314 352	3 251 012
Non current liabilities		**-**	4 926 245	5 426 278
Interest bearing borrowings	17	**-**	4 899 095	4 973 983
Loans from group companies	5	**-**	-	-
Deferred payment liability		**-**	-	360 853
Derivative instruments	12	**-**	27 150	91 442
Current liabilities		**10 533 017**	6 399 028	5 504 237
Interest bearing borrowings	17	**10 131 357**	5 856 984	4 858 196
Deferred payment liability		**123 471**	124 936	350 000
Derivative instruments	12	**32 010**	65 311	2 057
Trade and other payables	18	**209 838**	351 797	293 984
Tax payable		**38 314**	-	-
Total equity and liabilities		**16 269 690**	**21 654 693**	**22 646 054**
Number of ordinary A shares in issue		**63 266 012**	63 266 012	63 266 012
Number of shares less treasury shares		**696 844 874**	696 844 874	642 316 328
Net asset value per REA share (R)		**13.65**	22.75	24.50
Net asset value per REB share (R)		**6.99**	12.76	15.83
Loan to value (%)		**64.5%**	51.6%	49.9%

	COMPANY		
	2019 R000	2018 R000	2017 R000
		Restated	Restated
	10 449 632	14 406 277	16 856 795
	7 761 000	9 481 000	9 389 990
	7 660 445	9 286 836	9 240 404
	100 555	194 164	149 586
	434 044	1 310 592	1 412 505
	2 239 689	2 447 876	4 840 040
	2 491	-	-
	-	-	70 699
	-	1 058 749	989 794
	-	95 703	95 703
	8 334	6 518	57 210
	4 074	5 839	854
	150 685	411 022	276 441
	-	5 826	49 131
	-	-	-
	93 047	247 752	192 032
	57 638	157 444	35 278
	708 486	-	-
	11 308 803	**14 817 299**	**17 133 236**
	3 980 983	7 651 801	10 922 096
	9 040 201	9 040 201	8 489 660
	(5 059 218)	(1 388 400)	2 432 436
	656 732	1 810 497	2 188 636
	-	1 404 396	1 877 160
	656 732	389 186	-
	-	-	247 676
	-	16 915	63 800
	6 671 088	5 355 001	4 022 504
	6 443 170	4 954 186	3 590 476
	123 471	141 047	350 000
	23 833	65 311	2 057
	60 497	194 457	79 971
	20 117	-	-
	11 308 803	**14 817 299**	**17 133 236**
	63 266 012	63 266 012	63 266 012
	696 844 874	696 844 874	642 316 328
	13.65	22.75	24.50
	4.47	8.92	14.59
	75.4%	43.4%	34.5%

Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 August 2019

	Note	GROUP 2019 R000	GROUP 2018 R000	COMPANY 2019 R000	COMPANY 2018 R000 Restated
Property income		**1 842 144**	2 261 439	**1 022 316**	1 248 500
Investment property income		**1 905 109**	2 087 179	**1 062 312**	1 094 621
Net income from facilities management agreement		**29 557**	22 488	**29 835**	22 104
Management fees received		**-**	4 668	**16 152**	20 888
Listed property securities and related income		**-**	62 348	**713**	65 491
Straight line rental income accrual		**(92 522)**	84 756	**(86 696)**	45 396
Property expenses		**(605 476)**	(539 006)	**(267 901)**	(222 442)
Net property income		**1 236 668**	1 722 433	**754 415**	1 026 058
Other operating expenses		**(142 104)**	(127 428)	**(136 104)**	(119 120)
Operating income	19	**1 094 564**	1 595 005	**618 311**	906 938
Net interest	22	**(996 982)**	(755 278)	**(625 689)**	(357 995)
Paid		**(999 928)**	(902 951)	**(628 238)**	(491 046)
Received		**2 946**	147 673	**2 549**	133 051
Net operating income/(loss)		**97 582**	839 727	**(7 378)**	548 943
Other income		**4 992**	4 621	**2 377**	-
Changes in fair values and impairments	21	**(4 306 399)**	(1 768 329)	**(3 316 008)**	(3 353 951)
Investment property		**(1 749 664)**	(1 013 622)	**(968 514)**	(135 404)
Investment in subsidiaries		**-**	-	**(208 185)**	(2 392 163)
Investment in listed securities		**(992 774)**	(484 949)	**-**	-
Derivative instruments		**1 340**	(92 677)	**7 948**	(110 366)
Loan impairment		**(1 424 074)**	-	**(2 051 554)**	(716 018)
Goodwill impairment		**(141 227)**	(177 081)	**(95 703)**	-
Total loss before taxation		**(4 203 825)**	(923 981)	**(3 321 009)**	(2 805 008)
Taxation	23	**(38 314)**	-	**(20 117)**	-
Total comprehensive loss		**(4 242 139)**	(923 981)	**(3 341 126)**	(2 805 008)
Total comprehensive loss		**(4 242 139)**	(923 981)	**(3 341 126)**	(2 805 008)
Basic and diluted earnings per REA share (cents)	25	**265.50**	252.86		
Basic and diluted loss per REB share (cents)	25	**(632.87)**	(163.75)		

Consolidated and Separate Statements of Changes in Equity

for the year ended 31 August 2019

	Attributable to equity holders of the Parent		
GROUP	Stated capital R000	Accumulated loss R000	R000
Balance at 31 August 2017- as previously reported	**8 464 527**	**3 383 323**	**11 847 850**
Prior period error - 01 September 2016 (See Note 9)		(132 311)	(132 311)
Balance at 31 August 2017 - restated	**8 464 527**	**3 251 012**	**11 715 539**
Issue of shares	550 541	-	550 541
Dividend paid	-	(1 012 679)	(1 012 679)
Total comprehensive loss for the year	-	(923 981)	(923 981)
Balance at 31 August 2018 - restated	**9 015 068**	**1 314 352**	**10 329 420**
Change in accounting policy (IFRS 9) - 01 September 2018 (See Note 9)	**-**	**(66 328)**	**(66 328)**
Dividend paid		**(286 253)**	**(286 253)**
Total comprehensive loss for the year	**-**	**(4 242 139)**	**(4 242 139)**
Balance at 31 August 2019	**9 015 068**	**(3 280 368)**	**5 734 700**

COMPANY	Stated capital R000	Accumulated loss R000	Total R000
Balance at 31 August 2017 - as previously reported	8 489 660	2 564 747	11 054 407
Prior period error - 01 September 2016 (See Note 9)		**(132 311)**	**(132 311)**
Balance at 31 August 2017 - Restated	**8 489 660**	**2 432 436**	**10 922 096**
Issue of shares	550 541		550 541
Dividend paid	-	(1 015 827)	(1 015 827)
Total comprehensive loss for the year	-	(2 805 008)	(2 805 008)
Balance at 31 August 2018 - Restated	**9 040 201**	**(1 388 400)**	**7 651 801**
Change in accounting policy (IFRS9) - 01 September 2018 (See Note 9)	**-**	**(43 439)**	**(43 439)**
Dividend paid	**-**	**(286 253)**	**(286 253)**
Total comprehensive loss for the year	**-**	**(3 341 126)**	**(3 341 126)**
Balance at 31 August 2019	**9 040 201**	**(5 059 218)**	**3 980 983**

Consolidated and Separate Statements of Cash Flows

for the year ended 31 August 2019

	Notes	GROUP 2019 R000	GROUP 2018 R000	COMPANY 2019 R000	COMPANY 2018 R000
Cash flows from operating activities					
Cash generated by operations	24	**1 074 117**	1 355 577	**607 011**	768 122
Finance income		**2 946**	47 284	**2 549**	46 572
Finance costs		**(955 499)**	(887 610)	**(598 330)**	(479 536)
Dividends received		**-**	62 348	**713**	65 491
Net cash inflow from operating activities		**121 564**	577 599	**11 943**	400 649
Cash flow from investing activities					
Acquisition of property, plant and equipment		**(1 713)**	(5 670)	**(1 713)**	(6 778)
Capital expenditure, tenant installations and lease commissions		**(56 786)**	(305 376)	**(43 696)**	(181 018)
Transaction and compliance cost on disposal of investment property		**(96 611)**	-	**-**	-
Proceeds from disposal of investment property		**868 000**	112 689	**-**	-
Acquisition of listed securities and investments		**-**	(289 933)	**-**	-
Repayments on B-BBEE and Jiraserve loans		**-**	95 423	**-**	98 414
Loans advanced to related company		**-**	(109 773)	**-**	(286 532)
Loans to group companies - advanced		**-**	-	**(116 236)**	-
Net cash inflow/(outflow) from investing activities		**712 890**	(502 640)	**(161 644)**	(375 914)
Cash flow from financing activities	24.1				
Proceeds from issue of shares		**-**	121 101	**-**	121 101
(Repayments)/proceeds from financial liabilities		**(642 599)**	908 558	**76 988**	879 438
(Decrease)/increase in deferred payment liability		**-**	(16 565)	**-**	112 720
Proceeds of loans from group companies		**-**	-	**267 556**	-
Settlement of derivative instruments		**(13 388)**	(71)	**(8 396)**	-
Dividend paid		**(286 253)**	(1 012 679)	**(286 253)**	(1 015 828)
Net cash (outflow)/inflow from financing activities		**(942 240)**	344	**49 895**	97 431
Net (decrease)/increase in cash and cash equivalents		**(107 786)**	**75 303**	**(99 806)**	**122 166**
Cash and cash equivalents at the beginning of the year		**179 943**	104 640	**157 444**	35 278
Cash and cash equivalents at the end of the year	15	**72 157**	**179 943**	**57 638**	**157 444**

1. Accounting Policies

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting pronouncements as issued by the Financial Reporting Standards Council, the JSE Limited Listings Requirements and the requirements of the Companies Act, 71 of 2008, as amended and SA REIT Association Best Practice Recommendations. The financial statements are prepared under the supervision of I King CA (SA) in her capacity as Chief Financial Officer.

The financial statements are prepared on the historic cost basis, except for investment properties and certain financial instruments which are carried at fair value or amortised cost, and incorporate the principal accounting policies set out below. These accounting policies have been applied consistently with the previous year, except for the adoption of IFRS 9: Financial Instruments (Refer to note 9) and IFRS 15: Revenue from contract customers.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 1.15

1.1. Basis of consolidation

The consolidated financial statements comprise the financial statements of the company and all entities controlled by the group as at 31 August 2019. Control is achieved when the company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for NCI over the fair value of the identifiable net assets acquired and liabilities assumed. If the fair value of the identifiable net assets acquired is in excess of the aggregate consideration transferred, the group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the profit or loss. Goodwill is tested annually for impairment.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

1.1.1. Investment in subsidiaries

Subsidiaries are entities over which the company has the ability to control the financial and operating activities so as to obtain benefit from the activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

In the separate financial statements of the company, investments in subsidiaries are accounted for at cost less accumulated impairment losses.

1.2. Financial instruments

1.2.1. Financial instruments: IAS 39 Comparatives classification

Financial instruments are recognised in the statement of financial position when the company becomes party to the contractual provisions of the instrument. The company initially recognises a financial instrument as a financial asset, a financial liability or as an equity instrument in accordance with the substance of the contractual arrangement.

The company derecognises a financial asset when the contractual rights to the cash flows from the asset expired, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the entity is recognised as a separate asset or liability.

The company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are initially measured at fair value plus in the case of those not classified as fair value through profit or loss, transaction costs. Subsequent to initial recognition, these instruments are measured as follows:

Financial assets

- **Listed property securities**

  Listed property securities are classified at fair value through profit or loss and are subsequently measured at fair value less the accrual for distributions receivable. This accrual is included in receivables. No deduction is made for transaction costs which may be incurred on sale or other disposal.

- **Trade and other receivables**

  Trade and other receivable are subsequently measured at amortised cost using the effective interest rate method. Trade and other receivables are presented net of an allowance for impairment. The allowance for impairment is based on the difference between the carrying value of the receivables and the present value of expected future cash flows using the discount rate calculated at initial recognition. Movements in the allowance is recognised in profit or loss. Unrecoverable amounts are written off against the allowance account and subsequent recoveries of previously written off amounts are credited to profit or loss.

- **Cash and cash equivalents**

  Cash and cash equivalents comprise cash balances and call deposits. Cash and cash equivalents are highly liquid, short- term investments that are readily convertible to known amounts of cash. These investments are subject to insignificant risk of change in value. Cash and cash equivalents are measured at amortised cost that approximates fair value.

- **Loans to group companies**

  These include loans to subsidiaries and related parties. Loans to group companies are classified as financial assets and subsequently measured at amortised cost.

Financial liabilities

- **Interest-bearing borrowings**

  Interest-bearing borrowings are recognised at amortised cost using the effective interest rate method.

- **Trade and other payables**

  Trade and other payables are subsequently measured at amortised cost.

- **Loans from group companies**

  These include loans from subsidiaries and related parties, and are classified as financial liabilities subsequently measured at amortised cost.

- **Derivative instruments**

  The group uses derivative financial instruments to hedge its exposure to interest rate risk arising from its financing activities. Derivative instruments are adjusted to fair value at each reporting date and have been designated by the group as instruments held for trading and accounted for at fair value through profit or loss.

  The group holds interest rate swap, interest rate cap and cross currency swap instruments. The fair value of each instrument is the estimated amount that the entity would receive or pay to terminate the swap or cap at the reporting date, taking into account current interest rates, exchange rates and the current creditworthiness of the counter parties.

1.2.2. Financial instruments: IFRS 9

Financial instruments held by the group are classified in accordance with the provisions of Financial instruments: IFRS 9

Financial assets which are equity instruments:

- Mandatorily at fair value through profit or loss, or
- Designated at fair value through other comprehensive income.

Financial assets which are debt instruments:

- Amortised cost.

  This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows; or

- Fair value through other comprehensive income.

  This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments; or

- Designated at fair value through profit or loss.

  This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch.

Financial liabilities:

- Amortised cost; or
- Mandatorily at fair value through profit or loss.

This applies to contingent consideration in a business combination or to liabilities which are held-for-trading; or

- Designated at fair value through profit or loss.

This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated at fair value through profit or loss.

Loans receivable

Classification

Loans to subsidiaries and related parties and loans receivable are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these loans give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on these loans.

Recognition and measurement

Loans receivable are recognised when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

Application of the effective interest method

Interest income is calculated using the effective interest method and is included in profit or loss in investment income.

The application of the effective interest method to calculate interest income on a loan receivable is dependent on the credit risk of the loan as follows:

- The effective interest rate is applied to the gross carrying amount of the loan, provided the loan is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.

1.2. Financial instruments (Continued)

1.2.2. Financial instruments: IFRS 9 (Continued)

Impairment

The company recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The company measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12-month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that is possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12-month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the company considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

Significant increase in credit risk

In assessing whether the credit risk on a loan has increased significantly since initial recognition, the company compares the risk of a default occurring on the loan as at the reporting date with the risk of a default occurring as at the date of initial recognition.

The company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

The company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

Definition of default

For purposes of internal credit risk management purposes, the company considers that a default event has occurred if there is either a breach of financial covenants by the counterparty, or if internal or external information indicates that the counterparty is unlikely to pay its creditors in full (without taking collateral into account).

Write-off policy

The company writes off a loan when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Loans written off may still be subject to enforcement activities under the company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. The exposure at default is the gross carrying amount of the loan at the reporting date.

If the company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, and vice versa.

An impairment gain or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account, if material.

1.2. Financial instruments (Continued)

1.2.2. Financial instruments: IFRS 9 (Continued)

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost. The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The company recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The company measures the loss allowance for trade and other receivables at an amount equal to lifetime ECL, which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Measurement and recognition of expected credit losses

The company makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix are presented in note 14.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss shown seperately in profit or loss or as a movement in credit loss allowance, if material.

Write-off policy

The company writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Trade and other payables

Classification

Trade and other payables excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

1.2. Financial instruments (Continued)

1.2.2. Financial instruments: IFRS 9 (Continued)

Recognition and measurement

They are recognised when the company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method. If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs.

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk.

Cash and cash equivalents

Cash and cash equivalents are initially recorded at fair value and subsequently measured at amortised cost which is deemed to be the fair value.

Financial liabilities

The company derecognises financial liabilities when, and only when, the company obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

1.3. Impairment

Non-financial assets

The carrying amounts of the group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount and is recognised in profit or loss.

Goodwill is tested for impairment annually

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss is reversed, with the exception of impairments relating to goodwill, if there has been a change in the estimates used to determine the recoverable amount and there is an indication that the impairment loss no longer exists.

An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

1.4. Investment properties

Investment properties are properties held for the purpose of earning rental income and for capital appreciation. Investment properties are initially recorded at cost and include transaction costs on acquisition. Subsequent expenditure to add to or to replace a part of the property is capitalised at cost. The replaced parts are derecognised.

Investment properties are valued annually and adjusted to fair value as at the date of the statement of financial position. Any gain or loss arising from a change in the fair value of the investment property is included in profit or loss in period to which it relates.

Gains and losses on the disposal of investment properties are recognised in profit or loss and are calculated as the difference between the sale price and the carrying value of the property.

1.5. Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets or investment property, which continue to be measured in accordance with the Group's other accounting policies.

Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

1.6. Property, plant and equipment

Property, plant and equipment is recorded at cost less accumulated depreciation and impairment.

Property, plant and equipment is depreciated on a straight-line basis over the current useful lives of the assets.

The estimated useful lives of the assets are:

Computer equipment	3 years
Computer software	2 years
Furniture, fittings and equipment	3 years
Motor vehicles	5 years

The useful lives and residual values are reassessed at the end of each reporting period and adjusted if necessary.

1.7. Revenue

IFRS 15 Revenue from contracts with customers and the related "Clarifications to IFRS 15 Revenue from contracts with custimers" (hereinafter referred to as IFRS 15) replace IAS 18 Revenue and several revenue related Interpretations.

The group recognises revenue from the following major sources:

- Facilities management income
- Asset management income

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of thrid parties. The company recognises revenue when it transfers control of a product or service to a customer.

To determine whether to recognise revenue, the company follows a five step process:

- identifying the contract with customer
- identifying the performance obligation
- determining the transaction price
- allocating the transaction price to the performance obligation
- recognising revenue when/as performance obligations are satisfied

Revenue is therefore recognised:

- to the extent that it is probable that the performance obligations are satisfied, the or the customer obtains control of the services and will result in revenue; and
- that it is capable of being reliably measured.

While IFRS 15 represents significant new guidance, management's assessment indicated that the contract's performance obligations and related contract costs are satisfied over time and that the method used to measure the progress towards completion of the contract will continue to be appropriate under IFRS 15.

The majority of revenue from these services is recognised on a transaction basis as the services are provided.

1.7. Revenue (Continued)

Where the company provides services to customers and in exchange for a fixed monthly fee, revenue is recognised on a straightline basis over the term of the lease. As the amount of work required to perform under these contracts does not vary significantly from month-to-month, the straightline method provides an accurate depiction of the services.

There is a fixed unit price for each service delivered. Therefore, there is no judgement involved in allocating the contract price to each service provided.

Customers are invoiced at the end of each month. Invoices for services transferred are due upon receipt by the customer.

As the period of time between customer payment and performance will always be less than a year, the company applies the practical expedient and does not adjust the promised amount of the consideration for the effects of financing.

Facility management income

Facility management income is recognised on the rendering of the services. Revenue is recognised and collected on a monthly basis.

Asset management income

Asset management income is recognised on the rendering of services. Revenue is recognised and collected on a monthly basis.

1.8. Investment property income

Investment property income comprises operating lease income and operating cost recoveries from the letting of investment properties. Operating lease income is recognised on a straight-line basis over the term of the lease. Contingent rents (turnover rentals) are included in revenue when the amount can be reliably measured.

1.9. Listed securities income

Distributions from listed securities are recognised on date of declaration.

1.10. Interest income

Interest income is recognised as it accrues, using the effective interest rate method.

1.11. Borrowing costs

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is substantially ready for its intended use. Qualifying assets are those that necessarily take a substantial period of time to prepare for their intended use.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on funds specifically borrowed in respect of the qualifying asset. Investment income earned on the temporary investment of borrowings pending their expenditure on qualifying assets is deducted from the borrowing cost capitalised. Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are complete. All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.12. Taxation

Taxation for the year comprises current and deferred taxation.

The charge for current tax is based on the results for the period as adjusted for items which are non-assessable or disallowed. It is calculated using rates that have been enacted or substantially enacted at reporting date.

Deferred income tax is provided using the comprehensive liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred taxation assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arose as a result of a transaction, other than a business combination, that does not impact accounting or taxable profit or loss.

Deferred taxation is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability settled.

Taxation is recognised in profit or loss unless it relates to a transaction that is recognised in equity or other comprehensive income, in which case the taxation is recognised in equity or other comprehensive income.

As the company is a REIT it is not liable for capital gains tax in terms of Section 25BB of the Income Tax Act.

1.13. Letting costs

Tenant installations and lease commissions are carried at cost less accumulated depreciation. Depreciation is provided to write down the cost, less residual value, by equal instalments over the period of the lease.

1.14. Operating segments

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses.

The operating results are reviewed regularly by executive management acting as the chief operating decision maker to make decisions about and to assess the performance of the segment. Operating segments are reported in the manner consistent with the internal reporting provided to the chief operating decision maker.

On a primary basis the operations are organised into three major business segments – retail, office, industrial and head office.

1.15. Key estimates and assumptions

Estimates and assumptions, an integral part of financial reporting, have an impact on the amounts reported for the company's assets, liabilities income and expenses. Judgement in these areas is based on historical experience and reasonable expectations relating to future events. Actual results may differ from these estimates. Information on the key estimations and uncertainties that have the most significant effect on amounts recognised are set out in the following notes to the financial statements:

- Accounting policies – notes 1.3, 1.4, and 1.6
- Investment property valuation – note 3
- Goodwill – note 11
- Loss allowance provision – note 14

Further matters that required key judgement in the preparation of these annual financial statements were:

Deferred tax and taxation

Deferred tax assets are raised to the extent that it is probable that future taxable profit will be available against which unused tax losses and unused tax credits can be utilised. Assessment of future taxable profit is performed at every reporting date, in the form of future cash flows using a suitable growth rate.

As the group has obtained REIT status effective 1 September 2013, the group is not liable for capital gains tax on the disposal of directly held properties and local REIT securities. In addition, deferred tax is not calculated on the straight-line rental income accrual as the rental income accrual forms part of the group's distributions.

1.15. Key estimates and assumptions (Continued)

Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. The instruments are included in level 1. Instruments included in level 1 comprise primarily quoted equity investments classified as trading securities.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group or similar financial instruments.

Investment property is carried at fair value, which is categorised as level 3. Specific valuation techniques used to value the investment property have been disclosed in note 3.

Refer to note 30 for the fair value hierarchy.

Impairment testing (including goodwill)

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill and indefinite life intangible assets are tested on an annual basis for impairment.

Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value-in-use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors.

Limitation of sensitivity analysis

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors.

It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the group's view of possible near-term market changes that cannot be predicted with any certainty.

2. New Standards and Interpretations

Statement of compliance with International Financial Reporting Standards ("IFRS")

The group applies all applicable IFRS as issued by the International Accounting Standards Board ("IASB") in preparation of the financial statements. Consequently, all IFRS statements that were effective at the date of issuing this report and are relevant to Rebosis' operations have been applied.

Changes in significant accounting policies

The group has applied IFRS 9 and IFRS 15 from 1 September 2018 (See Note 9). A number of other new standards are also effective from 1 September 2018 but they do not have a material effect on the group's financial statements.

Due to the transition methods chosen by the Group in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

2. New Standards and Interpretations (Continued)

Standard	Details of amendments
"IFRS 9 Financial instruments"	IFRS 9 sets out requirements for recognising and measuring financial assets and financial liabilities. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. As a result of the adoption of IFRS 9, the Group has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss and other comprehensive income, rather than including the impairment of trade receivables in other expenses." The impact of this adoption is reflected on Note 9: Accounting policies, changes in accounting estimates and errors. "The Group has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Accordingly, the information presented in 2018 does not generally reflect the requirements of IFRS 9, but rather those of IAS 39. The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application: • The determination of the business model within which a financial asset is held • The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at fair value through profit or loss.
"IFRS 15 Revenue from Contracts with Customers"	Leases are specifically scoped out of IFRS 15. The majority of revenue is derived from rental income and the impact of this new standard is therefore immaterial.

At the date of authorisation of these financial statements, the following Standards that could impact the group were in issue but not yet effective. It is not expected to significantly impact the group.

Standard	Details of amendments	Annual periods beginning on or after
IFRS 16 Leases	• IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right- of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. • IFRS 16 contains expanded disclosure requirements for lessees. • IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. • IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. • IFRS 16 supersedes the following Standards and Interpretations: (a) IAS 17 Leases; (b) IFRIC 4 Determining whether an Arrangement contains a Lease; (c) SIC-15 Operating Leases—Incentives; and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.	1 January 2019

Even though the group is a lessee, it has elected to account for lease payments as an expense on a straight-line basis over the lease term as the lease expires within the next 12 months.

3. Investment property

	GROUP		COMPANY	
	2019 R000	2018 R000	2019 R000	2018 R000
Net carrying value				
Cost	9 873 335	10 792 341	6 302 332	6 879 480
Fair value surplus	3 714 450	5 474 447	1 358 113	2 407 356
	13 587 785	16 266 788	7 660 445	9 286 836
Movement for the year				
Investment properties at the beginning of year	16 682 000	18 608 491	9 481 000	9 389 990
Straight-line rental adjustment	(92 522)	84 756	(86 696)	45 396
Acquisition of land	-	5 000	-	5 000
Unrealised loss on revaluation of investment property	(1 579 962)	(1 013 622)	(952 191)	(135 404)
Transferred to non-current assets held for sale (net of straight-lining)	(1 188 102)	(1 303 000)	(708 486)	-
Capital expenditure, tenant installations and lease commissions	56 786	300 375	27 373	176 018
Balance at the end of the year	13 878 200	16 682 000	7 761 000	9 481 000
Reconciliation to independent valuation				
Investment properties at valuation	13 587 785	16 266 788	7 660 445	9 286 836
Straight line lease accrual	290 415	415 212	100 555	194 164
	13 878 200	16 682 000	7 761 000	9 481 000

3.1. Investment property valuation

Valuation process

In terms of company policy, the portfolio is valued annually by independent valuers. More than one independent valuer may be used to provide the valuation. As at 31 August 2019, all properties are reflected at fair value. The portfolio including investment property held for sale was valued at R15,6 billion (2018: R16.7 billion) for the group and R8.5 billion (2018: R9.5 billion) for the company at 31 August 2019.

It is the intention of the company to change the frequency of external valuations from valuing the entire portfolio of investment properties twice a year by an external valuer to valuing the investment property on a rotational basis, ensuring that every property is valued by an independent valuer once in every three years. However, in light of all the uncertainty in the market, the company decided it would be more prudent to obtain independent valuations for all the properties. Full valuations were obtained for the commercial and industrial portfolios and desktop valuations were obtained for the retail portfolio.

3.1. Investment property valuation (Continued)

Valuer and qualifications

Dipeo Valuations, led by Mr. Wayne Tweedle, was responsible for the valuation of the South African retail portfolio and the office and industrial properties were valued by Valuations DNA, led by Mr Hendrik Fouche. 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 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 valuations were based on the discounted cash flow methodology for the retail portfolio and the income capitalisation methodology for the office and industrial portfolio by applying appropriate capitalisation rates of between 6.5% to 10.25% (2018: 6.75% to 11.00%) to the properties resulting in an average capitalisation rate of 8.3% (2018: 7.97%).

As at 31 August 2019, investment properties and related information have been ranked as per the fair value hierarchy set out in note 30.

Capital commitments are set out in note 26.

3.2. Investment property pledged as security

All Investment properties valued at R15.6 billion (including investment property held for sale) has been pledged as security for facilities of R10.14 billion from Nedbank Corporate (a division of Nedbank Limited), Investec Bank Limited and Standard Bank Limited.

3.3. Sensitivity Analysis

Changes to the rates attributable to changes in market conditions can have a significant impact on property valuations. A 50 basis point increase in the capitalisation rate will decrease the value of the investment property by R0.9 billion. A 50 basis point decrease in the capitalisation rate will increase the value of the investment property by R1 billion.

3.4. Straight-line rental income accrual

	GROUP		COMPANY	
	2019 R000	2018 R000	2019 R000	2018 R000
Balance at the beginning of the year	**415 212**	332 869	**194 164**	149 586
Movement for the year	**(92 522)**	82 343	**(86 696)**	44 578
Transfer investment property held for sale	**(7 622)**	-	**(6 913)**	-
Sale of investment property	**(24 653)**	-	**-**	-
Balance at the end of the year	**290 415**	415 212	**100 555**	194 164

4. Investment properties held for sale

	GROUP		COMPANY	
	2019 R000	2018 R000	**2019 R000**	2018 R000
Balance at the beginning of the year	**1 403 000**	212 689	**-**	-
Transfer from Investment property	**1 188 102**	1 403 000	**708 486**	-
Sale of investment property	**(868 000)**	(112 689)	**-**	-
Transfer to Investment property	**-**	(100 000)	**-**	-
Balance at the end of the year	**1 723 102**	1 403 000	**708 486**	-

Investment properties held-for-sale include:

Commercial: Grand Central, Mishumo House, Swiss House, Prorom, Riverpark, Riverview, Medscheme, SASSA Campus

Retail: Mdantsane City Shopping Centre

Although Grand Central was classified as held for sale at 31 August 2018, efforts to dispose of this property are still continuing.

On the 6 September 2019 a formal agreement to effect the disposal of Mdantsane City Shopping Centre was concluded between Rebosis and Vukile Property Fund Limited for a maximum consideration of R511.37 million.

On the 5 September 2019 Rebosis entered into an agreement with Adowa Infrastructure Managers (RF) (Pty) Ltd to dispose of Erf 2460, comprising 209 units/apartments, including 611 student accommodation beds and auxiliary facilities, situated in Mafikeng, together with the rental enterprise for a cash consideration of R146.4 million.

5. Loans to/(from) group companies

	COMPANY	
	2019 R000	2018 R000
Subsidiaries		
Ascension Properties Limited	**(634 158)**	(385 017)
Baywest City Proprietary Limited	**138 322**	102 040
Billion Asset Managers Proprietary Limited	**(2 226)**	8 445
Billion Property Developments Proprietary Limited	**287 295**	207 341
Billion Property Services Proprietary Limited	**(20 348)**	(12 614)
Clyroplex Proprietary Limited*	**-**	141 815
Dalolex Proprietary Limited	**8 427**	8 437
Delficraft Proprietary Limited*	**-**	141 815
Delfiflo Proprietary Limited*	**-**	141 815
Delfisat Proprietary Limited*	**-**	141 815
Delfitime Proprietary Limited*	**-**	141 815
Delfiwiz Proprietary Limited*	**-**	141 815
Lesasign Proprietary Limited*	**-**	141 885
	(222 688)	921 407
Movement in loans to group companies		
Balance at the beginning of the year	**921 407**	1 412 505
Loans impaired	**(992 774)**	(716 018)
Loans advanced	**116 235**	524 037
Loans repaid	**(267 556)**	(299 117)
Balance at the end of the year	**(222 688)**	921 407

The UK investment in New Frontier Properties been disposed off. The loans from the companies marked in asterix (*) were written off per internal credit grade as New Frontier Properties, the borrower, was in severe financial difficulty and there was no realistic prospect of recovery.

The loans are unsecured, bear no interest and are repayable by mutual consent, with payments not expected within 12 months. The carrying value of the loans are considered to approximate fair value as all distributable income earned by the subsidiaries are distributed to the holding company by way of dividends/distributions in lieu of interest income.

5. Loans to/(from) group companies (Continued)

Exposure to credit risk

Loans receivable inherently expose the company to credit risk, being the risk that the company will incur financial loss if counterparties fail to make payments as they fall due.

Loans receivable are subject to the impairment provisions of IFRS 9 Financial Instruments, which requires a loss allowance to be recognised for all exposures to credit risk. The loss allowance for group loans receivable is calculated based on 12-month expected losses if the credit risk has not increased significantly since initial recognition. In cases where the credit risk has increased significantly since initial recognition, the loss allowance is calculated based on lifetime expected credit losses. The loss allowance is updated to either 12-month or lifetime expected credit losses at each reporting date based on changes in the credit risk since initial recognition. If a loan is considered to have a low credit risk at the reporting date, then it is assumed that the credit risk has not increased significantly since initial recognition. On the other hand, if a loan is in arrears for more than 90 days, then it is assumed that there has been a significant increase in credit risk since initial recognition.

In determining the amount of expected credit losses, the company has taken into account any historic default experience, the financial positions of the counterparties as well as the future prospects in the property industry in which the counterparties operate.

The estimation techniques explained have been applied for the first time in the current financial period, which is the first time the company has applied IFRS 9. Group loans receivable were previously impaired only when there was objective evidence that the loan was impaired. The impairment was previously calculated as the difference between the carrying amount and the present value of the expected future cash flows.

The maximum exposure to credit risk is the gross carrying amount of the loans as presented below.

The company does not hold collateral or other credit enhancements against group loans receivable.

Credit rating framework

For purposes of determining the credit loss allowances, management determines the credit rating grades of each loan at the end of the reporting period. These ratings are determined internally.

The table below sets out the internal credit rating framework which is applied by management for loans for which external ratings are not available. The abbreviation "ECL" is used to depict "expected credit losses."

Internal credit grade	Description	Basis for recognising expected credit losses
Performing	Low risk of default and no amounts are past due	12-month ECL
Doubtful	Either 30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL (Level 2)
In default	Either 90 days past due or there is evidence that the asset is credit impaired	Lifetime ECL (Level 3)
Write-off	There is evidence indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery	Write-off

Subsidiary	Balance (R' 000)	Internal credit grade
Baywest City Proprietary Limited	138 322	Performing
Billion Property Developments Proprietary Limited	287 295	Performing
Dalolex Proprietary Limited	8 427	Performing

The loans are capital in nature and expected to be realised when the underlying properties in the subsidiaries are disposed. Based on the above analysis and grading the expected loss provision is not expected to be material.

6. Investment in subsidiaries

	COMPANY 2019 R000	2018 Restated R000
Ascension Properties Limited	**629 641**	629 641
Ascension Property Management Company Proprietary Limited**	**41 710**	41 710
Baywest City Proprietary Limited***	**933 372**	995 740
Billion Asset Managers Proprietary Limited**	**148 325**	193 847
Billion Property Developments Proprietary Limited***	**271 191**	371 483
Billion Property Services Proprietary Limited**	**215 450**	215 450
Clyroplex Proprietary Limited*	**-**	-
Dalolex Proprietary Limited	**-**	-
Delficraft Proprietary Limited*	**-**	-
Delfiflo Proprietary Limited*	**-**	1
Delfisat Proprietary Limited*	**-**	1
Delfitime Proprietary Limited*	**-**	1
Delfiwiz Proprietary Limited*	**-**	1
Lesasign Proprietary Limited*	**-**	1
	2 239 689	2 447 876
Movement in investment in subsidiaries		
Balance at the beginning of the year	**2 447 876**	4 840 040
Additional investments		-
Disposal of investments	**(5)**	-
Impairment of investments	**(208 182)**	(2 392 164)
Balance at the end of the year	**2 239 689**	2 447 876

The group's accounting policy changed in 2018 and investments in subsidiaries are now carried at cost. All subsidiaries are wholly owned.

* The unlisted subsidiaries were disposed in the current year.

** The impairment of the asset and property management companies is determined by discounting the expected free cash flows at a capitalisation rate of 13.8%. A growth rate of 5% was applied.

*** The impairment of the unlisted subsidiaries is determined in relation to the net assets acquired which consists mainly of investment property at fair value.

The impairment test is assessed on the recoverable amount of the CGU, which is determined based on the expected cash flows from the administration and management fees charged. Lower fees are expected to be received due to the decrease in the property valuations resulting in the impairment of the asset and property management companies.

For other investment in subsidiary companies their impairment was determined by reference to the fair values of the underlying investment properties.

7. Investment in securities

	GROUP		COMPANY	
	2019 R000	2018 R000	2019 R000	2018 R000
New Frontier Properties Limited	-	992 774	-	-
Edcon	4 275	-	2 491	-
Movement in investment in securities:				
Balance at the beginning of the year	992 774	1 044 979	-	-
Exercise of put options	-	289 932	-	-
Conversion of loan into shares	-	142 812	-	-
Acquisition of shares	-	80 891	-	-
Disposal of shares	-	(80 891)	-	-
Investment in Edcon	4 275	-	2 491	-
Impairment	(992 774)	(484 949)	-	-
Balance at the end of the year	4 275	992 774	2 491	-

Rebosis has disposed of its entire 49.35% interest in New Frontier Properties Ltd ("New Frontier"), via the disposal of its 7 wholly-owned subsidiaries, which each have a shareholding in New Frontier. The investments were disposed off for a consideration of R700 in July 2019.

Rebosis had fully impaired the carrying amount of R992 million in its results for the year ending 31 August 2019.

As part of Edcon's restructuring, Edcon approached its top 31 landlords in November 2018 and offered equity interest in Edcon as settlement for their rental obligation for a 24-month period commencing 1 April 2019. Rebosis agreed to assist Edcon by subscribing for equity on a monthly basis for an amount equivalent to the monthly Edcon rent reduction.

8. Loans to related companies

	GROUP		COMPANY	
	2019 R000	2018 R000	2019 R000	2018 R000
New Frontier Properties Limited	-	180 472	-	70 699
Movement in investment in loans to related companies:				
Balance at the beginning of the year	180 472	70 699	-	70 699
Loans advanced	-	234 105	-	(70 699)
Loan Impaired	(180 472)	-	-	-
Conversion of loan into shares	-	(142 812)	-	-
Interest earned	-	18 480	-	-
Balance at the end of the year	-	180 472	-	-

Rebosis fully impaired the loan to NFP in its results for the year ending 31 August 2019. The loan was fully impaired as New Frontier Properties was in severe financial difficulty and there was no realistic prospect of recovery.

9. **Accounting policies, changes in accounting estimates and errors**

i) **Change in accounting policy**

IFRS 9 Financial Instruments

During the year, the Group adopted the New IFRS 9 Financial Instruments standard. IFRS 9 replaces the "incurred loss" model in IAS 39 with a forward-looking "expected credit loss (ECL) " model. This requires a loss allowance to be recognised at the amount equal to the lifetime ECLs. Lifetime ECLs result from all possible default events over the expected life of a financial instrument.

This requires considerable judgement over how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model applies to the following financial instruments that are not measured at Fair value through profit and loss (FVTPL):

- financial assets that are debt instruments;
- lease receivables; and
- loan commitments and financial guarantee contracts issued (previously, impairment was measured under IAS 37 Provisions, Contigent Liabilities and Contingent Assets).

When adopting IFRS 9, the group has applied transitional relief and opted not to restate prior periods. Differences arising from the adoption of IFRS 9 in relation to classification, measurement and impairment are recognised in retained earnings. Provision for impairment has not been restated in the comparative period.

The adoption of IFRS 9 has impacted the following areas:

- The classification and measurement of the group's financial assets. The group holds financial assets to hold and collect the associated cash flows. Most of the group's loans and advances, which were previously classified as "Loans and receivables" under IAS 39 continue to be accounted for at amortised cost as they meet the held to collect business model and contractual cash flow characteristics test (SPPI test) in IFRS 9. Those that do not meet this test are accounted for at fair value through profit or loss (FVTPL).

Financial assets which are equity instruments:

- Mandatorily at fair value through profit or loss; or
- Designated at fair value through other comprehensive income.

This designation is not available to equity instruments which are held-for-trading or which are contingent consideration in a business combination.

9. Accounting policies, changes in accounting estimates and errors (Continued)

i) Change in accounting policy (Continued)

Impact of assessment

The Group has estimated that, on adoption of IFRS 9 at 1 September 2018, the net financial impact of the change in classification and measurement after tax is a reduction in opening retained earnings by R66 million and R43 million for the company.

The following table and the accompanying notes set out the categories of financial assets under IAS 39: Financial instruments: recognition and measurement and the new measurement categories under IFRS 9 for each class of the groups financial assets as at 1 September 2018.

PROVISION ASSESSMENT	Original classification under IAS 39 - 31 August 2018	New classification under IFRS 9 - 1 September 2018	GROUP Original carrying amount under IAS 39 - 31 August 2018	GROUP New carrying amount under IFRS 9 - 1 September 2018	COMPANY Original carrying amount under IAS 39 - 31 August 2018	COMPANY New carrying amount under IFRS 9 - 1 September 2018
			R000	R000	R000	R000
Financial assets				Restated		Restated
Non-current assets			2 430 441	2 430 441	2 375 859	2 375 859
Loans to group companies	Amortised cost	Amortised cost	-	-	1 310 592	1 310 592
Investment in securities	FVTPL	FVTPL	992 774	992 774	-	-
Loans to related companies	Amortised cost	Amortised cost	180 472	180 472	-	-
Loans receivable	Amortised cost	Amortised cost	1 246 994	1 246 994	1 058 749	1 058 749
Derivative instruments	FVTPL	FVTPL	10 201	10 201	6 518	6 518
Current assets			631 326	564 998	411 022	367 583
Derivative instruments	FVTPL	FVTPL	5 826	5 826	5 826	5 826
Trade and other receivables	Amortised cost	Amortised cost	445 557	379 229	247 752	204 313
Cash and cash equivalents	Amortised cost	Amortised cost	179 943	179 943	157 444	157 444
Total financial assets			**3 061 767**	**2 995 439**	**2 786 881**	**2 743 442**
Financial liabilities						
Non current liabilities			4 926 245	4 926 245	1 810 497	1 810 497
Interest bearing borrowings	Amortised cost	Amortised cost	4 899 095	4 899 095	1 404 396	1 404 396
Loans from group companies	Amortised cost	Amortised cost	-	-	389 186	389 186
Derivative instruments	FVTPL	FVTPL	27 150	27 150	16 915	16 915
Current liabilities			6 274 092	6 274 092	5 213 954	5 213 954
Interest bearing borrowings	Amortised cost	Amortised cost	5 856 984	5 856 984	4 954 186	4 954 186
Derivative instruments	FVTPL	FVTPL	65 311	65 311	65 311	65 311
Trade and other payables	Amortised cost	Amortised cost	351 797	351 797	194 457	194 457
Total financial liabilities			**11 200 337**	**11 200 337**	**7 024 451**	**7 024 451**

The aplication of IFRS 9 did not have any material effect on the carrying amounts of loan receivable and loans to group companies as at 1 September 2018. During the year however, the credit quality of some of the loans receivable deteriorated as a result of the deterioration of the economic environments in which the group operates. This resulted in these loans becoming stage 3 in default, and thus written off. See note 8 and 10.

9. **Accounting policies, changes in accounting estimates and errors (Continued)**

IFRS 15 Revenue

This IFRS introduces a new revenue recognition model for contracts with customers and establishes a comprehensive framework for determining whether, how much and when revenue is recognised. IFRS 15 also includes extensive new disclosure requirements; and the group has adopted IFRS 15 on 1 September 2018. Due to the transition methods adopted by the group in applying these standards, comparative information throughout these consolidated financial statements has not been restated to reflect the requirements of the new standards.

It replaced IAS 18 Revenue, IAS 11 Construction contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods.

Due to the nature of the group's operations, the adoption of IFRS 15 did not have a material impact on the group, the majority of the impact was contained to enhanced and additional disclosures required by the standard, and no quantitative impact was observed.

The group adopted IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application i.e 1 September 2018. Accordingly, the information presented for the year ended August 2018 has not been restated - i.e it is presented, as previously reported, under IAS 18 and related interpretations.

ii) **Prior period error**

The Group and company had incorrectly accounted for a portion amounting to R132 million of the Goodwill arising from the acquisition of Billion Property Developments, Baywest City Mall, Billion Asset Managers and Billion Property Services on 1 September 2016. This amount was reflected under the short-term portion of other financial assets in the annual financial statements for the year-ended 31 August 2018.

This should have reduced goodwill which was recognised in the 2017 financial year. Accordingly the asset of R132 million has been written off against the retained earnings of 2017.

The company reflected the investment in Billion Asset Managers at a carrying value of R370.93 million as opposed to R193.85 million in 2018. The impairment of R177 million was not processed in the company's financial statements.

Impact of correction of error

The Group has estimated that the net financial impact of the change in classification and measurement after tax is a reduction in opening retained earnings of R132 million.

The company has estimated that the net financial impact of the impairment in investment is a reduction in opening accumulated loss of R177 million.

	As reported	Adjustments 2018 R'000	Restated
Group statements of financial position			
Short-term portion of other financial assets	**132 311**	(132 311)	-
Total assets	**21 787 004**	(132 311)	21 654 693
Total equity	**10 461 731**	(132 311)	10 329 420
Opening retained income - 2018	**1 446 663**	(132 311)	1 314 352
Company statements of financial position			
Investment in subsidiaries	**2 624 958**	(177 081)	2 447 877
Short-term portion of other financial assets	**132 311**	(132 311)	-
Total assets	**15 126 691**	(309 392)	14 817 299
Total equity	**7 961 193**	(309 392)	7 651 801
Opening accumulated loss - 2018	**(1 079 008)**	(309 392)	(1 388 400)
Company statement of profit or loss and other comprehensive income			
Change in impairments			
Change in impairment - investment in subsidiaries	**(3 176 870)**	(177 081)	(3 353 951)
Loss for the year	**(2 627 927)**	(177 081)	(2 805 008)
Total comprehensive loss	**(2 627 927)**	(177 081)	(2 805 008)

10. Loans receivable (previously Other financial assets)

	GROUP		COMPANY	
	2019 R000	2018 R000	2019 R000	2018 R000
BBBEE Vendor Loan	-	1 139 640	-	1 058 749
Jiraserve Proprietary Limited	-	107 354	-	-
	-	1 246 994	-	1 058 749
Long term portion of other financial assets	-	1 246 994	-	1 058 749
	-	1 246 994	-	1 058 749
Movement in loan receivables:				
Balance at the beginning of the year	**1 246 994**	1 436 260	**1 058 749**	989 794
Loans advanced	-	80 891	-	-
Loan repayment	-	(111 672)	-	(44 662)
Impairment of loan	**(1 246 994)**	-	**(1 058 749)**	-
Capitalised costs	-	956	-	957
Interest earned	-	126 572	-	112 660
Movement in Billion Group Proprietary Limited - adjustment account	-	(286 013)	-	-
Balance at the end of the year	-	1 246 994	-	1 058 749

The BBBEE vendor loan has been fully impaired on the back of the deterioration of the NFP business following Brexit. The impact in Brexit was only evident in the share pice from November 2018 and continued decreasing. The company decided to write down the investment when the liabilities were exceeeding the underlying net assets.

The loan to Jiraserve has been impaired due to non-recoverability. The loan was written off per the group's internal credit grade as Jiraserve was in severe financial difficulty and there was no realistic prospect of recovery.

11. Goodwill

	GROUP		COMPANY	
	2019 R000	2018 R000	2019 R000	2018 R000
Goodwill arising on business combination	**358 104**	676 412	**-**	95 703
Movement in goodwill:				
Balance at the beginning of the year	**499 331**	676 412	**95 703**	95 703
Impairment	**(141 227)**	(177 081)	**(95 703)**	-
Balance at the end of the year	**358 104**	499 331	**-**	95 703
Cost	**676 412**	676 412	**95 703**	95 703
Accumulated impairment	**(318 308)**	(177 081)	**(95 703)**	-

Goodwill acquired in a business combination is allocated at acquisition to the cash generating units that are expected to benefit from the business combination. Goodwill is tested annually for impairment by comparing the carrying amount to the value in use. The cash flows used in the value in use calculation was the forecast cash flows for the following financial year capitalised at the following discount rates:

- 13.8% (2018: 18.0%) for Billion Asset Management Proprietary Limited Cash generating unit ("BAM CGU"); and
- 13.8% (2018: 22.1%) for Billion Property Services Proprietary Limited Cash generating unit ("BPS CGU").

The impairment in Hemmingways Shopping Centre Proprietary Limited, Mdantsane Shopping Centre Proprietary Limited and Phomella Proprietary Limited cash generating unit ("HMP CGU") is a result of the announced Mdantsane Shopping Centre sale .

The impairment in BAM CGU relates to the expectant reduction in income from the commercial buildings over time.

The recoverable amount of a cash generating unit is based on the higher of the fair value less cost to sell or value in use calculations. The calculation used discounted cashflow projections based on financial forecasts over a 3 year period and a terminal value.

The discount rate is pre-tax that reflects the current market assessments of the time value of money and the risks specific to the cash generating unit.

The growth rate used in the forecasted cashflows are estimated at 5.5%.

	GROUP		COMPANY	
	2019 R000	2018 R000	2019 R000	2018 R000
HMP CGU	**-**	95 703	**-**	95 703
BAM CGU	**145 107**	190 631	**-**	-
BPS CGU	**212 997**	212 997	**-**	-
Balance at the end of the year	**358 104**	499 331	**-**	95 703

12. Derivative instruments

Instrument	Rate (%)	NOMINAL VALUE 2019 R'000	NOMINAL VALUE 2018 R'000	Maturity date	GROUP 2019 R'000	GROUP 2018 R'000	COMPANY 2019 R'000	COMPANY 2018 R'000
Assets								
Interest rate caps		**1 500 000**	1 700 000		**8 343**	9 509	**8 334**	5 826
Rebosis	7.0	**1 000 000**	-	23-Nov-20	**8 334**	-	**8 334**	-
Rebosis	6.5	**-**	1 200 000	23-Apr-19	**-**	5 826	**-**	5 826
Ascension	7.0	**500 000**	500 000	14-Apr-20	**9**	3 683	**-**	-
Long-term cancellable interest rate swaps		**-**	2 500 000		**-**	6 518	**-**	6 518
Rebosis ^	7.4	**-**	2 000 000	30-Mar-20	**-**	820	**-**	820
Rebosis ^	6.9	**-**	500 000	28-Jul-20	**-**	5 698	**-**	5 698
Cross currency swaps		**-**	500 000		**-**	-	**-**	-
Rebosis *	2.9	**-**	500 000	28-Feb-19	**-**	-	**-**	-
Total assets		**1 500 000**	4 700 000		**8 343**	16 027	**8 334**	12 344
Less: Current assets		**(500 000)**	(1 700 000)		**(9)**	(5 826)	**-**	(5 826)
Non-current assets		**1 000 000**	3 000 000		**8 334**	10 201	**8 334**	6 518
Liabilities								
Long-term cancellable interest rate swaps		**3 610 000**	2 235 000		**(24 218)**	(18 152)	**(16 041)**	(7 917)
Rebosis	7.5	**-**	125 000	29-May-19	**-**	(273)	**-**	(273)
Rebosis	7.4	**-**	1 000 000	29-Mar-19	**-**	(1 608)	**-**	(1 608)
Rebosis	7.4	**2 000 000**	-	30-Mar-20	**(9 656)**	-	**(9 656)**	-
Rebosis	8.4	**410 000**	410 000	14-Apr-20	**(4 879)**	(6 036)	**(4 879)**	(6 036)
Rebosis	6.9	**500 000**	-	28-Jul-20	**(1 506)**	-	**(1 506)**	-
Ascension	8.4	**700 000**	700 000	14-Apr-20	**(8 177)**	(10 235)	**-**	-
					-	-		
Cross currency swaps		**83 333**	566 667		**(7 792)**	(74 309)	**(7 792)**	(74 309)
Rebosis*	2.6	**-**	41 667	22-Oct-18	**-**	(5 323)	**-**	(5 323)
Rebosis*	2.6	**-**	41 667	23-Apr-19	**-**	(5 387)	**-**	(5 387)
Rebosis *	2.6	**41 667**	41 667	21-Oct-19	**(3 932)**	(5 387)	**(3 932)**	(5 387)
Rebosis #	2.6	**41 667**	41 667	21-Apr-20	**(3 860)**	(5 492)	**(3 860)**	(5 492)
Rebosis *	2.6	**-**	400 000	03-Dec-18	**-**	(52 720)	**-**	(52 720)
Total liabilities		**3 693 333**	2 801 667		**(32 010)**	(92 461)	**(23 833)**	(82 226)
Less: Current liabilities		**(3 693 333)**	(1 608 333)		**32 010**	65 311	**23 833**	65 311
Non-current liabilities		**-**	1 194 333		**-**	(27 150)	**-**	(16 915)

The interest rate caps and swaps were valued by Rand Merchant Bank (a division of FirstRand Bank Limited) Standard Bank and Nedbank Limited by discounting the future cash flows using the JIBAR swap curve.

The currency swap instruments were valued by the Standard Bank of South Africa using mid-market rates

* The cross-currency instruments receive interest in ZAR at a rate of 9.25% and pay interest in Sterling at rates indicated above

The cross-currency instruments receive interest in ZAR at a rate of 7.3% and pay interest in Sterling at the rates indicated above.

^ The amounts have been classified as liabilities in the current year.

13. **Property, plant and equipment**

	GROUP		COMPANY	
	2019 R000	2018 R000	2019 R000	2018 R000
Computer equipment	**730**	453	**702**	403
Cost	**2 085**	1 512	**1 384**	811
Accumulated depreciation	**(1 355)**	(1 059)	**(682)**	(408)
Computer software	**148**	692	**149**	692
Cost	**1 025**	1 145	**1 009**	1 129
Accumulated depreciation	**(877)**	(453)	**(860)**	(437)
Furniture, fittings and equipment	**4 178**	6 775	**2 608**	4 426
Cost	**11 271**	11 091	**6 685**	6 386
Accumulated depreciation	**(7 093)**	(4 316)	**(4 077)**	(1 960)
Motor vehicles	**792**	674	**615**	318
Cost	**2 849**	2 396	**1 530**	746
Accumulated depreciation	**(2 057)**	(1 722)	**(915)**	(428)
	5 848	8 594	**4 074**	5 839
Movement for the year				
Balance at the beginning of the year	**8 595**	5 735	**5 839**	854
Acquisitions	**1 713**	5 700	**1 713**	6 778
Computer equipment	**573**	1 792	**573**	616
Computer software	**51**	-	**51**	564
Furniture, fittings and equipment	**305**	3 338	**305**	5 244
Motor vehicles	**784**	571	**784**	354
Depreciation	**(4 004)**	(2 811)	**(3 022)**	(1 522)
Computer equipment	**(291)**	(223)	**(274)**	(132)
Computer software	**(474)**	(434)	**(473)**	(429)
Furniture, fittings and equipment	**(2 902)**	(1 712)	**(2 117)**	(848)
Motor vehicles	**(336)**	(442)	**(158)**	(113)
Derecognition	**(456)**	-	**(456)**	-
Reclassified to building improvements	**-**	(30)	**-**	(271)
Balance at the end of the year	**5 848**	8 595	**4 074**	5 839

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the Company.

14. Trade and other receivables

	GROUP 2019 R000	GROUP 2018 R000	COMPANY 2019 R000	COMPANY 2018 R000
Trade receivables	**145 209**	198 656	**60 139**	95 969
Loss allowance	**(22 624)**	(29 884)	**(5 208)**	(7 537)
	122 585	168 772	**54 931**	88 432
Accrued recoveries	**43 982**	59 928	**11 884**	20 837
Municipal deposits	**7 150**	7 795	**4 360**	4 593
Deposit – leased premises	**371**	371	**371**	371
Prepayments	**3 972**	23 334	**2 163**	17 445
Receiver of Revenue - VAT	**382**	391	**-**	-
Interest receivable – cross-currency swap	**-**	7 725	**-**	7 725
Sundry receivables and accrued income	**41 219**	177 241	**19 338**	108 349
	219 661	445 557	**93 047**	247 752
Movement in loss allowance				
Balance at the beginning of the year	**29 884**	21 330	**7 537**	2 854
Change in accounting policy	**66 328**		**43 439**	
Increase in allowance	**60 727**	14 691	**6 596**	4 747
Receivables written off during the year	**(134 315)**	(6 137)	**(52 364)**	(64)
Balance at the end of the year	**22 624**	**29 884**	**5 208**	**7 537**

Loss allowance provision - 2019	Estimated gross carrying amount	Loss allowance (Lifetime expected credit loss)	Expected loss rate * Minimum %	Expected loss rate * Maximum %
Group				
Current	**57 064**	**2 608**	**5.2%**	**7.9%**
Due 30 days and less	**25 893**	**1 837**	**8.0%**	**14.9%**
Due 30 to 60 days	**12 001**	**1 612**	**15.0%**	**22.0%**
Due 60 to 90 days	**7 883**	**1 623**	**23.0%**	**28.0%**
Due 90 days to 120 days	**4 019**	**1 035**	**29.0%**	**41.0%**
Due 120 days to 150 days	**38 349**	**13 909**	**41.7%**	**45.0%**
Total	**145 209**	**22 624**		
Company				
Current	**36 321**	**1 076**	**3.4%**	**6.3%**
Due 30 days and less	**10 676**	**596**	**6.4%**	**16.1%**
Due 30 to 60 days	**3 430**	**484**	**16.2%**	**28.5%**
Due 60 to 90 days	**1 450**	**362**	**28.6%**	**35.5%**
Due 90 days to 120 days	**1 319**	**409**	**35.6%**	**37.0%**
Due 120 days to 150 days	**6 943**	**2 281**	**38.0%**	**42.0%**
Total	**60 139**	**5 208**		

** Allowances for expected credit losses are calculated by identifying specific credit impaired financial assets where tangible evidence is available which indicate that amounts might not be recoverable. The ECL above includes certain specific impaired financial assets as well as an overlay of appropriately developed historical loss rate which has been applied to the population of financial assets at year end to address the risk of default that is inherent in financial assets.*

The allowance for the impairment of tenant receivables increased as a result of IFRS 9 but decreased overall due to a large wrtie off.

The allowance is considered to be adequate.

Credit risk disclosures for comparatives under IAS 39

"All of the group's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and an additional allowance for credit losses of R60.7 million for the previous year has been recorded accordingly within other expenses. The impaired trade receivables are mostly due from customers in the business-to-business market that are experiencing financial difficulties.

The expected bucket loss percentages have been consistently applied at interim and at year-end reporting. Specific write-offs were applied to reduce the trade debtors balance.

15. Cash and cash equivalents

	GROUP		COMPANY	
	2019 R000	2018 R000	2019 R000	2018 R000
For purposes of the statement of cash flows, cash and cash equivalents comprise:				
Bank balances	**72 157**	179 943	**57 638**	157 444

Cash is invested with reputable banks. Fitch Ratings has affirmed FirstRand Bank Limited's (FRB) Long-Term Issuer Default Ratings (IDR) at 'BB+' with a negative outlook.

No loss allowance has been recognised.

16. Stated Capital

	GROUP		COMPANY	
	2019 R000	2018 R000	2019 R000	2018 R000
Authorised				
5 000 000 000 ordinary no par value shares				
70 000 000 A ordinary no par value shares				
Issued				
696 844 874 (2018: 696 844 874) ordinary shares, net of treasury shares	**7 422 441**	7 422 441	**7 447 574**	7 447 574
63 266 012 (2018: 63 266 012) A ordinary shares)	**1 592 627**	1 592 627	**1 592 627**	1 592 627
	9 015 068	9 015 068	**9 040 201**	9 040 201
Movement in stated capital				
Balance at the beginning of the year	**9 015 068**	8 464 527	**9 040 201**	8 489 660
Shares issued during the year	**-**	550 891	**-**	550 891
Share issue expenses	**-**	(350)	**-**	(350)
Treasury shares	**-**	-	**-**	-
Balance at the end of the year	**9 015 068**	9 015 068	**9 040 201**	9 040 201
Reconciliation of number of ordinary shares in issue:				
Balance at the beginning of the year			**699 253 200**	642 316 328
Shares issued during the year			**-**	56 936 872
Balance at the end of the year			**699 253 200**	699 253 200
Reconciliation of number of A ordinary shares in issue:				
Balance at the beginning of the year			**63 266 012**	63 266 012
Shares issued during the year			**-**	-
Shares bought back			**-**	-
Balance at the end of the year			**63 266 012**	63 266 012
Reconciliation of number of treasury shares in issue:				
Balance at the beginning of the year			**(2 408 326)**	(2 408 326)
Shares bought back			**-**	-
Shares cancelled			**-**	-
Balance at the end of the year			**(2 408 326)**	(2 408 326)

17. Interest bearing borrowings

Interest rate	Entity	Maturity	GROUP 2019 R000	GROUP 2018 R000	COMPANY 2019 R000	COMPANY 2018 R000
Nedbank Corporate (a division of Nedbank Limited)						
Prime	Rebosis	27-Dec-18	-	148 824	-	148 824
Prime	Rebosis	07-May-19	-	249 196	-	249 196
Prime	Rebosis	07-May-19	-	176 199	-	176 199
Prime	Rebosis	07-May-19	-	365 855	-	365 855
Prime	Rebosis	28-Feb-20	**639 749**	639 853	**639 749**	639 853
3-month JIBAR +2.50%	Rebosis	28-Feb-20	**150 960**	150 973	**150 960**	150 973
3-month JIBAR + 2.50%	Rebosis	28-Feb-20	**100 640**	100 649	**100 640**	100 649
3-month JIBAR + 2.47%	BPD	07-Oct-21	**1 521 808**	1 521 287	-	-
3-month JIBAR + 2.47%	BWC	07-Oct-21	**1 227 620**	1 227 514	-	-
Prime	Rebosis	07-May-19	-	201 365	-	201 365
Prime	Rebosis	28-Feb-20	**929 064**	929 215	**929 064**	929 215
Prime	Ascension	28-Feb-20	**45 684**	45 215	-	-
3-month JIBAR + 2.34%	Rebosis	08-Jun-20	**150 897**	150 910	**150 897**	150 910
Prime	Ascension	28-Feb-20	**51 104**	50 389	-	-
Prime	Ascension	28-Feb-20	**34 838**	34 334	-	-
Prime	Ascension	28-Feb-20	**26 470**	26 087	-	-
1-month JIBAR + 2.04%	Ascension	07-Feb-19	-	151 677	-	-
1-month JIBAR + 1.80%	Rebosis	07-Feb-19	-	152 570	-	152 570
Prime	Ascension	28-Feb-20	**154 379**	152 956	-	-
1-month JIBAR + 1.83%	Rebosis	07-Jun-19	-	202 305	-	202 305
1-month JIBAR + 1.79%	Rebosis	07-Jun-19	-	150 876	-	150 876
3-month JIBAR + 2.36%	Rebosis	07-Mar-20	**123 363**	123 321	**123 363**	123 321
3-month JIBAR + 2.36%	Rebosis	07-May-20	**350 053**	350 085	**350 053**	350 085
3-month JIBAR + 2.36%	Rebosis	07-Aug-20	**25 242**	25 244	**25 242**	25 244
3-month JIBAR + 2.36%	Rebosis	07-Aug-20	**491 865**	491 701	**491 865**	491 701
3-month JIBAR + 2.36%	Rebosis	07-Aug-20	**264 551**	264 462	**264 551**	264 462
1-month JIBAR + 2.64%	Ascension	20-Nov-20	**41 997**	41 999	-	-
Prime	Rebosis	31-Oct-18	-	761 527	-	761 527
1-month JIBAR + 2.65%	Rebosis	07-May-19	-	250 000	-	250 000
Prime	Rebosis	28-Feb-20	**1 118 962**	-	**1 118 962**	-
Prime	Rebosis	28-Feb-20	**562 797**	-	**562 797**	-
Prime	Rebosis	28-Feb-20	**604 567**	-	**604 567**	-
			8 616 610	9 136 588	**5 512 710**	5 885 130
DMTN Programme						
3-month Jibar + 1.50%	Rebosis	21-Nov-19	**19 048**	-	**19 048**	-
3-month Jibar + 1.50%	Rebosis	21-Nov-19	**21 051**	-	**21 051**	-
3-month JIBAR + 1.05%	Rebosis	21-May-19	-	70 822	-	70 822
3-month JIBAR + 1.85%	Rebosis	07-Nov-18	-	100 621	-	100 621
3-month JIBAR + 2.00%	Rebosis	07-Feb-19	-	100 648	-	100 648
			40 099	272 091	**40 099**	272 091
Investec Private Bank Limited						
Prime - 0.65%	Ascension	15-Apr-23	**321 283**	604 334	-	-
Prime - 1.00%	Rebosis	12-Feb-20	**291 314**	-	**291 314**	-
			612 597	604 334	**291 314**	-
Standard bank of South Africa						
Prime - 0.5%	Ascension	28-Feb-20	**270 728**	392 916	-	-
Prime - 1.5%	Ascension	31-Oct-18	-	160 037	-	-
			270 728	552 953	-	-

17. Interest bearing borrowings (Continued)

			GROUP		COMPANY	
Interest rate	Entity	Maturity	2019 R000	2018 R000	2019 R000	2018 R000
Sanlam Limited						
1-month JIBAR + 2.65%	Rebosis	28-Feb-20	**356 813**	-	**356 813**	-
Absa Bank Limited						
Prime	BWC	07-Mar-20	**173**	392	**-**	-
Rand Merchant Bank						
3-month JIBAR + 3.1%	Rebosis	28-Feb-20	**244 948**	202 684	**244 948**	202 684
Total debt			**10 141 968**	10 769 042	**6 445 884**	6 359 905
Less: debt structuring fees			**(10 611)**	(12 963)	**(2 714)**	(1 323)
Balance at the beginning of the year			**(12 963)**	(17 187)	**(1 323)**	(2 215)
Settled/incurred during the year			**(62 239)**	(11 118)	**(61 738)**	(10 618)
Amortisation for the year			**64 591**	15 342	**60 347**	11 510
			10 131 357	10 756 079	**6 443 170**	6 358 582
Less: short-term portion			**(10 131 357)**	(5 856 984)	**(6 443 170)**	(4 954 186)
Non-current portion			**-**	4 899 095	**-**	1 404 396

Although the short term portion of the interest bearing borrowings is in excess of the current assets of the group and company, as a result the group and company does not pass the liquidity test, the directors have satisfied themselves that the group and company have adequate resources to continue operating in the foreseeable future with the continued support of its funders.

The group will continue with its disposal program and is considering corporate action to deleverage the fund.

	GROUP	
Weighted average rate of interest	2019	2018
Nedbank	9.24%	9.30%
DMTN Programme	10.34%	8.70%
Investec	8.91%	9.13%
RMB	9.54%	9.13%
Standard Bank	8.73%	8.51%
Sanlam	9.93%	-

The Absa loan levies interest at prime and is repayable in 6 months. The cleaning equipment serves as security for the loan.

At year-end, the group had no unutilised loan facilities, the gearing ratio was 62.3% (2018: 49.7%) (company: 57.0% (2018: 42.9%)) and the average all-inclusive rate of interest for the year under review was 9.2% (2018: 7.2%).

Facilities of R9.0 billion from Nedbank are secured by mortgage bonds over investment properties valued at R13.3 billion (note 3).

Facilities of R0.88 billion from Investec and Standard Bank are secured by mortgage bonds over investment properties valued at R2.2 billion (note 3).

18. Trade and other payables

	GROUP		COMPANY	
	2019 R000	2018 R000	2019 R000	2018 R000
Income received in advance	**23 711**	17 420	**9 200**	8 865
Trade payables	**89 147**	225 119	**7 345**	140 249
Value added taxation	**4 679**	2 413	**4 130**	6 475
Tenant deposits	**27 483**	35 081	**12 157**	12 084
Accrued expenses	**64 818**	71 764	**27 665**	26 784
	209 838	351 797	**60 497**	194 457

19. Operating income

	GROUP		COMPANY	
	2019 R000	2018 R000	2019 R000	2018 R000
Operating income includes the following charges:				
Asset management fees	**-**	-	**29 167**	45 584
Asset management fees received	**-**	(4 668)	**-**	-
Salaries	**89 630**	89 710	**89 630**	89 710
Audit fees				
Paid to external auditors	**1 733**	2 025	**841**	1 367
For the attest function - current year	**1 723**	1 845	**831**	1 227
For other services	**10**	180	**10**	140
Paid to internal auditors - current year	**571**	-	**571**	196
Depreciation	**4 004**	2 811	**3 022**	1 522
Amortisation of margin paid on derivatives	**4 861**	-	**4 861**	
Property management fees paid	**-**	(681)	**28 647**	26 832
Property management fees received	**-**	(3 738)	**-**	-

20. Directors' emoluments

	GROUP		COMPANY	
Executive director remuneration	2019 R000	2018 R000	2019 R000	2018 R000
SM Ngebulana^	**9 600**	**2 845**	**9 600**	**3 519**
Salary and allowances	**5 550**	2 104	**5 550**	2 104
Retirement benefits	**450**	150	**450**	150
Performance bonus	**3 600**	-	**3 600**	1 265
For services as director:	**-**	-	**-**	-
New Frontier Properties Limited	**-**	591	**-**	-
Z Kogo	**2 596**	**2 647**	**2 523**	**2 647**
Salary and allowances	**1 686**	1 841	**1 686**	1 841
Retirement benefits	**137**	193	**137**	193
Performance bonus (73 of the total amount is deferred)	**773**	613	**700**	613
R Becker *	**5 940**	**3 752**	**5 820**	**3 333**
Salary and allowances	**3 700**	308	**3 700**	308
Retirement benefits	**300**	25	**300**	25
Performance bonus (120 of the total amount is deferred)	**1 940**	3 000	**120**	3 000
For services as director:	**-**	-	**-**	-
New Frontier Properties Limited	**-**	419	**-**	-
I King #	**4 830**	**-**	**3 705**	**-**
Salary and allowances	**1 693**	-	**1 693**	-
Retirement benefits	**187**	-	**187**	-
Sign-on bonus	**1 500**	-	**600**	-
Performance bonus (225 of the total amount is deferred)	**1 450**		**1 225**	
AM Mazwai (Resigned 18 April 2018)	**-**	**4 734**	**-**	**4 486**
Salary and allowances	**-**	2 313	**-**	2 313
Retirement benefits	**-**	212	**-**	212
Performance bonus	**-**	1 961	**-**	1 961
For services as director:	**-**		**-**	
New Frontier Properties Limited	**-**	248	**-**	-

20. Directors' emoluments (Continued)

Executive director remuneration	GROUP 2019 R000	GROUP 2018 R000	COMPANY 2019 R000	COMPANY 2018 R000
M De Lange !	**3 229**	**4 346**	**3 229**	**3 927**
Salary and allowances	**627**	2 463	**627**	2 463
Retirement benefits	**85**	336	**85**	336
Performance bonus		1 128		1 128
Leave paid out/Severance Pay	**2 517**	-	**2 517**	-
For services as director:	**-**	-	**-**	-
New Frontier Properties Limited	**-**	419	**-**	-

^Mr SM Ngebulana took up the position as non-executive deputy chairman on 1 October 2017 and returned as an executive director on 18 April 2018.

!Mrs M De Lange was appointed as the Chief Financial Officer on 1 March 2017 and resigned on 13 December 2018.

* Mr R Becker was appointed as the Chief Investment Officer on 1 August 2018.

#Mrs I King was appointed as the Chief Financial Officer on 1 December 2018.

The bounces were approved subsequent to year end.

Non-executive director remuneration	GROUP 2019 R000	GROUP 2018 R000	COMPANY 2019 R000	COMPANY 2018 R000
ATM Mokgokong	**633**	653	**633**	653
SM Ngebulana^	**-**	435	**-**	435
WJ Odendaal	**319**	235	**319**	235
NV Qangule	**467**	441	**467**	441
TSM Seopa	**473**	460	**473**	460
MM Mdlolo	**393**	368	**393**	368
GFvL Froneman	**388**	420	**388**	420
Total	**2 673**	**3 012**	**2 673**	**3 012**

	GROUP 2019 R000	GROUP 2018 R000	COMPANY 2019 R000	COMPANY 2018 R000
21. Changes in fair values and impairments				
Unrealised gain on revaluation of investment property	**(1 579 962)**	(1 013 622)	**(952 191)**	(135 404)
Realised loss on disposal of investment property	**(169 702)**	-	**(16 323)**	-
Investment in subsidiaries - impairment	**-**	-	**(208 185)**	(2 392 163)
Investment in listed securities	**(992 774)**	(484 949)	**-**	-
Derivative instruments	**1 340**	(92 677)	**7 948**	(110 366)
Loan impairment	**(1 424 074)**	-	**(2 051 554)**	(716 018)
Goodwill impairment	**(141 227)**	(177 081)	**(95 703)**	-
	(4 306 399)	**(1 768 329)**	**(3 316 008)**	**(3 353 951)**

		GROUP		COMPANY	
		2019 R000	2018 R000	2019 R000	2018 R000
22.	**Net interest**				
	Interest paid - secured loans	**(960 475)**	(954 191)	**(601 145)**	(555 861)
	Interest received- derivatives	**30 064**	66 582	**38 168**	76 325
	Interest paid- other	**(65)**	-	**(53)**	-
	Debt restructuring fee	**(69 452)**	(15 342)	**(65 208)**	(11 510)
		(999 928)	**(902 951)**	**(628 238)**	**(491 046)**
	Interest received - bank	**2 946**	2 823	**2 549**	1 911
	Interest received - New Frontier Properties	**-**	112 660	**-**	112 660
	Interest received - Jiraserve loan	**-**	13 912	**-**	-
	Interest received	**-**	18 278	**-**	18 480
		2 946	**147 673**	**2 549**	**133 051**
		(996 982)	**(755 278)**	**(625 689)**	**(357 995)**
23.	**Taxation**				
	Tax at the applicable tax rate of 28%	**28.00%**		**28.00%**	
	Tax effect of adjustment on taxable income				
	- Non deductible expenditure / Exempt income	**(28.76%)**		**(28.88%)**	
	FV adjustment - Invest properties	**(8.18%)**		**(11.65%)**	
	Goodwill impairment	**(0.81%)**		**(0.94%)**	
	Impairment in loans	**(9.61%)**		**(9.49%)**	
	Impairment of listed security	**(7.67%)**		**(6.61%)**	
	Straight line lease accrual	**(0.73%)**		**(0.62%)**	
	Investment in subs write off	**(1.76%)**		**0.43%**	
	Other	**0.37%**			
	Timing differences not recognised:				
	Amortisation of structuring fee	**(0.49%)**		**(0.41%)**	
	Assessed loss utilised	**0.28%**		**0.39%**	
		(0.60%)		**(0.90%)**	

The company will not be distributing a dividend with regards to its current year profits and therefore is liable for tax in the current financial year.

24. Note to the statement of cash flows

	GROUP		COMPANY	
	2019 R000	2018 R000	2019 R000	2018 R000
Cash generated by operations				
Profit before tax	**(4 203 825)**	(923 981)	**(3 321 009)**	(2 805 008)
Adjusted for:				
Non cash items				
Changes in fair values and impairments	**4 306 399**	1 768 329	**3 316 008**	3 353 951
Straightline rental income accrual	**92 522**	(84 756)	**86 696**	(45 396)
Depreciation	**4 004**	2 810	**3 022**	1 522
Amortisation of margin paid on derivatives	**4 861**	-	**4 861**	-
Rental guarantees	**-**	(88 491)	**-**	(88 491)
Allowance for expected credit losses (2019)	**60 727**	14 691	**6 596**	4 747
Debt structuring fees	**(69 452)**	(15 342)	**(65 208)**	(11 507)
Other non cash items	**2 382**	10 686	**427**	11 781
Net finance charges	**996 982**	755 278	**625 689**	357 995
Dividend income	**-**	(62 348)	**(713)**	(65 491)
Operating income before working capital changes	**1 194 600**	1 376 876	**656 369**	714 103
Working capital changes	**(120 483)**	(21 299)	**(49 357)**	54 019
Trade and other receivables	**(55 287)**	(79 112)	**(16 960)**	(60 467)
Trade and other payables	**(65 196)**	57 813	**(32 397)**	114 486
Cash generated from operations	**1 074 117**	**1 355 577**	**607 012**	**768 122**

24.1. Reconciliation of movement of liabilities to cash flows from financing activities

GROUP (R'000)	Reserve	Interest bearing borrowings	Deferred payment liability	Derivative instruments	Total
Balance at 31 August 2018 - restated	1 314 352	10 756 079	124 936	76 434	**12 271 801**
Changes from financing cash flows	(286 253)	(642 599)	-	(13 388)	**(942 240)**
Proceeds from interest bearing borrowings		2 373 111			**2 373 111**
Repayment of interest bearing borrowings		(3 015 710)			**(3 015 710)**
Deployment of settlement of derivatives				(13 388)	**(13 388)**
Dividend paid	(286 253)				**(286 253)**
Total liability related other changes		17 877	(1 465)	(39 380)	**(22 968)**
Total equity related other changes	(4 308 467)				**(4 308 467)**
Closing balance as at 31 August 2019	**(3 280 368)**	**10 131 357**	**123 471**	**23 666**	**6 998 126**

25. Earnings and headline earnings

	GROUP 2019	2018
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**	22 730 376
Number of REB shares in issue at year end	**696 844 874**	699 253 200
Weighted average number of shares in issue used for the calculation of earnings and headline earnings per share	**696 844 874**	661 948 658
	R'000	**R'000**
Loss attributable to ordinary equity holders of the parent entity	**(4 242 139)**	(923 981)
Adjusted for:		
Change in fair value of investment properties	**1 749 664**	1 013 622
Goodwill impairment	**141 227**	177 081
Headline (loss)/earnings attributable to shareholders	**(2 351 248)**	**266 721**
REA*		
Basic and diluted earnings per REA share (cents)	**265.50**	252.86
Basic and diluted headline earnings per REA share (cents)	**265.50**	252.86
REB		
Basic and diluted loss per REB share (cents)	**(632.87)**	(163.75)
Basic and diluted headline (loss)/earnings per REB share (cents)	**(361.52)**	16.13

* REA's are entitled to a 5% guaranteed annual increase in earnings before REB shares.

26. Commitments

	GROUP 2019 R000	GROUP 2018 R000	COMPANY 2019 R000	COMPANY 2018 R000
26.1. Capital commitments				
Capital improvements in respect of investment properties				
- Approved and committed	-	12 868	-	2 077
- Approved not yet committed	**132 830**	84 599	**75 400**	50 688
	132 830	**97 467**	**75 400**	**52 765**
26.2. Operating expense commitments				
The company has entered into various service contracts for the cleaning and general maintenance of the property portfolio. The operating expense commitments payable to service providers in future years are as follows:				
- Due within one year	**4 054**	31 098	**913**	15 268
- Due two to five years	-	33 224	-	16 250
	4 054	**64 322**	**913**	**31 518**
26.3. Operating minimum lease payments				
Operating lease represents rental payable by the company for its office properties. No contingent rental is payable:				
- Payable within one year	**2 971**	4 855	**2 971**	4 855
- Payable two to five years	-	2 971	-	2 971
	2 971	**7 826**	**2 971**	**7 826**

		GROUP		COMPANY	
		2019 R000	2018 R000	2019 R000	2018 R000
27.	**Minimum lease payments receivable**				
	Minimum lease payments comprise contractual rental income from investment properties and operating lease recoveries due in terms of signed lease agreements:				
	- Receivable within one year	**892 796**	1 184 271	**518 187**	903 291
	- Receivable two to five years	**1 525 957**	1 652 999	**628 009**	1 143 646
	- Receivable beyond five years	**1 116 271**	1 198 959	**306 896**	1 101 158
		3 535 024	**4 036 229**	**1 453 092**	**3 148 095**

28. Related parties and related party transactions

Relationships

Subsidiaries	Billion Property Services Proprietary Limited	
	Billion Assets Managers Proprietary Limited	
	Ascension Property Management Company Proprietary Limited	
	Ascension Properties Limited	
	Dalolex Proprietary Limited	
	Baywest City Proprietary Limited	
	Billion Property Developments Proprietary Limited	
	Clyroplex Proprietary Limited	Disposed - July 2019
	Delficraft Proprietary Limited	Disposed - July 2019
	Delfiflo Proprietary Limited	Disposed - July 2019
	Delfitime Proprietary Limited	Disposed - July 2019
	Delfiwiz Proprietary Limited	Disposed - July 2019
	Delfisat Proprietary Limited	Disposed - July 2019
	Lesasign Proprietary Limited	Disposed - July 2019
Associates	New Frontier Properties Limited	Disposed - July 2019
Related companies	Billion Group Proprietary Limited	
	Abacus Holdings (Proprietary) Limited "Abacus"	
	Mthatha Mall Proprietary Limited	

Billion Group Proprietary Limited

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 owns 0.36% of the shares in Rebosis.

Mthatha Mall Proprietary Limited

Mthatha Mall Proprietary Limited ("Mthatha Mall") is wholly owned by Billion Property Group Proprietary Limited ("BPG") who in turn is 100% held by Billion Group Proprietary Limited.

28. **Related parties and related party transactions (Continued)**

	GROUP		COMPANY	
	2019 R000	2018 R000	2019 R000	2018 R000
Loans accounts- owing (to) by related parties				
Billion Property Management Services Proprietary Limited	-	-	(20 348)	(12 614)
Billion Asset Managers Proprietary Limited	-	-	(2 226)	8 445
Ascension Properties Limited	-	-	(634 158)	(385 017)
Dalolex Proprietary Limited	-	-	8 427	8 437
Baywest City Proprietary Limited	-	-	138 322	102 040
Billion Property Developments Proprietary Limited	-	-	287 295	207 341
Clyroplex Proprietary Limited	-	-	-	141 815
Delficraft Proprietary Limited	-	-	-	141 815
Delfiflo Proprietary Limited	-	-	-	141 815
Delfitime Proprietary Limited	-	-	-	141 815
Delfiwiz Proprietary Limited	-	-	-	141 816
Delfisat Proprietary Limited	-	-	-	141 815
Lesasign Proprietary Limited	-	-	-	141 887
New Frontier Properties Limited	-	180 473	-	-
Abacus Holdings (Proprietary) Limited	70 000	70 000	70 000	70 000
Billion Group Proprietary Limited	3 471	3 471	3 471	3 471
Amounts included in trade and other receivables				
Ascension Property Management Company	-	-	2 872	6 039
Mthatha Mall Proprietary Limited	-	16 850	-	-
Alkara 329 Proprietary Limited	-	1 021	-	-
Related party transactions:				
Interest received from related parties				
New Frontier Properties Limited	-	18 278	-	-
Administration fee received from related parties				
Billion Property Services Proprietary Limited	-	-	68 613	71 838
Billion Asset Managers Proprietary Limited	-	-	29 164	50 250
Ascension Property Management Company Proprietary Limited	-	-	16 152	20 888
Administration fee paid to related parties				
Billion Property Services Proprietary Limited	-	-	14 489	15 117
Property management fee paid to related parties				
Billion Property Services Proprietary Limited	-	-	28 647	26 832
Asset management fee expense to related parties				
Billion Asset Managers Proprietary Limited	-	-	29 167	45 584
Asset management fee received from related parties				
Mthatha Mall Proprietary Limited	-	16 850	-	-
Rental warranty income				
Billion Group Proprietary Limited	-	88 491	-	-

29. Capital management

The company's borrowings, are limited to 50% of the valuation of the assets in terms of the existing debt covenants. The company uses loan-to-value, calculated in terms of the REIT best practice recommendations to measure the available borrowing capacity. Loan-to-value is calculated by dividing net debt by the total property assets.

The company is currently in breach of their covenant levels of 50%. The company is working closely with their funders to remedy this. This includes the continual disposal of assets and possible corporate actions to deleverage the fund.

As at 31 August 2019, the borrowing capacity of the company was as follows:

	GROUP	
	2019 R000	2018 R000
Net debt	**10 059 200**	10 576 136
Interest bearing borrowings (excluding derivatives)	**10 131 357**	10 756 079
Less: cash and cash equivalents	**(72 157)**	(179 943)
Property assets	**15 605 577**	20 505 240
Investment property	**13 878 200**	16 682 000
Investment property held for sale	**1 723 102**	1 403 000
Investment in securities	**4 275**	992 774
Loans receivable	**-**	1 246 994
Loans to related companies	**-**	180 472
Loan-to-value	**64.5%**	51.6%
Loan-to-value (Excl receivables)	**64.5%**	58.5%

As at 31 August 2019, the loan-to-value ratio for the Rebosis Group was 64.5%.

30. Fair value hierarchy

The different levels have been defined as:

Level 1 - fair value is determined from quoted prices (unadjusted) in active markets for identical asset or liabilities

Level 2 - fair value is determined through the use of valuation techniques based on observable inputs, either directly or indirectly

Level 3 - fair value is determined through the use of valuation techniques using significant inputs

The table below analyses financial instruments measured at fair value by the level into which the fair value measurement is categorised. Refer to note 1.15 for the fair value estimation techniques used.

GROUP Assets	Assets carried at fair value through profit and loss R'000	Level 1 R'000	Level 2 R'000	level 3 R'000
31-Aug-19				
RECURRING				
Investment property	**13 878 200**	**-**	**-**	**13 878 200**
Derivative instruments	**8 343**	**-**	**8 343**	**-**
NON-RECURRING				
Investment properties held for sale	**1 723 102**	**-**	**-**	**1 723 102**
31-Aug-18				
RECURRING				
Investment property	16 682 000	-	-	16 682 000
Investment in securities	992 774	992 774	-	-
Derivative instruments	16 027	-	16 027	-
NON-RECURRING				
Investment properties held for sale	1 403 000	-	-	1 403 000

30. Fair value hierarchy (Continued)

GROUP Liabilities	Liabilities designated at fair value through profit and loss R'000	Level 1 R'000	Level 2 R'000	level 3 R'000
31-Aug-19				
RECURRING				
Derivative instruments	**32 010**	**-**	**32 010**	**-**
31-Aug-18				
Derivative instruments	92 461	-	92 461	-

COMPANY Assets	Assets carried at fair value through profit and loss R'000	Level 1 R'000	Level 2 R'000	level 3 R'000
31-Aug-19				
RECURRING				
Investment property	**7 761 000**	**-**	**-**	**7 761 000**
Derivative instruments	**8 334**	**-**	**8 334**	**-**
31-Aug-18				
RECURRING				
Investment property	9 481 000	-	-	9 481 000
Investment in subsidiaries	2 447 876			2 447 876
Derivative instruments	12 344	-	12 344	-

Liabilities	Liabilities designated at fair value through profit and loss R'000	Level 1 R'000	Level 2 R'000	level 3 R'000
31-Aug-19				
RECURRING				
Derivative instruments	**23 833**	**-**	**23 833**	**-**
31-Aug-18				
RECURRING				
Derivative instruments	82 226	-	82 226	-

31. Financial risk management

The company's financial instruments consist mainly of deposits with banks, interest bearing liabilities, derivative instruments, trade and other receivables, investment in listed securities, other financial assets and trade and other payables. Book value approximates fair value in respect of these financial instruments. Exposure to market, credit and liquidity risks arises in the normal course of business. The table below sets out the classification of each class of financial asset and liability and their fair values:

	Financial assets		Financial Liabilities		
	At amortised cost R'000	At fair value through profit or loss R'000	At amortised cost R'000	At fair value through profit or loss R'000	Total R'000
As at 31 August 2019					
GROUP					
Financial assets					
Derivative instruments	-	8 343	-	-	8 343
Trade and other receivables*	215 307	-	-	-	215 307
Cash and cash equivalents	72 157	-	-	-	72 157
Total financial assets	287 464	8 343	-	-	295 807
Financial liabilities					
Deferred payment liability	-	-	123 471	-	123 471
Interest bearing borrowings	-	-	10 131 357	-	10 131 357
Derivative instruments	-	-	-	32 010	32 010
Trade and other payables **	-	-	181 448	-	181 448
Total financial liabilities	-	-	10 436 276	32 010	10 468 286
COMPANY					
Financial assets					
Loan to group companies	434 044	-	-	-	434 044
Derivative instruments	-	8 334	-	-	8 334
Trade and other receivables	90 884	-	-	-	90 884
Cash and cash equivalents	57 638	-	-	-	57 638
Total financial assets	2 822 256	8 334	-	-	2 830 590
Financial liabilities					
Deferred payment liability	-	-	123 471	-	123 471
Interest bearing borrowings	-	-	6 443 170	-	6 443 170
Derivative instruments	-	-		23 833	23 833
Trade and other payables **	-	-	47 167	-	47 167
Total financial liabilities	-	-	6 613 808	23 833	6 637 641

* Excludes pre-payments, VAT and tax receivable.

** Excludes income received in advance and VAT payables.

31. Financial risk management (continued)

	Financial assets		Financial Liabilities		
	Loans and receivables	At fair value through profit or loss	At amortised cost	At fair value through profit or loss	Total
	R'000	R'000	R'000	R'000	R'000
As at 31 August 2018					
GROUP					
Financial assets					
Loans receivable (previously Other financial assets)	1 246 994	-	-	-	1 246 994
Derivative instruments	-	16 027	-	-	16 027
Trade and other receivables*	422 222	-	-	-	422 222
Cash and cash equivalents	179 943	-	-	-	179 943
Total financial assets	1 849 159	16 027	-	-	1 865 186
Financial liabilities					
Deferred payment liability	-	-	124 936	-	124 936
Interest bearing borrowings	-	-	10 756 079	-	10 756 079
Derivative instruments	-	-	-	92 461	92 461
Trade and other payables **	-	-	331 964	-	331 964
Total financial liabilities	-	-	11 212 978	92 461	11 305 440
COMPANY					
Financial assets					
Loans receivable (previously Other financial assets)	1 058 749	-	-	-	1 058 749
Loan to group companies	1 310 592	-	-	-	1 310 592
Derivative instruments	-	12 344	-	-	12 344
Trade and other receivables	230 307	-	-	-	230 307
Cash and cash equivalents	157 444	-	-	-	157 444
Total financial assets	5 204 969	12 344	-	-	5 217 314
Financial liabilities					
Deferred payment liability	-	-	141 047	-	141 047
Interest bearing borrowings	-	-	6 358 582	-	6 358 582
Derivative instruments	-	-	-	82 226	82 226
Trade and other payables **	-	-	179 117	-	179 117
Total financial liabilities	-	-	6 678 746	82 226	6 760 972

* Excludes pre-payments, VAT and tax receivable.

** Excludes income received in advance and VAT payables.

Interest rate risk

The group manages its exposure to changes in interest rates by fixing interest rates by way of interest rate swap arrangements in respect of borrowings. At year end, interest rates in respect of 114% (2018: 99.1%) (group: 77.8% (2018: 69.7%)) of borrowings were hedged in terms of interest rate swap, interest rate cap and cross currency arrangements. The weighted average cost of borrowings for the company was 9.7% (2018: 9.2%) (group: 9.8% (2018: 9.1%). An increase of 1% in the prime interest rate will result in an increased interest cost of R64.5 million (2018: R3.6million) (group: R101.4 million (2018: R3.6million) per annum in respect of the floating portion of the debt.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial commitments as and when they fall due. This risk is managed by holding cash balances and a revolving loan facility and by regularly monitoring cash flows. The company will utilise facilities and cash on hand to meet its short term funding requirements. A maturity analysis of the company's financial assets and liabilities and its exposure to interest rate risk at year end are set out in the table below:

31. Financial risk management (continued)

	Weighted average effective interest rate %	Less than one year R'000	One to five years R'000	More than five years R'000	Total
As at 31 August 2019					
GROUP					
Financial assets					
Derivative instruments	0.04	9	8 334	-	8 343
Trade and other receivables*		215 307	-	-	215 307
Cash and cash equivalents		72 157	-	-	72 157
Total financial assets		287 473	8 334	-	295 807
Financial liabilities					
Deferred payment liability		123 471	-	-	123 471
Interest bearing borrowings	9.7	10 131 357	-	-	10 131 357
Derivative instruments	0.04	32 010	-	-	32 010
Trade and other payables **		181 449	-	-	181 449
Total financial liabilities		10 468 287	-	-	10 468 287
Interest payments relating to interest bearing borrowings above		661 333	294 166	-	955 499

* Excludes pre-payments

** Excludes income received in advance and VAT payables.

	Weighted average effective interest rate %	Less than one year R'000	One to five years R'000	More than five years R'000	Total
As at 31 August 2019					
COMPANY					
Financial assets					
Derivative instruments	0.04	-	8 334	-	8 334
Trade and other receivables		90 882	-	-	90 882
Cash and cash equivalents		57 638	-	-	57 638
Total financial assets		148 521	8 334	-	156 855
Financial liabilities					
Deferred payment liability		123 471	-	-	123 471
Interest bearing borrowings	9.7	6 443 170	-	-	6 443 170
Trade and other payables **		47 167	-	-	47 167
Total financial liabilities		6 613 808	-	-	6 613 808
Interest payments relating to interest bearing borrowings above		573 795	24 534	-	598 330

31. **Financial risk management (continued)**

	Weighted average effective interest rate %	Less than one year R'000	One to five years R'000	More than five years R'000	Total
As at 31 August 2018					
GROUP					
Financial assets					
Loans receivable (previously Other financial assets)	11.1	-	1 246 995	-	1 246 995
Derivative instruments	9	5 826	10 201	-	16 027
Trade and other receivables*		422 222	-	-	422 222
Cash and cash equivalents	9.4	179 943	-	-	179 943
Total financial assets		**607 991**	**1 257 196**	**-**	**1 865 187**
Financial liabilities					
Deferred payment liability		124 936			124 936
Interest bearing borrowings	9.2	5 856 984	4 899 095		10 756 079
Derivative instruments	2.00	65 311	27 150		92 461
Trade and other payables **		331 964			331 964
Total financial liabilities		**6 379 195**	**4 926 245**	**-**	**11 305 440**
Interest payments relating to interest bearing borrowings above		172 871	1 268 742	-	1 441 613

* Excludes pre-payments

** Excludes income received in advance and VAT payables.

	Weighted average effective interest rate %	Less than one year R'000	One to five years R'000	More than five years R'000	Total
As at 31 August 2018					
COMPANY					
Financial assets					
Loans receivable (previously Other financial assets)	11.3	-	1 058 749	-	1 058 749
Derivative instruments		5 826	6 519	-	12 345
Trade and other receivables		230 307	-	-	230 307
Cash and cash equivalents	5.15	157 444	-	-	157 444
Total financial assets		**393 577**	**1 065 268**	**-**	**1 458 845**
Financial liabilities					
Deferred payment liability		141 047	-	-	141 047.00
Interest bearing borrowings	9.3	4 954 186	1 404 398	-	6 358 584.00
Trade and other payables		185 592	-	-	185 592.00
Total financial liabilities		**5 280 825**	**1 404 398**	**--**	**6 685 223**
Interest payments relating to interest bearing borrowings above		147 867	240 076	-	387 943

31. **Financial risk management (continued)**

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The group is exposed to credit risk on loans receivable, trade and other receivables and cash and cash equivalents. Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The group prefers to only deal with reputable counterparties with consistent payment histories. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

Credit risk exposure arising on cash and cash equivalents is managed by the group through dealing with well-established financial institutions with high credit ratings. In order to calculate credit loss allowance, management determine whether the loss allowances should be calculated on a 12-month or on a lifetime expected credit loss basis. This determination depends on whether there has been a significant increase in the credit risk since initial recognition. If there has been a significant increase in credit risk, then the loss allowance is calculated based on lifetime expected credit losses. If not, then the loss allowance is based on 12-month expected credit losses. This determination is made at the end of each financial period. Thus, the basis of the loss allowance for a specific financial asset could change year-on-year. Management apply the principle that if a financial asset's credit risk is low at year-end, then, by implication, the credit risk has not increased significantly since initial recognition. In such cases, the loss allowance is based on 12-month expected credit losses. Credit risk is assessed as low if there is a low risk of default (where default is defined as occurring when amounts are 90 days past due), When determining the risk of default, management conside information such as payment history to date, the industry in which the customer is emppIoyed, the period for which the customer has been employed, external credit references, etc.

In any event, if amounts are 90 days past due on normal payment terms, then the credit risk is assumed to have increased significantly since initial recognition. Credit risk is not assessed to be low simply because of the value of collateral associated with a financial instrument. If the instrument would not have a low credit risk in the absence of collateral, then the credit risk is not considered low when taking the collateral into account. Trade receivables and contract assets which do not contain a significant financing component are the exceptions and are discussed below. Where necessary, the assessment for a significant increase in credit risk is made on a collective basis. Management typically adopt this approach when information relevant to the determination of credit risk is not available on an individual instrument level. Often, the only information available on individual instruments which could indicate an increase in credit risk, is "past due" information. It is typical that more forward-looking information is generally more readily available on a collective basis. Therefore, making the determination on a collective basis helps to ensure that credit loss allowances are determined on the basis of lifetime expected credit losses before they reach the point of being past due. Forward-looking, macro-economic information is applied on a collective basis when it is readily available without undue cost or effort. When loss allowances are determined on a collective basis, management determines the loss allowances by grouping financial instruments on the basis of shared credit risk characteristics.

"For trade receivables and contract assets which do not contain a significant financing component, the loss allowance is determined as the lifetime expected credit losses of the instruments. For all other trade receivables and lease receivables, IFRS 9 permits the determination of the credit loss allowance by either determining whether there was a significant increase in credit risk since initial recognition or by always making use of lifetime expected credit losses. Management have chosen as an accounting policy, to make use of lifetime expected credit losses. Management does therefore not make the annual assessment of whether the credit risk has increased significantly since initial recognition for trade receivables or lease receivables.

The maximum exposure to credit risk is presented in the table below:

		2019		
	Notes	Gross carrying amount R'000	Credit loss allowance R'000	Amortised cost R'000
GROUP				
Loans to related companies	8	**180 472**	**(180 472)**	**-**
Loans receivable	10	**1 246 994**	**(1 246 994)**	**-**
Trade and other receivables	14	**242 285**	**(22 624)**	**219 661**
Cash and cash equivalents	15	**72 157**	**-**	**72 157**
COMPANY				
Loans to group companies	5	**1 426 817**	**(992 774)**	**434 044**
Loans receivable	10	**1 058 749**	**(1 058 749)**	**-**
Trade and other receivables	14	**98 255**	**(5 208)**	**93 047**
Cash and cash equivalents	15	**57 638**	**-**	**57 638**

32. Segment report

2019	Property portfolio Retail R'000	Office R'000	Industrial R'000	Total R'000	Head office R'000	Total R'000
Property portfolio	797 452	1 031 305	13 386	1 842 144	-	1 842 144
Investment property income	788 669	1 097 951	18 489	1 905 109	-	1 905 109
Net income from facilities management	-	29 557	-	29 557	-	29 557
Management fees received	-	-	-	-	-	-
Straight line rental income accrual	8 783	(96 202)	(5 103)	(92 522)	-	(92 522)
Property expenses	(386 249)	(218 696)	(531)	(605 476)	-	(605 476)
Net property income	411 203	812 610	12 855	1 236 668	-	1 236 668
Other operating expenses	-	-		-	(142 104)	(142 104)
Operating income/(loss)	411 203	812 610	12 855	1 236 668	(142 104)	1 094 564
Net interest	-	-	-	-	(996 982)	(996 982)
Net operating income/(loss)	411 203	812 610	12 855	1 236 668	(1 139 086)	97 582
Other income	-	-	-		4 992	4 992
Changes in fair values	(304 567)	(1 259 498)	(15 897)	(1 579 962)	(2 726 437)	(4 306 400)
Segment profit/(loss) before taxation	106 636	(446 888)	(3 042)	(343 294)	(3 860 531)	(4 203 825)
Investment property	7 263 000	6 451 200	164 000	13 878 200	-	13 878 200
Investment property held for sale	561 486	1 161 616	-	1 723 102	-	1 723 102
Other assets	77 242	146 265	30	223 537	444 852	668 388
Total assets	7 901 727	7 759 081	164 030	15 824 838	444 852	16 269 690
Total liabilities	68 857	41 425	-	110 282	10 422 735	10 533 017

32. Segment report (Continued)

2018	Property portfolio Retail R'000	Office R'000	Industrial R'000	Total R'000	Head office R'000	Total R'000
Property portfolio	972 797	1 202 836	18 790	2 194 423	4 668	2 199 091
Investment property income	900 339	1 169 563	17 277	2 087 179	-	2 087 179
Net income from facilities management	-	22 488	-	22 488	-	22 488
Management fees received	-	-	-	-	4 668	4 668
Straight line rental income accrual	72 458	10 785	1 513	84 756	-	84 756
Property expenses	(275 997)	(262 515)	(494)	(539 006)	-	(539 006)
Net property income	696 800	940 321	18 296	1 655 417	4 668	1 660 085
Other operating expenses	-	-		-	(127 428)	(127 428)
Operating income	696 800	940 321	18 296	1 655 417	(122 760)	1 532 657
Net interest	-	-	-	-	(755 278)	(755 278)
Net operating income	696 800	940 321	18 296	1 655 417	(878 038)	777 379
Other income	-	-	-	-	4 621	4 620
Changes in fair values	(960 725)	(60 383)	7 486	(1 013 622)	(577 626)	(1 591 248)
Goodwill impairment	-	-	-	-	(177 081)	(177 082)
Listed security income	-	-	-	-	62 348	62 348
Segment profit/(loss) before taxation	**(263 925)**	**879 937**	**25 783**	**641 795**	**(1 565 776)**	**(923 981)**
Investment property	8 080 000	8 417 000	185 000	16 682 000	-	16 682 000
Investment property held for sale	-	1 403 000	-	1 403 000	-	1 403 000
Other assets	104 259	130 668	-	234 927	3 334 766	3 569 693
Total assets	**8 184 259**	**9 950 668**	**185 000**	**18 319 927**	**3 334 766**	**21 654 693**
Total liabilities	**66 453**	**61 801**	**-**	**128 254**	**11 197 019**	**11 325 273**

33. Group entities

The following are the shareholdings of the companies in the various group entities:

	Country of incorporation	2019	2018
Ascension Properties Limited	South Africa	**100.00%**	100.00%
Ascension Property Management Company Proprietary Limited	South Africa	**100.00%**	100.00%
Bay West City Proprietary Limited	South Africa	**100.00%**	100.00%
Billion Asset Managers	South Africa	**100.00%**	100.00%
Proprietary Limited	South Africa	**100.00%**	100.00%
Billion Property Developments	South Africa	**100.00%**	100.00%
Proprietary Limited	South Africa	**100.00%**	100.00%
Billion Property Services	South Africa	**100.00%**	100.00%
Proprietary Limited	South Africa	**100.00%**	100.00%
Clyroplex Proprietary Limited	South Africa	**0.00%**	100.00%
Dalolex Proprietary Limited	South Africa	**100.00%**	100.00%
Delficraft Proprietary Limited	South Africa	**0.00%**	100.00%
Delfiflo Proprietary Limited	South Africa	**0.00%**	100.00%
Delfisat Proprietary Limited	South Africa	**0.00%**	100.00%
Delfitime Proprietary Limited	South Africa	**0.00%**	100.00%
Delfiwiz Proprietary Limited	South Africa	**0.00%**	100.00%
Lesasign Proprietary Limited	South Africa	**0.00%**	100.00%
Hemingways Shopping Centre Proprietary Limited #	South Africa	**100.00%**	100.00%
Phomella Property Investments Proprietary Limited #	South Africa	**100.00%**	100.00%

These entities are dormant

34. Subsequent events

On the 5 September 2019 Rebosis entered into an agreement with Adowa Infrastructure Managers (RF) (Pty) Ltd to dispose of Erf 2460, comprising 209 units/apartments, including 611 student accommodation beds and auxiliary facilities, situated in Mafikeng, together with the rental enterprise for a cash consideration of R146.4 million.

On the 6 September 2019 a formal agreement to effect the disposal of Mdantsane City Shopping Centre was concluded between Rebosis and Vukile Property Fund Limited "Vukile" for a maximum consideration of R511.37 million.

Mdantsane city transferred into the name of Vukile with effect from 26 November 2019 at a consideration of R516.50 million.

The DMTNs were settled on the 21 November 2019, however, the facility for R21 million was rolled for a further 6 months

35. Going concern

The short-term portion of the interest-bearing borrowings is in excess of the current assets of the group and as a result the group does not pass the liquidity test. The group is actively busy with merger discussions which would give rise to raising additional capital and creating a new combined entity that would be in a liquid position. In addition to this the group is continuing with its disposal program to create liquidity. If the merger fails the group would accelerate its disposal program in the absence of any other possible corporate actions that might rectify the current situation. The group performs forecast cash flows to ensure the optimal use of available cash and highlighting the areas of risk. In spite of the above plans and best efforts there is a material uncertainty related to events or conditions that may cast significant doubt in 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 its funders. The directors have satisfied themselves that the group does have adequate resources to continue its operations in the foreseeable future with the continued support of its funders to allow the group time to execute on the above strategies.


FRIESLAND
MILK BAR

Shareholders Information

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Shareholders Diary

We ask our shareholders to please familiarise themselves with the following dates found in the shareholders' diary.

Financial year end	31 August
Integrated report posted	Tuesday, 31 December 2019
Annual general meeting	Friday, 31 January 2019
Announcement of interim results	April 2020
Announcement of annual results	November 2020

DIVIDEND DETAILS

for the year ended 31 August 2018

REA dividend	Dividend number	Cents per share
Six months ended 28 February 2018	3	126.43
Six months ended 31 August 2018	4	126.43
Total		**252.86**

REB dividend	Dividend number	Cents per share
Six months ended 28 February 2018	15	63.23
Six months ended 31 August 2018	16	29.60
Total		**92.83**

Shareholders Analysis

SHAREHOLDER SPREAD	No of Shareholders	%	No of Shares	%
shares 000 1 - 1	470	56,29	27 066	0,04
shares 000 10 001- 1	106	12,69	504 128	0,80
shares 000 100 001- 10	165	19,76	6 649 589	10,51
shares 000 000 1 001- 100	78	9,34	24 577 446	38,85
shares and over 001 000 1	16	1,92	31 507 783	49,80
Totals	**831**	**100.00**	**63 266 012**	**100.00**

DISTRIBUTION OF SHAREHOLDERS	No of Shareholders	%	No of Shares	%
Banks/Brokers	14	1,68	854 913	1,35
Close Corporation	4	0,48	66 556	0,11
Endowment Fund	19	2,28	1 993 135	3,15
Individuals	519	62,16	381 044	0,60
Insurance Companies	16	1,92	4 195 528	6,63
Investment Company	1	0,12	35 435	0,06
Medical Schemes	8	0,96	568 810	0,90
Mutual Funds	89	10,66	37 744 588	59,66
Private Companies	15	1,80	327 021	0,52
Retirement Funds	116	13,89	16 330 006	25,81
Stock Lending	4	0,48	162 378	0,26
Trusts	30	3,59	606 598	0,96
Totals	**835**	**100,00**	**63 266 012**	**100,00**

PUBLIC / NON - PUBLIC SHAREHOLDERS	No of Shareholders	%	No of Shares	%
Non - Public Shareholders	**1**	**0,12**	**6 326 601**	**10,00**
Strategic Holdings more than 10%	1	0,12	6 326 601	10,00
Public Shareholders	**834**	**99,88**	**56 939 411**	**90,00**
Totals	**835**	**100,00**	**63 266 012**	**100,00**

Beneficial shareholders holding 5% or more	No of Shares	%
Coronation Fund Managers	18 252 618	28,85
Sanlam	6 931 457	10,96
Alexander Forbes Investments	2 268 526	3,59
Nedbank Group	2 252 673	3,56
Government Employees Pension Fund	2 220 047	3,51
Old Mutual	2 070 507	3,27
Totals	**36 064 080**	**57,00**

Shareholders Analysis

SHAREHOLDER SPREAD	No of Shareholders	%	No of Shares	%
shares 000 1 - 1	1 617	48,43	234 994	0,03
shares 000 10 001- 1	752	22,52	3 428 526	0,49
shares 000 100 001- 10	696	20,84	23 694 902	3,39
shares 000 000 1 001- 100	200	5,99	64 185 555	9,18
shares and over 001 000 1	74	2,22	607 709 223	86,91
Totals	**831**	**100.00**	**63 266 012**	**100.00**

DISTRIBUTION OF SHAREHOLDERS	No of Shareholders	%	No of Shares	%
Banks/Brokers	58	1,74	28 900 945	4,13
Close Corporations	41	1,23	3 550 681	0,51
Endowment Funds	19	0,57	1 639 966	0,23
Individuals	2 685	80,41	49 421 876	7,07
Insurance Companies	28	0,84	15 856 794	2,27
Investment Companies	4	0,12	1 272 096	0,18
Medical Schemes	3	0,09	254 018	0,04
Mutual Funds	111	3,32	200 798 784	28,72
Other Corporations	13	0,39	105 559	0,02
Own Holdings	1	0,03	2 408 326	0,34
Private Companies	90	2,70	45 465 105	6,50
Public Companies	2	0,06	148 591	0,02
Retirement Funds	70	2,10	197 518 275	28,25
Strategic Investor	1	0,03	125 194 254	17,90
Trusts	213	6,38	26 717 930	3,82
Totals	**3 339**	**100,00**	**699 253 200**	**100,00**

Non - Public Shareholders	**14**	**0,42**	**314 592 721**	**44,99**
Directors and Associates of the Company holdings	**10**	**0,30**	**41 080 699**	**5,87**
Strategic Holdings more than 10%	3	0,09	271 103 696	38,77
Own Holdings / Treasury Stock	1	0,03	2 408 326	0,34
Public Shareholders	**3 325**	**99,58**	**384 660 479**	**55,01**
Totals	**3 339**	**100,00**	**699 253 200**	**100,00**

Beneficial shareholders holding 5% or more	No of Shares	%
Coronation Fund Managers	145 909 442	20,87
Sanlam	125 194 254	17,90
Alexander Forbes Investments	59 523 934	8,51
Nedbank Group	40 899 051	5,85
Government Employees Pension Fund	40 840 122	5,84
Totals	**412 366 803**	**58,97**

Shareholders Analysis

Beneficial shareholders holding 5% or more	No of Shares	%
Government Employees Pension Fund	142 465 892	20.37
Arrowhead Properties Limited	125 194 254	17.90
Nedbank Group	56 666 418	8.10
Coronation Fund Managers	44 193 304	6.32
SM Ngebulana	40 470 122	5.79
Totals	**408 989 990**	**58.49**

Non-IFRS information Reconciliation of loss before tax to distributable earnings:	2019 R000	2018 R000
Total segment loss before taxation	**(4 203 825)**	(923 981)
Taxation	**(38 314)**	-
Loss for the year	**(4 242 139)**	(923 981)
Adjusted for:		
Changes in fair value	**4 306 399**	1 768 329
Straight line rental accrual	**92 522**	(84 756)
Amortisation of structuring fees	**69 452**	15 342
Corporate transaction costs	**-**	3 549
Antecedent interest	**-**	23 558
Dividend income distributed in previous periods	**-**	(33 183)
Rates refund from Council	**-**	21 609
Distributable earnings attributable to shareholders/owners of the parent	**226 234**	790 466
Less: Dividend paid in first 6 months		
Dividend REA	**-**	(79 987)
Dividend REB	**-**	(424 197)
Distributable income available for distribution at year end	**226 234**	286 281
Dividend per REA share (cents)	**265.50**	252.86
Dividend per REB share (cents)	**8.60**	92.83
Year-on-year distribution growth REA (%)	**5%**	5%
Year-on-year distribution growth REB (%)	**-90.7%**	-28%

* In terms of the South African REIT Association Best Practice Recommendations, Rebosis has become entitled at period-end to the anticipated distributions of its listed REIT subsidiaries. Accordingly an adjustment is made at period-end to match the anticipated income of the distribution with the period to which the distribution relates.

NOTICE OF ANNUAL GENERAL MEETING

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")

Notice is hereby given that the annual general meeting (or "AGM") of shareholders of Rebosis will be held at the offices of the company at 2nd Floor Roland Garros Building, The Campus, 57 Sloane Street, Bryanston, Gauteng at 10h00 on Friday, **31 January 2020** for the purposes of:

- presenting the audited annual financial statements of the company as well as the directors' report and the audit and risk committee report for the year ended 31 August 2019 contained in the integrated annual report to which this notice of annual general meeting is attached;
- transacting any other business as may be transacted at an annual general meeting of shareholders of a company; and
- considering and, if deemed fit, approving with or without modification, the special and ordinary resolutions set out below.

Important dates to note	2019/2020
Record date to receive this notice of annual general meeting	Friday, 20 December 2019
Last day to trade in order to be eligible to participate in and vote at the annual general meeting	Tuesday, 21 January 2020
Record date for voting purposes ("voting record date")	Friday, 24 January 2020
Last day to lodge forms of proxy, for administrative purposes, by 10h00 on	Wednesday, 22 January 2020
Annual general meeting held at 10h00 on	Friday, 31 January 2020
Results of annual general meeting released on the Stock Exchange News Service	Friday 31 January 2020

In terms of section 62(3)(e) of the Companies Act, 71 of 2008 ("the Companies Act"):

- a shareholder who is entitled to attend and vote at the annual general meeting is entitled to appoint a proxy or two or more proxies to attend and participate in and vote at the annual general meeting in the place of the Rebosis shareholder, by completing the proxy in accordance with the instructions set out herein;
- a proxy need not be a shareholder of the company; and
- meeting participants (including shareholders and proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in the shareholder meeting. In this regard, all meeting participants will be required to provide identification satisfactory to the chairman of the meeting. Satisfactory forms of identification include valid identity documents, driver's licenses and passports.

1. **SPECIAL RESOLUTION NUMBER 1: SHARE REPURCHASES**

"Resolved that the board of directors of the company is hereby authorised, by way of a renewable general authority, to approve the purchase of its own ordinary shares by the company, or to approve the purchase of ordinary shares in the company by any subsidiary of the company, upon such terms and conditions as the board of directors of the company may from time to time determine, subject to the memorandum of incorporation ("MOI") of the company, the Listings Requirements of the JSE Limited ("JSE") and the Companies Act on the following basis:

1.1. the general repurchase of securities will be implemented through the order book operated by the JSE trading system without any prior understanding or arrangement between the company and the counterparty (reported trades are prohibited);

1.2. the company (or any subsidiary) must be authorised to do so in terms of its MOI;

1.3. this general authority shall only be valid until the company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution;

1.4. the general repurchase of ordinary shares in the aggregate in any one financial year by the company may not in the aggregate exceed 20% of the company's issued ordinary share capital as at the beginning of the financial year;

1.5. general repurchases may not be made at a price more than 10% above the weighted average of the market value on the JSE of the company's shares for the 5 (five) business days immediately preceding the repurchase;

1.6. the number of shares purchased and held by a subsidiary or subsidiaries of the company shall not exceed 10% in aggregate of the number of issued shares in the company at the relevant times;

1.7. any such general repurchase will be subject to the applicable provisions of the Companies Act (including sections 114 and 115 to the extent that section 48(8) is applicable in relation to that particular repurchase);

1.8. repurchases may not take place during a prohibited period (as defined in paragraph 3.67 of the Listings Requirements of the JSE) unless a repurchase programme is in place and the dates and quantities of shares to be repurchased during the prohibited period have been fixed (not subject to any variation) and has been submitted to the JSE in writing prior to the commencement of the prohibited period;

1.9. after the company or any of its subsidiaries have acquired shares which constitute, on a cumulative basis, 3% of the number of shares in issue (at the time that authority from shareholders for the repurchase is granted), and for each 3% in aggregate acquired thereafter, the company shall publish an announcement containing full details of such repurchases;

1.10. any general repurchases are subject to exchange control regulations and approval at that point in time;

1.11. at any point in time, the company (or any subsidiary) shall appoint only one agent to effect repurchases on its behalf; and

1.12. a resolution has been passed by the board of directors of the company or its subsidiaries authorising the repurchase, and the company has passed the solvency and liquidity test as set out in section 4 of the Companies Act, and that, since the application of the solvency and liquidity test by the board, there have been no material changes to the financial position of the company or its subsidiaries."

In accordance with the Listings Requirements of the JSE, the directors record that:

The directors of the company have no specific intention to affect the provisions of special resolution 1 but will continually review the company's position, having regard to prevailing circumstances and market conditions, in considering whether to effect the provisions of special resolution 1.

The directors undertake that the company will not commence a general repurchase of shares as contemplated above, unless the following can be met:

- the company and the group will, in the ordinary course of business, be able to pay its debts for a period of 12 months following the date of repurchase; and
- the consolidated assets of the company and the group will be in excess of the consolidated liabilities of the company and the group for a period of 12 months following the date of repurchase. For this purpose, the assets and liabilities will be recognized and measured in accordance with the accounting policies used in the latest audited consolidated financial statements which comply with the Companies Act; and
- the company's and the group's share capital, reserves and working capital will be adequate for ordinary business purposes for a period of 12 months following the date of repurchase.

The following additional information, some of which may appear elsewhere in the integrated annual report of which this notice forms part, is provided in terms of the Listings Requirements of the JSE for purposes of this general authority:

- Major beneficial shareholders – page 157 and 159;
- Share capital structure of the company – page 132

Directors' responsibility statement

The directors whose names appear on pages 30 to 34 of the integrated annual report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information required by the Listings Requirements of the JSE.

Material changes

Other than the facts and developments reported on in the integrated annual report of which this notice forms part, there have been no material changes in the affairs or financial position of the company and its subsidiaries since the date of signature of the audit report for the financial year ended 31 August 2018 and up to the date of this notice.

The reason for and effect of special resolution number 1:

The reason for and effect of special resolution 1 is to authorise the directors of the company, by way of a general authority, for the company (or a subsidiary of the company) to effect a repurchase of the company's shares on such terms, conditions and in such amounts as determined from time to time by the directors of the company, subject to the limitations set out above.

This special resolution 1 will require the support of at least 75% of the total number of voting rights exercised by shareholders, present in person or by proxy in order for it to be adopted.

2. SPECIAL RESOLUTION NUMBER 2: FINANCIAL ASSISTANCE TO RELATED OR INTER-RELATED COMPANIES

"Resolved that, to the extent required by section 45 of the Companies Act, the board of directors of the company may, subject to compliance with the requirements of the company's Memorandum of Incorporation, the Companies Act and the Listings Requirements of the JSE Limited, each as presently constituted and as amended from time to time, authorise the company to provide direct or indirect financial assistance in terms of section 45 of the Companies Act by way of loans, guarantees, the provision of security or otherwise, to any of its present or future subsidiaries and/or any other company or corporation that is or becomes related or inter-related (as defined in the Companies Act) to the company for any purpose or in connection with any matter, such authority to endure for two years from the adoption of this special resolution or until its renewal, whichever is the earliest.

The reason for and effect of special resolution number 2:

The company would like the ability to provide financial assistance, in appropriate circumstances and if necessary, in accordance with section 45 of the Companies Act. Under the Companies Act, the company will, however, require the special resolution referred to above to be adopted, provided that the board of directors of the company be satisfied that the terms under which the financial assistance is proposed to be given are fair and reasonable to the company and, immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test contemplated in the Companies Act. In the circumstances and in order to, inter alia, ensure that the company's subsidiaries and other related and inter-related companies and corporations have access to financing and/or financial backing from the company (as opposed to banks), it is necessary to obtain the approval of shareholders, as set out in special resolution number 2. Therefore, the reason for, and effect of, special resolution number 2 is to permit the company to provide direct or indirect financial assistance (within the meaning attributed to that term in section 45 of the Companies Act) to the entities referred to in special resolution number 2 above.

This resolution will require the support of at least 75% of the total number of voting rights exercised by shareholders, present in person or by proxy in order for it to be adopted.

Notice in terms of section 45(5) of the Companies Act in respect of special resolution number 2:

Notice is hereby given to shareholders of the company in terms of section 45(5) of the Companies Act of a resolution adopted by the board authorising the company to provide such direct or indirect financial assistance as specified in the special resolution above:

a) By the time that this meeting notice is delivered to shareholders of the company, the board will have adopted a resolution (section 45 board resolution) authorising the company to provide, at any time and from time to time during the period of two years commencing on the date on which the special resolution is adopted, any direct or indirect financial assistance as contemplated in section 45 of the Companies Act to any one or more related or interrelated companies or corporations of the company and/or to any one or more members of any such related or interrelated company or corporation and/or to any one or more persons related to any such company or corporation;

b) The section 45 board resolution will be effective only if and to the extent that special resolution number 2 is adopted by the shareholders of the company, and the provision of any such direct or indirect financial assistance by the company, pursuant to any such resolution, will always be subject to the board being satisfied that: (i) immediately after providing such financial assistance, the company will satisfy the solvency and liquidity test as referred to in section 45(3)(b)(i) of the Companies Act, and that (ii) the terms under which such financial assistance is to be given are fair and reasonable to the company as referred to in section 45(3)(b)(ii) of the Companies Act; and

c) In as much as the section 45 board resolution contemplates that such financial assistance will in the aggregate exceed one-tenth of 1% of the company's net worth at the date of adoption of such resolution, the company hereby provides notice of the section 45 board resolution to shareholders of the company.

3. SPECIAL RESOLUTION NUMBER 3: GENERAL AUTHORITY TO PROVIDE FINANCIAL ASSISTANCE FOR THE SUBSCRIPTION AND/OR PURCHASE OF SECURITIES IN THE COMPANY OR IN RELATED OR INTER-RELATED COMPANIES

"Resolved that the Board be and is hereby authorised in terms of section 44(3)(a)(ii) of the Companies Act as a general approval, to authorise the Company to provide financial assistance by way of a loan, guarantee, the provision of security or otherwise to any related or inter-related company of the Company ("related" and "inter-related" will herein have the meanings attributed to those terms in section 2 of the Companies Act) and/or to any financier of the Company or any of its related or inter-related companies for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or inter-related company of the Company, or for the purchase of any securities of the Company or a related or interrelated company of the Company, on the terms and conditions and for the amounts that the Board may determine, such authority to endure for two years from the adoption of this special resolution or until its renewal, whichever is the earliest.

The Board undertakes that it will not adopt a resolution to authorise such financial assistance, unless the Board is satisfied that –

a) immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test as contemplated in the Companies Act; and

b) the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

The reason for and effect of special resolution number 3:

The company would like the ability to provide financial assistance, in appropriate circumstances and if necessary, in accordance with section 44 of the Companies Act. The reason for and the effect of Special Resolution Number 3 is to provide a general authority to the Board for the company to provide financial assistance to its related and inter-related companies and/or the financiers of the group for the purposes of the subscription of options and/or securities, issued or to be issued by the company or its related or inter-related companies, or for the purchase of any securities of the company or its related or inter-related companies, to fund the activities of the group. This resolution will require the support of at least 75% of the total number of voting rights exercised by shareholders, present in person or by proxy in order for it to be adopted

4. SPECIAL RESOLUTION NUMBER 4: APPROVAL OF NON-EXECUTIVE DIRECTORS' REMUNERATION FOR THEIR SERVICES AS DIRECTORS

"Resolved that the fees payable by the company to the non-executive directors for their services as directors (in terms of section 66 of the Companies Act 71 of 2008, as amended) remain unchanged for a period of one year from the passing of this resolution, or until its renewal, whichever is the earliest, as follows:

	2020	2019	%
Board fee (per meeting)	R12 084	R12 084	0%
Sub-Committee fee (per meeting)	R18 126	R18 126	0%
Basic Annual Fee (Board)	R144 955	R144 955	0%
Board Chair (Annual fee)	R422 781	R422 781	0%
Board Deputy Chair (Annual fee)#	-	-	-
Audit Committee Chair (per meeting)	R18 126	R18 126	0%
Other Sub-Committee Chair (per meeting)	R12 084	R12 084	0%

the deputy chair of the board is an executive director and no additional fees are paid to executive directors.

The reason for and effect of special resolution number 4:

In terms of section 66(8) of the Companies Act the company may pay remuneration to its directors for their service as directors. Section 66(9) requires the remuneration to be paid in accordance with a special resolution approved by shareholders within the previous two years. The effect of the special resolution is that the directors will be entitled to the fees to be paid for a period of two years from the passing of this resolution or until its renewal, whichever is the earliest, in the amount/(s) set out above. All non-executive directors who attend committee meetings by invitation at the request of the board shall be eligible to receive the same fee for such attendance as if they were a member of the committee.

This resolution will require the support of at least 75% of the total number of voting rights exercised by shareholders, present in person or by proxy in order for it to be adopted.

5. ORDINARY RESOLUTION NUMBER 1: ADOPTION OF ANNUAL FINANCIAL STATEMENTS

"Resolved that the annual financial statements of the company for the year ended 31 August 2019, including the director's report and the report of the audit and risk committee and the report of the social and ethics committee, be and are received and adopted"

This ordinary resolution number 1 will require the support of more than 50% of the voting rights exercised by shareholders, present in person or by proxy in order for it to be adopted.

6. ORDINARY RESOLUTION NUMBER 2: RE-ELECTION OF DIRECTOR

"Resolved that Thabo Seopa who retires by rotation in terms of the company's Memorandum of Incorporation and who, being eligible, offers himself for re-election, be re-elected as an independent non-executive director of the company."

An abridged curriculum vitae is included in the integrated annual report of which this notice forms part.

The nomination committee has considered Thabo Seopa's past performance and contribution to the company and recommends that Thabo Seopa is re-elected as a director of the company.

This resolution will require the support of more than 50% of the voting rights exercised by shareholders, present in person or by proxy in order for it to be adopted.

7. ORDINARY RESOLUTION NUMBER 3: RE-ELECTION OF DIRECTOR

"Resolved that Francois Froneman who retires by rotation in terms of the company's Memorandum of Incorporation and who, being eligible, offers himself for re-election, be re-elected as an independent non-executive director of the company."

An abridged curriculum vitae is included in the integrated annual report of which this notice forms part.

The nomination committee has considered Francois Froneman's past performance and contribution to the company and recommends that Francois Froneman is re-elected as a director of the company.

This resolution will require the support of more than 50% of the voting rights exercised by shareholders, present in person or by proxy in order for it to be adopted.

8. ORDINARY RESOLUTION NUMBER 4: RE-APPOINTMENT AND APPOINTMENT OF MEMBERS OF THE AUDIT AND RISK COMMITTEE

"Resolved that the members of the company's audit and risk committee set out below be and are hereby appointed and/or re-appointed, each by way of a separate vote and, in the case of GFvL Froneman, subject to the passing of ordinary resolution 3, and in the case of T Seopa, subject to the passing of ordinary resolution 2, with effect from the end of this annual general meeting in terms of section 94(2) of the Companies Act.

The membership as proposed by the nomination committee is:

8.1. GFvL Froneman (chairman);

8.2. TS Seopa; and

8.3. NV Qangule, all of whom are independent non-executive directors."

An abridged curriculum vitae for each member is included in the integrated annual report of which this notice forms part.

This resolution will require the support of more than 50% of the voting rights exercised by shareholders, present in person or by proxy in order for it to be adopted.

9. ORDINARY RESOLUTION NUMBER 5: RE-APPOINTMENT OF MEMBERS OF THE SOCIAL AND ETHICS COMMITTEE

"RESOLVED that a social and ethics committee, as provided in section 72(4) of the Companies Act, and Regulation 43 of the Companies Regulations, 2011, set out below, be and is hereby appointed in terms of regulation 43(2) of the Regulations to hold office until the next annual general meeting and to perform the duties and responsibilities stipulated in Regulation 43(5) of the Regulations and to perform such other duties and responsibilities as may from time to time be delegated by the board of directors of the company and all subsidiary companies.

The board of directors has assessed the performance of the group social and ethics committee members standing for re-election and has found them suitable for reappointment. Brief CVs for these members appear on the website.

Mr T Seopa (chairman);

Mr N Qangule (member);

Ms Z Kogo (member); and

Ms I King (member)."

This resolution will require the support of more than 50% of the voting rights exercised by shareholders, present in person or by proxy in order for it to be adopted.

10. ORDINARY RESOLUTION NUMBER 6: RE-APPOINTMENT OF AUDITOR

"Resolved that BDO South Africa Incorporated be and are hereby re-appointed as the independent external auditors of the company. It is noted that Vincent Ngobese will be the individual and designated auditor who will undertake the audit of the company for the financial year ending 31 August 2020."

The audit and risk committee has nominated for appointment as auditors of the company under section 90 of the Companies Act, BDO South Africa Incorporated.

In accordance with paragraph 3.84 (h)(iii) of the JSE Listings Requirements, the company's audit and risk committee (committee) assessed the suitability of BDO South Africa Incorporated and Vincent Ngobese for re-appointment as the company's independent external auditors and designated individual auditor for the 2020 financial year. In conducting this assessment, the committee considered the continuity, real estate experience and technical expertise of the BDO South Africa Incorporated team in arriving at their decision.

This resolution will require the support of more than 50% of the voting rights exercised by shareholders, present in person or by proxy in order for it to be adopted.

11. ORDINARY RESOLUTION NUMBER 7: ISSUE OF SHARES FOR CASH

"Resolved that, pursuant to the company's Memorandum of Incorporation, the directors of the company be and are hereby authorised, by way of a general authority, to allot and issue shares for cash as and when they in their discretion deem fit, subject to the memorandum of incorporation of the company, the Listings Requirements of the JSE Limited ("JSE") and the Companies Act, as amend, and on the following basis:

a) the allotment and issue of shares for cash shall be made only to persons qualifying as public shareholders and not to related parties, as defined in the Listings Requirements of the JSE;

b) this authority is valid until the company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date that this authority is given;

c) the total aggregate number of shares which may be issued for cash in terms of this authority may not exceed 34 842 243 shares, being 5% of the company's issued shares as at the date of this notice of annual general meeting. Accordingly, any shares issued under this authority shall be deducted from the 34 842 243 shares the company is authorised to issue in terms of this authority for the purpose of determining the remaining number of shares that may be issued in terms of this authority;

d) the calculation of the listed equity securities is a factual assessment of the listed equity securities as at the date of notice of this annual general meeting, excluding treasury shares;

e) in the event of a sub-division or consolidation of shares prior to this authority lapsing, the existing authority shall be adjusted accordingly to represent the same allocation ratio;

f) in determining the price at which an issue of shares may be made in terms of this authority, the maximum discount at which shares may be issued for cash is 5% (five per cent) of the weighted average price on the JSE of those shares over 30 (thirty) business days prior to the date that the price of the issue is agreed between the company and the party subscribing for the shares;

g) after the company has issued shares for cash, within the period that this authority is valid, which represents 5% (five per cent) or more of the number of shares in issue prior to the issue, the company shall publish an announcement containing full details of the issue, in accordance with paragraph 11.22 of the Listings Requirements of the JSE; and

h) the shares which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such shares or rights as are convertible into a class already in issue."

In terms of the Listings Requirements of the JSE, this resolution will require the support of 75% of the votes cast by shareholders present or by proxy in order for it to be adopted.

12. ORDINARY RESOLUTION NUMBER 8: SPECIFIC AUTHORITY TO ISSUE SHARES PURSUANT TO A REINVESTMENT OPTION

"Resolved that, subject to the provisions of the Companies Act, the company's Memorandum of Incorporation and the Listings Requirements of the JSE Limited, the directors be and are hereby authorised, by way of a specific standing authority, to issue shares, as and when they deem appropriate, for the exclusive purpose of affording shareholders' opportunities from time to time to elect to reinvest their dividends in new shares of the company pursuant to a reinvestment option."

This resolution will require the support of more than 50% of the voting rights exercised by shareholders, present in person or by proxy in order for it to be adopted.

13. ORDINARY RESOLUTION NUMBER 9 – REMUNERATION POLICY

"Resolved that the shareholders endorse, by way of a non-binding advisory vote, the Company's remuneration policy (excluding the remuneration of the non-executive directors and the members of board committees for their services as directors and members of committees)."

For details of the remuneration policy – refer to pages 65 - 67 of this Integrated Annual Report.

14. ORDINARY RESOLUTION NUMBER 11 – REMUNERATION IMPLEMENTATION REPORT

"Resolved that the shareholders endorse, by way of a non-binding advisory vote, the Company's remuneration implementation report."

For details of the remuneration implementation report – refer to pages 68 - 69 of this Integrated Annual Report.

Explanatory note for Ordinary Resolutions Number 11 and 12

Principle 14 of the King IV Report on Corporate Governance for South Africa, 2016 dealing with remuneration requires companies to every year table their remuneration policy and implementation report to shareholders for a non-binding advisory vote at the AGM. This vote enables shareholders to express their views on the remuneration policies adopted and on their implementation.

These ordinary resolutions 10 and 11 are of an advisory nature only and failure to pass these resolutions will therefore not have any legal consequences relating to existing arrangements. However, the board will take the outcome of the votes into consideration when considering the Company's remuneration policy and implementation report.

The remuneration policy also contains the measures that the Company will take if 25% or more of votes are cast against the policy at the Annual General Meeting.

15. SPECIAL RESOLUTION 5: APPROVAL TO ISSUE SHARES IN TERMS OF SECTION 41(1) OF THE COMPANIES ACT

"Resolved that, in accordance with section 41(1) of the Companies Act, the issue by the company of shares to any director, future director, prescribed officer or future prescribed officer of the company, or to a person related or interrelated to the company, or to a person related or inter-related to a director or prescribed officer of the company, or to any nominee of such person, in terms of any private placement, offer, book-build or similar capital raising, at the same price and at the same terms as those upon which shares are issued to other investors in terms of such capital raising, be and is hereby approved."

The reason for and effect of special resolution number 5:

In the event that the company undertakes equity capital raisings, directors of the company and/or related persons may wish to participate therein on the same basis as other participants. The reason for and effect of this resolution is to enable such participation.

This resolution will require the support of at least 75% of the total number of voting rights exercised by shareholders, present in person or by proxy in order for it to be adopted.

16. ORDINARY RESOLUTION 12: SIGNATURE OF DOCUMENTATION

"Resolved that a director of the company or the company secretary be and is hereby authorised to sign all such documentation and do all such things as may be necessary for or incidental to the implementation of ordinary resolution numbers 1, 2, 3, 4, 5, 6 and 7 and special resolution numbers 1, 2 and 3 which are passed by the shareholders with and subject to the terms thereof."

This resolution will require the support of more than 50% of the voting rights exercised by shareholders, present in person or by proxy in order for it to be adopted.

Voting and proxies

A shareholder of the company entitled to attend, speak and vote at the annual general meeting is entitled to appoint a proxy or proxies to attend, speak and to vote in his stead. The proxy need not be a shareholder of the company.

On a show of hands, every shareholder of the company present in person or represented by proxy shall have one vote only. On a poll, every shareholder of the company present in person or represented by proxy shall have one vote for every share in the company by such shareholder.

A form of proxy is attached for the convenience of certificated and own-name dematerialised shareholders holding shares in the company who cannot attend the annual general meeting but wish to be represented thereat.

Such shareholders must complete and return the attached form of proxy and lodge it with the transfer secretaries of the company.

Dematerialised shareholders who have not elected own-name registration in the sub-register of the company through a Central Securities Depository Participant ("CSDP") and who wish to attend the annual general meeting must instruct the CSDP or broker to provide them with the necessary authority to attend.

Dematerialised shareholders who have not elected own-name registration in the sub-register of the company through a CSDP and who are unable to attend, but wish to vote at the annual general meeting, must timeously provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between that shareholder and the CSDP or broker. Such shareholders are advised that they must provide their CSDP or broker with voting instructions in respect of their shares.

Forms of proxy may also be obtained on request from the company's registered office. The completed forms of proxy must be deposited at, posted or faxed to the transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (PO Box 61051, Marshalltown 2107), to be received at least 48 hours prior to the meeting, for administrative purposes. Alternatively, the form of proxy may be handed to the Chairman of the annual general meeting at any time prior to the commencement of the annual general meeting. Any shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the annual general meeting should the shareholder subsequently decide to do so.

Equity securities held by a share trust or scheme, and unlisted securities will not have their votes taken into account at the Annual General Meeting for the purposes of resolutions proposed in terms of the JSE Listings Requirements.

Quorum

A quorum for the purposes of considering the resolutions above shall consist of three shareholders of the company personally present (and if the shareholder is a body corporate, the representative of the body corporate) and entitled to vote at the annual general meeting. In addition, a quorum shall comprise 25% of all voting rights entitled to be exercised by shareholders in respect of the resolutions above.

The date on which shareholders must be recorded as such in the register maintained by the transfer secretaries, Computershare Investor Services Proprietary Limited (Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196), for the purposes of being entitled to attend, participate in and vote at the annual general meeting is Friday, 24 January 2020.

Electronic participation

The company has made provision for its shareholders or their proxies to participate electronically in the AGM by way of telephone conferencing. Shareholders who wish to participate in the AGM by telephone conference call as aforesaid, will be required to advise the company thereof by no later than 10h00 on 27 January 2020 by submitting an email to the company secretary at mande@rebosis.co.za, including an email address, cellular number and landline as well as full details of the shareholder's title to securities issued by the company and proof of identity, in the form of copies of identity documents and in the case of dematerialised shareholders, written confirmation from the shareholder's CSDP confirming the shareholder's title. Upon receipt of the required information, the shareholder concerned will be provided with a secure code and instructions to access the electronic communication during the AGM. Shareholders must note that access to the electronic communication will be at the expense of the shareholder who wishes to utilise the facility. Shareholders will not be able to participate in voting electronically and should either complete a form of proxy or contact their CSDP or broker if they wish to have their vote counted at the AGM.

By order of the board.

Mande Ndema
Company Secretary

Registered office
3rd Floor, Palazzo Towers West
Montecasino Boulevard
Fourways
2055
(PO Box 2972, Northriding 2162)

Transfer Secretaries
Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank 2196

Form of Proxy of Shareholders

REBOSIS PROPERTY FUND LIMITED
Incorporated in the Republic of South Africa
Registration number 2010/003468/06
Ordinary A share code: REA and ISIN: ZAE000240552
Ordinary B share code: REB and ISIN: ZAE000201687
Alpha code: REBI
(Approved as a REIT by the JSE)
("Rebosis" or "the company" or "the Group")

This form of proxy is for use by the holders of the company's certificated shares ("certificated shareholders") and/or dematerialised shares held through a Central Securities Depository Participant ("CSDP") or broker who have selected own-name registration and who cannot attend but wish to be represented at the annual general meeting of the company at 2nd Floor Roland Garros Building, The Campus, 57 Sloane Street, Bryanston, Gauteng at 10h00 on Friday, 31 January 2020 or any adjournment if required. Additional forms of proxy are available at the company's registered office.

Not for the use by holders of the company's dematerialised shares who have not selected own-name registration. Such shareholders must contact their CSDP or broker timeously if they wish to attend and vote at the annual general meeting and request that they be issued with the necessary authorisation to do so, or provide the CSDP or broker timeously with their voting instructions should they not wish to attend the annual general meeting but wish to be represented thereat, in order for the CSDP or broker to vote in accordance with their instructions.

I/We ____ (NAME IN BLOCK LETTERS)
of ____ (Address)
Contact number ____

being the registered holder of [   ] shares
hereby appoint ____ or failing him/her,
____ or failing him/her,

the chairman of the annual general meeting as my/our proxy to vote for me/us on my/our behalf at the annual general meeting of the company to and at any adjournment thereof.

Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast. Unless this is done the proxy will vote as he/she thinks fit.

		In favour of	Against	Abstain
1.	Special Resolution 1: General authority to enable the company (or any subsidiary) to repurchase shares of the company			
2.	Special Resolution 2: Authority to grant financial assistance to related and inter-related companies			
3.	Special Resolution 3: General authority to provide financial assistance for the subscription and/or purchase of securities in the company or in relation or inter-related companies			
4.	Special Resolution 4: Approval of non-executive directors' remuneration for their services as directors			
5.	Ordinary Resolution 1: Approval of the annual financial statements of the company			
6.	Ordinary Resolution 2: To re-elect Thabo Seopa as a director of the company			
7.	Ordinary Resolution 3: To re-elect Francois Froneman as a director of the company			

8.	Ordinary Resolution 4: To re-appoint and appoint members of the audit and risk committee			
8.1.	Ordinary resolution 4: To re-appoint GFvL Froneman as a member and the chairman of the audit and risk committee			
8.2.	Ordinary resolution 4: To re-appoint TS Seopa as a member of the audit and risk committee			
8.3.	Ordinary resolution 4: To re-appoint NV Qangule as a member of the audit and risk committee			
9.	Ordinary Resolution 5: To re-appoint and appoint members of the social & ethics committee			
10.	Ordinary Resolution 6: To reappoint BDO South Africa Incorporated as independent external auditors of the company			
11.	Ordinary Resolution 7: General authority to issue shares for cash			
12.	Ordinary Resolution 8: Specific authority to issue shares pursuant to a reinvestment option			
13.	Ordinary Resolution 9: Remuneration policy			
14.	Ordinary Resolution 11: Approval of remuneration implementation report			
15.	Special Resolution 5: Approval to issue shares in terms of section 41(1) of the Companies Act			
16.	Ordinary Resolution 12: To authorise the signature of documentation			

Signed this ______________________ day of ______________________ 2019/2020

Signature ______________________

Assisted by ______________________ (if applicable)

Please read the notes on the reverse.

This form of proxy is to be completed only by those members who are:

- holding shares in certificated form; or
- recorded in the sub register in electronic form in their own name.

Each shareholder is entitled to appoint one or more proxies (none of whom need to be a shareholder of the company) to attend, speak and vote in place of that shareholder at the annual general meeting.

Shareholders that are certificated or own-name dematerialised shareholders may insert the name of a proxy or the names of two alternate proxies of the shareholder's choice in the space/s provided, with or without deleting "the chairman of the general meeting", but any such deletion must be initialled by the shareholders. The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow. If no proxy is named on a lodged form of proxy, the chairman shall be deemed to be appointed as the proxy.

A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy, in the case of any proxy other than the chairman, to vote or abstain from voting as deemed fit and in the case of the chairman to vote in favour of the resolution.

A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder, but the total of the votes cast or abstained from may not exceed the total of the votes exercisable in respect of the linked units held by the shareholder.

Forms of proxy must be lodged at, posted or faxed to the transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (PO Box 61051, Marshalltown 2107), to be received at least 48 hours prior to the meeting.

The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so. Where there are joint holders of shares, the vote of the first joint holder who tenders a vote as determined by the order in which the names stand in the register of shareholders, will be accepted.

Where there are joint holders of any shares, only that holder whose name appears first in the register in respect of such shares needs to sign this form of proxy.

The chairman of the annual general meeting may reject or accept any form of proxy which is completed and/or received otherwise than in accordance with these notes, provided that, in respect of acceptances, the chairman is satisfied as to the manner in which the shareholder concerned wishes to vote.

Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company or Computershare Investor Services Proprietary Limited or waived by the chairman of the annual general meeting.

Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.

A minor must be assisted by his/her parent/guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by Computershare Investor Services Proprietary Limited.

Ordinary A share code: REA and ISIN: ZAE000240552
Ordinary B share code: REB and ISIN: ZAE000201687
Alpha code: REBI
JSE sector: Real Estate –
Real Estate holdings and development
Listing date: 17 May 2011
Number of shares in issue:
REA shares: 63 266 012 (2017: Nil)
REB shares: 673 289 779 (2017: 642 316 328)
Company registration number: 2010/003468/06
Country of incorporation: South Africa

Website: www.rebosis.co.za

DIRECTORS

ATM Mokgokong*"# (Chairperson)
SM Ngebulana (CEO and Executive Deputy Chairman)
RP Becker (Chief Investment Officer)
I King (Chief Financial Officer)
Z Kogo
WJ Odendaal*#
NV Qangule*#
TSM Seopa*#
M Mdlolo*#
F Froneman*#

*Non-executive # Independent

REGISTERED OFFICE AND COMPANY SECRETARY

2nd Floor, Roland Garros Building,
The Campus,
Corner Sloane and Main streets,
Bryanston,
2191

Private Bag x21
Bryanston
2021
Tel: 011 575 4835

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)

INDEPENDENT AUDITORS

Grant Thornton Johannesburg Partnership
Chartered Accountants (SA)
Registered Auditors
Wanderers Office Park
52 Corlett Drive
Johannesburg
2196
(Private Bag X10046, Sandton, 2146)

TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited
Rosebank Towers,
15 Biermann Avenue,
Rosebank, 2196
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