

**HIGHLIGHTS**

↑ **8,1% distribution growth to 99,45 cents per linked unit for the year**

↑ **32,1% acquisition of Ascension Properties**

↑ **44,0% growth in assets under management to R7,6 billion**

↑ **Strategic acquisition of Ascension Manco**

**RESTATED STATEMENT OF COMPREHENSIVE INCOME**

	AUDITED For year ended 31 August 2014 R'000	AUDITED For year ended 31 August 2013 R'000
<b>REVENUE</b>		
Property portfolio	855 946	565 209
Rental income	747 837	522 757
Listed property securities income	48 107	-
Straight line rental income accrual	60 002	42 452
Net facilities management income	17 891	16 833
Asset management fees received	9 812	-
Sundry income	729	630
<b>Total revenue</b>	<b>884 378</b>	<b>582 672</b>
Property expenses	(207 290)	(132 658)
Administration and corporate costs	(34 138)	(20 481)
<b>Net operating profit</b>	<b>642 950</b>	<b>429 533</b>
Changes in fair values	227 687	(3 065)
<b>Profit from operations</b>	<b>870 637</b>	<b>426 468</b>
Finance charges	(185 104)	(130 030)
Finance charges - secured loans	(186 170)	(147 883)
Interest received - other	1 066	17 853
Profit before taxation	685 533	296 438
Debt interest	(378 984)	(262 807)
<b>Profit before taxation</b>	<b>306 549</b>	<b>33 631</b>
Taxation	-	242 305
<b>Total comprehensive income for the year</b>	<b>306 549</b>	<b>275 936</b>
<b>Reconciliation of earnings and distributable earnings</b>		
Profit for the year attributable to equity holders	306 549	275 936
Debt interest	378 984	262 807
Change in fair value of investment properties (net of deferred taxation)	(304 400)	(195 695)
<b>Headline earnings attributable to linked unitholders</b>	<b>381 133</b>	<b>343 048</b>
Change in fair value of derivatives (net of deferred taxation)	26 001	(18 176)
Straight line rental income accrual (net of deferred taxation)	(60 002)	(67 821)
Change in fair value of investment in listed property securities	50 712	-
Pre-acquisition distributions on Ascension linked units	(27 017)	-
Antecedent interest	5 421	39 252
Corporate transaction costs	4 022	-
Structuring fee amortisation	4 135	2 756
Debt restructuring fee	-	3 000
<b>Distributable earnings attributable to linked unitholders</b>	<b>384 405</b>	<b>302 059</b>
Number of linked units in issue	386 531 577	348 131 693
Weighted average number of linked units in issue	379 617 629	284 622 851
Basic and diluted earnings per linked unit (cents)	80,75	96,95
Basic and diluted headline earnings per linked unit (cents)	100,40	120,53
<b>Distributable earnings per linked unit (cents)</b>	<b>99,45</b>	<b>92,00</b>
<b>NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME</b>		
<b>Debt interest</b>		
Debt interest payable to linked unitholders	384 405	302 059
Less: antecedent interest on linked units issued	(5 421)	(39 252)
<b>Charge per income statement</b>	<b>378 984</b>	<b>262 807</b>

**STATEMENT OF FINANCIAL POSITION**

	AUDITED As at 31 August 2014 R'000	AUDITED As at 31 August 2013 R'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment property	7 714 435	5 379 498
Listed property securities	6 856 000	5 283 500
Goodwill	597 592	-
Intangibles	95 703	95 703
Derivative instruments	149 983	-
Property, plant and equipment	14 617	-
<b>Current assets</b>	<b>540</b>	<b>295</b>
Trade and other receivables	137 926	95 339
Cash and cash equivalents	89 076	55 804
	48 850	39 535
	<b>7 852 361</b>	<b>5 474 837</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Stated capital	1 832 554	1 382 698
Reserves	1 053 732	910 425
	778 822	472 273
<b>Non-current liabilities</b>	<b>5 115 544</b>	<b>3 023 242</b>
Debt interest	2 806 219	2 527 436
Interest bearing borrowings	2 301 017	488 810
Derivative instruments	8 308	6 996
<b>Current liabilities</b>	<b>904 263</b>	<b>1 068 897</b>
Short term portion of interest bearing borrowings	642 824	872 234
Trade and other payables	64 503	31 300
Unitholders for distribution	196 936	165 363
<b>Total equity and liabilities</b>	<b>7 852 361</b>	<b>5 474 837</b>
<b>Net asset value per linked unit (R)</b>	<b>12,00</b>	<b>11,23</b>
<b>Net asset value per linked unit (excluding goodwill and intangibles) (R)</b>	<b>11,37</b>	<b>10,96</b>

**ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	AUDITED For year ended 31 August 2014 R'000	AUDITED For year ended 31 August 2013 R'000
Stated capital	1 053 731	910 425
Balance at beginning of year	910 425	550 087
Issue of shares	143 306	360 338
Reserves	778 823	472 273
Balance at beginning of year	472 273	196 336
Profit for the year	269 050	275 937
	<b>1 832 554</b>	<b>1 382 698</b>

**ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOW**

	AUDITED For year ended 31 August 2014 R'000	AUDITED For year ended 31 August 2013 R'000
Cash flows from operating activities	31 282	17 748
Cash generated from operations	577 161	348 354
Net finance costs	(180 969)	(88 021)
Debt interest paid	(364 910)	(242 584)
Cash outflows from investing activities	(1 561 098)	(739 365)
Cash inflows from financing activities	1 539 131	743 830
<b>Net movement in cash and cash equivalents</b>	<b>9 315</b>	<b>22 213</b>
Cash and cash equivalents at the beginning of the year	39 535	17 322
Cash and cash equivalents at the end of the year	48 850	39 535

**SEGMENTAL OVERVIEW**

	Retail R'000	Office R'000	Industrial R'000	Total R'000
<b>For year ended 31 August 2014</b>				
Rental income (excluding straight-line rental income accrual)	344 670	389 985	13 182	747 837
Net facilities management income	-	17 891	-	17 891
Operating costs	(123 566)	(83 584)	(140)	(207 290)
<b>Net property income</b>	<b>221 104</b>	<b>324 292</b>	<b>13 042</b>	<b>558 438</b>
Changes in fair values of investment property	88 683	265 719	10 000	364 402
Investment property	3 048 000	3 672 000	136 000	6 856 000
<b>For year ended 31 August 2013</b>				
Rental income (excluding straight-line rental income accrual)	280 165	236 739	5 853	522 757
Net facilities management income	-	16 833	-	16 833
Operating costs	(88 834)	(43 675)	(179)	(132 688)
<b>Net property income</b>	<b>191 331</b>	<b>209 897</b>	<b>5 674</b>	<b>406 902</b>
Changes in fair values of investment property	(151 136)	152 604	4 384	5 852
Investment property	2 843 500	2 314 000	126 000	5 283 500

**REBOSIS PROPERTY FUND LIMITED**  
(Incorporated in the Republic of South Africa)  
(Registration number 2010/003468/06)  
JSE share code: REB  
ISIN: ZAE000156147  
(Approved as a REIT by the JSE)  
("Rebosis" or the "company")

**Registered office**  
3rd Floor, Palazzo Towers West,  
Montecasino Boulevard  
Fourways, 2191  
(PO Box 2972, Northriding, 2162)

**Company secretary**  
M Ndema

**Directors**  
ATM Mokgokong††(Chairperson),  
SM Ngebulana (CEO), JA Finn,  
AM Mazwai††, WJ Odendaal††,  
NV Qangule††, KL Reynolds††,  
TSM Seopa††, SV Zilwa††  
††Non-executive & Independent

**Transfer secretaries**  
Computershare Investor Services  
(Proprietary) Limited

**Sponsor**  
Java capital

**COMMENTARY**

**Introduction**

Rebosis is a black managed Real Estate Investment Trust ("REIT") with a market capitalisation of R4,23 billion and assets under management of R7,6 billion. Its objective is to grow distributions and achieve long term capital appreciation for its shareholders through its ownership of a high growth, defensive portfolio of well diversified properties.

During the year under review, Rebosis increased assets under management by 44,0% through yield enhancing strategic acquisitions and has delivered impressive results despite the tough macro economic environment of a tightening interest rate cycle, rising inflation and slowing economic growth.

**Financial results**

Rebosis has declared a distribution of 50,95 cents per linked unit for the six months ended 31 August 2014 which, together with the distribution of 48,50 cents per linked unit for the six months ended 28 February 2014, amounts to a total distribution of 99,45 cents for the year ended 31 August 2014, an increase of 8,1% for the year. The total distribution for the year exceeds the upper range of that forecast of 99,0 cents per linked unit due to better portfolio fundamentals, a decrease in the overall cost of funding and continued operating efficiencies across the portfolio.

Property expenses continue to be well contained with a net cost to income ratio of 13,7% for the year. Receivables are tightly managed and at the reporting date, arrears were 3,8% of annualised collectables and the total allowance for doubtful debts was R7,7 million or 68,1% of debtors aged 90 days and older.

**Property portfolio**

At the reporting date, the property portfolio was valued at R6,9 billion (2013: R5,3 billion). The increase in value predominantly relates to the acquisition of the Nthwese portfolio for R1,06 billion which transferred with effect from 1 September 2013. Quadrant Properties is the appointed valuers of the office/industrial portfolio and Old Mutual Investments Group SA of the retail portfolio. The entire portfolio was valued using the discounted cash flow method at the reporting date.

The portfolio of 19 properties has a total gross lettable area ("GLA") of 415 048m<sup>2</sup> and is located in Gauteng, the Eastern Cape, KwaZulu Natal and North West Province. The portfolio comprises 44% retail, 54% office and 2% industrial, by value.

	GLA m <sup>2</sup>	Value R000	Value/m <sup>2</sup> R/m <sup>2</sup>
Retail	163 961	3 048 000	18 590
Office	232 133	3 672 000	15 819
Industrial	18 954	136 000	7 175
<b>Total portfolio</b>	<b>415 048</b>	<b>6 856 000</b>	<b>16 519</b>

The retail portfolio comprises four high quality shopping malls underpinned by strong anchor and national tenants delivering secure, income streams escalating at 7,1%. The expansion and tenant mix optimization programme at Hemingways Mall, the largest centre in the portfolio, was completed in July 2014, positioning the mall for exceptional growth in the future. Hemingways reported turnover growth of 8,8% for the year under review.

The office portfolio consists of 14 buildings which are well located in nodes attractive to government tenants. These are mainly single tenanted buildings let to the National Department of Public Works under long leases providing for average escalations of 8,0%. The office portfolio represents a sovereign underpin to a substantial portion of the earnings and shields it from private sector risks such as tenant insolvency and default. The company's only industrial property is a specialised single tenanted industrial warehouse located in Selby, Johannesburg, occupied under a triple net lease escalating at 7,0%, expiring in December 2019.

At 31 August 2014, vacancies for the total portfolio were 2,4%, including strategic vacancies created at Bloed Street Mall for the redevelopment project.

**The expiry profile by gross lettable area is as follows:**

	31 August 2015 %	31 August 2016 %	31 August 2017 %	31 August 2018 %	Beyond %	Total %
Retail	20	10	10	18	42	100
Office	3	2	14	51	30	100
Industrial	-	-	-	-	100	100
<b>Total portfolio</b>	<b>11</b>	<b>5</b>	<b>12</b>	<b>33</b>	<b>39</b>	<b>100</b>

**Property acquisitions**

With effect 1 September 2013, Rebosis took transfer of a portfolio of five recently refurbished quality properties let to the national and provincial government in Gauteng. The 67 952m<sup>2</sup> fully let portfolio consists of long-term leases expiring in 2019 and 2020 and provides linked unitholders with predictable revenue streams and low forecast risk. R760 million of the purchase price of R1,06 billion was discharged in cash and R300 million by the allotment and issue of 25,43 million Rebosis linked units to the vendors at an average issue price of R11,80 per unit.

A purchase price adjustment of R16,9 million in respect of Sunnypark, a retail centre acquired in June 2013, has been accrued against the fair value of the property. The adjustment, which was recovered from the vendors after the year end, relates to the shortfall in rentals in respect of renewed leases that expired within the 12 month period post transfer of the property, capped at the acquisition yield of 7,75%.

**Strategic acquisitions**

In February 2014, Rebosis acquired the entire issued share capital of the Ascension Property Management Company Proprietary Limited ("Ascension Manco"), the asset manager of Ascension Properties Limited ("Ascension Properties"), for R150 million. The acquisition of this right to manage property has been classified as an intangible asset.

Rebosis further acquired a 32,1% interest in the linked units of Ascension for R638,6 million. The purchase price was settled as to R498,8 million in cash and the balance by the allotment and issue of 13,0 million Rebosis linked units to the vendors at an issue price of R10,78 per unit. The interest, comprising 28,0 million Ascension A linked units and 191,9 million Ascension B linked, was acquired "cum" distribution of R27,0 million which amount has been excluded from the Rebosis distribution for the year.

**Business combination**

Details of the net assets of the Ascension Manco acquired on 3 February 2014 are:

	R'000
Property plant and equipment	6
Trade and other receivables	1
Cash and other equivalents	434
Trade and other payables	(424)
<b>Total net assets acquired</b>	<b>17</b>
Right to manage	149 983
<b>Purchase consideration settled in cash</b>	<b>150 000</b>

If the controlling interest had been acquired on 1 September 2013, the revenue and profit after tax from the business would have been R16,7 million and R12,3 million respectively.

**Funding**

At 31 August 2014, Rebosis' borrowings increased to R2,9 billion as a result of the property and Ascension acquisitions, increasing the gearing ratio to 38,0% from 25,3% at 31 August 2013. The weighted average cost of borrowings has decreased from 8,4% to 7,9% for the period under review and the average remaining term of the debt is 2,3 years. At the reporting date, interest rates in respect of 75,9% of borrowings have been hedged in terms of interest rate swap and interest rate cap arrangements as follows:

Derivative	Value R'000	Weighted average interest rate %	Weighted average cap rate %	Average remaining term Years
Interest rate cap	1 200 000	6,045	7,230	2.5
Interest rate swap	745 000	7,340	-	3.8
Debt at fixed rates	272 500	9,027	-	1.7

**Directorate**

Janys Finn, the executive financial director, has resigned to pursue an opportunity in the private sector. She will be leaving Rebosis on 30 November 2014 and will be replaced by Kameel Keshav with effect 1 December 2014.

**Prospects**

The board anticipates that the distribution for the year ending 31 August 2015 will be between 105,5 and 107,5 cents per linked unit. The directors are confident that the fundamentals of the portfolio are sound. It has long term leases with contractual escalations in the office sector combined with robust turnover growth in its retail assets.

This forecast is based on the assumption that there will be; no change in current trading conditions of the existing portfolio, no material deterioration in the macro-economic environment, no major corporate failures, and that tenants will be able to absorb rising utility costs. This forecast is the responsibility of the directors of Rebosis and has not been reviewed or reported on by the company's auditors.

**Payment of distribution**

Distribution no. 7 of 50,95 cents per linked unit for the six months ended 31 August 2014 will be paid to linked unitholders in accordance with the abbreviated timetable set out below:

	Day	Date
Last day to trade cum distribution	Friday	21 November 2014
Linked units trade ex distribution	Monday	24 November 2014
Record date	Friday	28 November 2014
Payment date	Monday	1 December 2014

Linked unitholders may not dematerialise or rematerialise their linked units between Monday 24 November 2014 and Friday 28 November 2014, both days inclusive. An announcement relating to the tax treatment of the distribution will be released separately.

**Basis of preparation**

The summarised audited financial statements for the year ended 31 August 2014 have been audited by the company's independent auditors, Grant Thornton (Jhb) Inc. The auditor's unqualified opinion together with the financial information is available for inspection at the registered office of the company. These summarised audited financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), IAS 34: Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Standards Council, JSE Limited Listings Requirements and the requirements of the South African Companies Act 2008. Except for new standards adopted as set out below, the accounting policies adopted in the preparation of these unaudited results are consistent with those applied in the preparation of the financial statements for the year ending 31 August 2013:

- IAS 23 Borrowing costs
- IAS 39 Financial assets (listed property securities)
- IAS 18 Revenue recognition (listed securities revenue)
- IFRS10 Consolidated financial statements
- IFRS13 Fair value measurement

These summarised audited financial results for the year ended 31 August 2014 have been prepared under the supervision of the financial director, JA Finn (CA(SA)) and have been extracted from the audited information. The information is not itself audited and the directors take full responsibility for the preparation of these summarised audited financial results and that the financial information has been correctly extracted from the underlying annual financial statements.

The comparative figures have been restated in order to give effect to the JSE's guidance to REITs as regards the treatment of antecedent interest. While this restatement has had no impact on net profit or basic and diluted earnings for the year, on the distributions to unitholders or on the statement of financial position, the impact on basic and diluted headline earnings is as follows:

	Before (cents)	Restated (cents)
Basic and diluted headline earnings per linked unit	134,32	120,53

While the company has complied with requirements by disclosing earnings and headline earnings per share, the directors are of the view that distributable earnings and the distribution per linked unit, as disclosed above, are more meaningful to investors.

**By order of the board**

Dr ATM Mokgokong (Chair) SM Ngebulana (CEO)

5 November 2014