



**UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 28 FEBRUARY 2014**

**HIGHLIGHTS**

- 9,0% distribution growth to 48.5 cents per linked unit**
- 51,0% increase in assets under management to R7,01 billion**
- 18,1% growth in market capitalisation to R4,37 billion**
- 98,0% occupancy level**
- Strategic acquisition of Ascension Manco**
- 29,05% Ascension B linked units acquired**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Unaudited for six months ended 28 February 2014 R'000	Unaudited for six months ended 28 February 2013 R'000	Audited for year ended 31 August 2013 R'000
<b>REVENUE</b>			
Property portfolio	393 949	267 248	565 209
Rental income	362 882	248 112	522 757
Straight line rental income accrual	31 067	19 136	42 452
Net income from facilities management agreement	8 549	8 215	16 833
Listed property securities income	1 907	-	-
Asset management fees received	1 367	-	-
Sundry income	570	162	630
<b>Total revenue</b>	<b>406 342</b>	<b>275 625</b>	<b>582 672</b>
Property expenses	(98 892)	(62 993)	(132 658)
Administration and corporate costs	(13 825)	(9 868)	(20 481)
<b>Net operating profit</b>	<b>293 625</b>	<b>202 764</b>	<b>429 533</b>
Amortisation of intangibles	(1 499)	-	-
Changes in fair values	131 423	77 855	(3 065)
<b>Profit from operations</b>	<b>423 549</b>	<b>280 619</b>	<b>426 468</b>
Finance charges	(76 717)	(48 309)	(90 778)
Finance charges - secured loans	(82 568)	(72 381)	(147 883)
Interest received - other	432	1 685	17 853
Interest received - antecedent	5 419	22 387	39 252
Profit before debenture interest and taxation	346 832	232 310	335 690
Debit interest	(187 468)	(136 697)	(302 059)
<b>Profit before taxation</b>	<b>159 364</b>	<b>95 613</b>	<b>33 631</b>
Taxation	-	(20 983)	242 305
<b>Total comprehensive income for the period</b>	<b>159 364</b>	<b>74 630</b>	<b>275 936</b>
<b>Reconciliation of earnings and distributable earnings</b>			
Profit for the year attributable to equity holders	159 364	74 629	275 936
Debit interest	187 468	136 697	302 059
<b>Earnings</b>	<b>346 832</b>	<b>211 326</b>	<b>577 995</b>
Change in fair value of properties (net of deferred taxation)	(144 179)	(53 713)	(195 695)
Change in fair value of properties	(144 179)	(66 025)	36 600
Deferred taxation	-	12 312	(232 295)
<b>Headline profit attributable to linked unitholders</b>	<b>202 653</b>	<b>157 613</b>	<b>382 300</b>
<b>Calculation of distributable earnings</b>			
Net operating profit	293 625	202 764	429 533
Less:			
Straight line rental income accrual	(31 067)	(19 136)	(42 452)
Finance charges	(75 091)	(46 931)	(88 022)
Net finance charges	(76 717)	(48 309)	(90 778)
Structuring fee amortisation	1 626	1 378	2 756
Debt restructuring fee	-	-	3 000
<b>Distributable earnings attributable to linked unitholders</b>	<b>187 467</b>	<b>136 697</b>	<b>302 059</b>
Number of linked units in issue	386 531 577	249 147 699	386 531 577
Weighted average number of linked units in issue	372 589 086	226 332 267	372 589 086
Basic and diluted earnings per linked unit (cents)	93,49	90,52	93,49
Basic and diluted headline earning per linked unit (cents)	54,79	66,79	54,79
<b>Distributable earnings per linked unit (cents)</b>	<b>48,50</b>	<b>44,50</b>	<b>48,50</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Unaudited for six months ended 28 February 2014 R'000	Unaudited for six months ended 28 February 2013 R'000	Audited for year ended 31 August 2013 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>7 126 068</b>	<b>4 733 072</b>	<b>5 379 498</b>
Investment property	6 592 000	4 637 000	5 283 500
Listed property securities	267 941	-	-
Goodwill	95 703	95 703	95 703
Intangibles	148 427	-	-
Derivative instruments	21 291	-	-
Property, plant and equipment	706	369	295
<b>Current assets</b>	<b>87 400</b>	<b>472 488</b>	<b>95 339</b>
Trade and other receivables	66 842	27 122	55 804
Cash and cash equivalents	20 558	445 366	39 535
	<b>7 213 468</b>	<b>5 205 560</b>	<b>5 474 837</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>1 685 369</b>	<b>1 020 889</b>	<b>1 382 698</b>
Stated capital	1 053 732	749 922	910 425
Reserves	631 637	270 967	472 273
<b>Non-current liabilities</b>	<b>4 840 241</b>	<b>4 016 078</b>	<b>3 023 242</b>
Debentures	2 806 219	2 230 152	2 527 436
Interest bearing borrowings	2 031 879	1 479 614	488 810
Derivative instruments	2 143	43 023	6 996
Deferred taxation	-	263 289	-
<b>Current liabilities</b>	<b>687 858</b>	<b>168 593</b>	<b>1 068 897</b>
Short term portion of interest bearing borrowings	442 824	-	872 234
Trade and other payables	57 566	31 896	31 300
Unitholders for distribution	187 468	136 697	165 363
<b>Total equity and liabilities</b>	<b>7 213 468</b>	<b>5 205 560</b>	<b>5 474 837</b>
<b>Net asset value per linked unit (R)</b>	<b>11,62</b>	<b>10,58</b>	<b>11,23</b>
<b>Net asset value per linked unit (excluding goodwill and deferred taxation) (R)</b>	<b>11,38</b>	<b>11,13</b>	<b>10,96</b>

**ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Unaudited for six months ended 28 February 2014 R'000	Unaudited for six months ended 28 February 2013 R'000	Audited for year ended 31 August 2013 R'000
Stated capital	1 053 732	749 922	910 425
Balance at beginning of period	910 425	550 087	550 087
Issue of shares	143 307	199 835	360 338
Reserves	631 637	270 967	472 273
Balance at beginning of year	472 273	196 337	196 337
Profit for the period	159 364	74 630	275 936
	<b>1 685 369</b>	<b>1 020 889</b>	<b>1 382 698</b>

**ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOW**

	Unaudited for six months ended 28 February 2014 R'000	Unaudited for six months ended 28 February 2013 R'000	Audited for year ended 31 August 2013 R'000
Cash flows from operating activities	38 106	20 166	17 749
Cash generated from operations	278 559	174 364	348 354
Net finance costs	(75 090)	(48 310)	(88 021)
Debit interest paid	(165 363)	(105 888)	(242 584)
Cash outflows from investing activities	(1 124 942)	(12 437)	(739 366)
Cash inflows from financing activities	1 067 859	420 315	743 830
<b>Net movement in cash and cash equivalents</b>	<b>(18 977)</b>	<b>428 044</b>	<b>22 213</b>
Cash and cash equivalents at the beginning of the period	39 535	17 322	17 322
Cash and cash equivalents at the end of the period	20 558	445 366	39 535

**SEGMENTAL OVERVIEW**

	Retail R'000	Office R'000	Industrial R'000	Total R'000
<b>For 6 months ended 28 February 2014</b>				
Rental income (excluding straight-line rental income accrual)	166 697	189 741	6 444	362 882
Net income from facilities management agreement	-	8 549	-	8 549
Operating costs	(59 610)	(39 098)	(184)	(98 892)
<b>Net property income</b>	<b>107 087</b>	<b>159 192</b>	<b>6 260</b>	<b>272 539</b>
Changes in fair values of investment property	59 344	109 900	6 000	175 246
Investment property	2 954 000	3 506 000	132 000	6 592 000
<b>For 6 months ended 28 February 2013</b>				
Rental income (excluding straight-line rental income accrual)	132 957	115 155	-	248 112
Net income from facilities management agreement	-	8 215	-	8 215
Operating costs	(42 886)	(20 107)	-	(62 993)
<b>Net property income</b>	<b>90 071</b>	<b>103 263</b>	<b>-</b>	<b>193 334</b>
Changes in fair values of investment property	9 676	56 349	-	66 025
Investment property	2 406 000	2 231 000	-	4 637 000

**COMMENTARY**

**Introduction**

Rebosis, a black managed Real Estate Investment Trust ("REIT"), owns a high growth, defensive portfolio of 19 quality properties including Hemingways Mall, the largest retail centre in the portfolio, which reported annual turnover growth of 10,5% in the reporting period. With a market capitalisation of R4,37 billion and assets under management of R7,01 billion, its objective is to continue to grow its distributions and long term capital appreciation for its shareholders.

Rebosis has achieved excellent results despite a tougher macro economic environment with rising interest rates and sector vacancies.

**Financial results**

Rebosis delivered against its growth objectives given its strong fundamentals and prudent management. During the period under review, it increased total assets to R7,01 billion through yield enhancing strategic acquisitions and delivered on distribution growth targets.

Rebosis has declared a distribution of 48,50 cents per linked unit for the six months ended 28 February 2014, an increase of 9,0% on the distribution of 44,50 cents per linked unit declared for the comparable period in 2013. This growth is mainly attributable to better portfolio fundamentals, a decrease in the overall cost of funding from 8,5% to 8,0% and continued operating efficiencies across the portfolio.

**Property portfolio**

The property portfolio was valued at R6,592 billion, an increase of R175,2 million since 31 August 2013. Quadrant Properties are 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 has a total GLA of 414 398 m<sup>2</sup> and is located in Gauteng, the Eastern Cape, KwaZulu Natal and North West Province. The portfolio comprises 45% retail, 53% office and 2% industrial, by value.

	GLA m <sup>2</sup>	Value R'000	Value/m <sup>2</sup> R/m <sup>2</sup>
Retail	164 041	2 954 000	18 008
Office	231 403	3 506 000	15 151
Industrial	18 954	132 000	6 964
<b>Total portfolio</b>	<b>414 398</b>	<b>6 592 000</b>	<b>15 907</b>

The retail component includes four high quality shopping malls underpinned by strong anchor and national tenants delivering secure, income streams, escalating at 6,3%. 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 8,2%. 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. At 28 February 2014, vacancies for the total portfolio were 2,0%.

**Property acquisitions**

During the reporting period, Rebosis took transfer of the Nthwese portfolio, comprising five recently refurbished quality properties let to the Gauteng provincial and national government. 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. R740 million of the purchase price of R1,06 billion was discharged in cash and R300 million by the allotment and issue of Rebosis linked units to the vendors at an average issue price of R11,80 per unit.

**Strategic acquisitions**

As announced on SENS on 3 February 2014, Rebosis has unconditionally acquired and taken delivery of the entire issued share capital of the Ascension Property Management Company Proprietary Limited ("Ascension Manco"), the asset manager of the property portfolio of Ascension Properties Limited ("Ascension"), for an aggregate purchase price of R150 million. The acquisition of this right to manage property has been classified as an intangible, the value of which is amortised over the remaining period of the asset management contract.

Further, as announced on SENS on 5 February 2014, Rebosis acquired 109 363 661 Ascension B linked units, at R2,65 per unit for an aggregate purchase price of R289 813 701, representing 29,05% of Ascension's B linked unit capital and 15,96% of Ascension's total issued linked unit capital. The units were acquired "cum" distribution of 10,36 cents per unit. The purchase price for the linked units was settled by R150 million in cash and the balance of R139 813 701 by the allotment and issue of 2 969 731 Rebosis linked units to the vendors at an issue price of R10,78 per unit.

**Funding**

At 28 February 2014, Rebosis' net borrowings increased to R2,475 billion as a result of the Nthwese and Ascension acquisitions, increasing the gearing ratio to 35,3% from 25,3% at 31 August 2013. The weighted average cost of borrowings was 8,0% for the period under review and at the reporting date, interest rates in respect of 75,0% of borrowings have been hedged. The average remaining term of the debt is 2,7 years.

Rebosis has R886,2 million facilities expiring in May 2014. Agreements have been reached with the lenders to rollover R200 million for 5 years, R246,1 million for 3 years and the balance of the facilities have been extended for 6 months to 30 November 2014 to accommodate the anticipated corporate action.

**Cautionary**

Linked unitholders are referred to the announcement released on SENS on 25 March 2014, by Rebosis, Ascension and Delta Property Fund Limited ("Delta") and are reminded that the company is still trading under cautionary in respect of the co-operation agreement for the possible tripartite merger with Ascension and Delta.

**Prospects**

Given our strong portfolio fundamentals of long term leases with contractual escalations in the office sector combined with strong turnover growth in the retail sector, we remain confident about the performance of the fund. Demand for space is strong, vacancies are low and operating costs are well managed. The current retail expansion and tenant mix optimisations will further position the centres for exceptional growth in the future.

Despite a tougher economic environment, the board reaffirms the forecast distribution of between 97,0 cents and 99,0 cents per linked unit for the year ending 31 August 2014. This forecast, which has not considered the effects of the possible corporate action, is based on the assumption that there will be no change in current trading conditions of the existing portfolio, a stable macro-economic environment will prevail, tenants will be able to absorb rising utility costs and that there will be no major corporate failures. This forecast has not been reviewed or reported on by the company's auditors.

**Payment of distribution**

Distribution no. 6 of 48,50 cents per linked unit for the six months ended 28