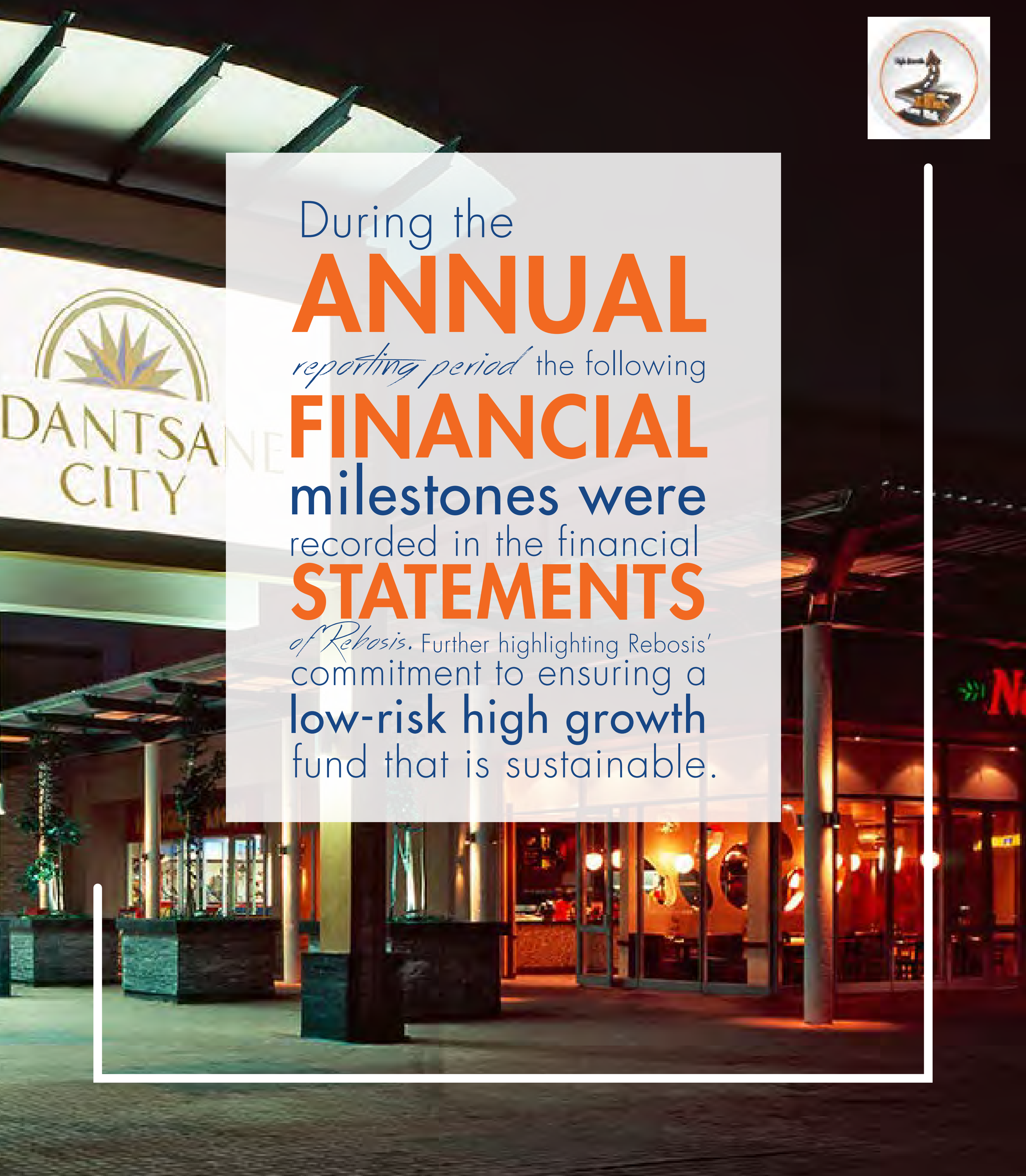
During the **ANNUAL** *reporting period* the following **FINANCIAL** **milestones were** recorded in the financial **STATEMENTS** *of Rebosis.* Further highlighting Rebosis' commitment to ensuring a **low-risk high growth** fund that is sustainable.



# 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 year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are 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 2017 and, in the light of this review and the current financial position, they are satisfied that the group and company 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 auditors are responsible for independently auditing and reporting on the group and company's financial statements. The financial statements have been examined by the group's external auditors and their report is presented on page 73.

## Approval of the Annual Financial Statements

The annual financial statements were approved by the board on 28 February 2017 and are signed on its behalf by:

**Dr Anna Mokgokong**
Chairperson

**Sisa Ngebulana**
Chief Executive Officer

28 February 2017

# 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 2016, 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

28 February 2017

# Audit and Risk Committee Report

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 (in acting capacity) by independent non-executive director Thabo Seopa and further comprises independent non-executive directors Andile Mazwai and Nomfundo Qangule. The board of directors is satisfied that these directors act independently for the purposes of the committee.

The Audit and Risk Committee is governed by 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 three times a year and special meetings are convened when necessary. Details of attendance by members at meetings, for the year under review, are set out on page 45.

## Responsibilities

The audit and risk committee has an independent role with accountability to both the board and shareholders. The committee does not assume the functions of management, which remain 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 audit and risk 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 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
- 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
- made submissions to the board on any matter concerning the company's accounting policies, financial controls, records and reporting.

## External Auditor

The Audit and Risk 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 Regulatory 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, in consultation with executive management, agreed to the engagement letter, terms, audit plan and budgeted audit fees for the financial year-ended 31 August 2016.

The external auditors are invited to and attend all Audit and Risk Committee meetings and are required to meet independently with the committee at least annually. Findings by the external auditors arising from their annual statutory audit are tabled and presented at an Audit and Risk Committee meeting following the audit. The Committee endorses action plans for management to mitigate noted concerns. The external auditor has expressed an unqualified opinion on the financial statements for the year ended 31 August 2016.

The Committee has nominated, for election at the annual general meeting, Grant Thornton Johannesburg Partnership as the external audit firm and Michelle da Costa as the designated auditor responsible for performing the functions of auditor for the 2017 financial year. The Audit and Risk committee has satisfied itself that the audit firm and designated auditors are accredited as such on the JSE list of auditors and their advisers.

### Pre-approval of Non-audit Services

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

### Appointment of Internal Auditors

Rebosis has outsourced its internal audit function to Kwinana & Associates Incorporated, a professional service provider, ensuring that an independent strategically aligned function exists. The Audit and Risk 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.

### 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 risks to the company. The board of directors takes ultimate responsibility for risk management and has delegated oversight responsibility to the Audit and Risk 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 for business ensuring that it not only protects value, but acts as an enabler for business and growth. Management and the Audit and Risk 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 for further details on legal compliance.

# Audit and Risk Committee Report

## 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, Kameel Keshav. Further, the committee has considered, and has satisfied itself of the appropriateness of the expertise and adequacy of resources of the finance 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.

The group's annual financial statements for the year ended 31 August 2015 were selected and went through a review process by the JSE Limited in terms of their ongoing pro-active monitoring of the financial statements for compliance with IFRS. Arising from this review, certain items relating to the 2015 results were restated (refer to note 35). The Committee remains committed to principles of effective and efficient corporate governance including overseeing responsibilities in relation to the company's financial reporting processes. This extends to the general principles of the JSE Limited Listings Requirements and to the reports issued by the JSE Limited on pro-active monitoring of financial statements. The board and executive management is committed to observing the highest standard of care in processes involving the dissemination of information. The Committee intends on putting in place additional processes to strengthen the financial reporting processes of the group.

## Going Concern

The Audit and Risk Committee reviewed a documented assessment by management of the going concern premise of the group and company before concluding to the board that the company will remain a going concern in the foreseeable future.

## Recommendation of the Integrated Report for Approval by the Board

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

**Thabo Seopa**
Acting Chairperson of the Audit and Risk Committee

28 February 2017

# Independent auditor's report



## To the Shareholders of Rebosis Property Fund Limited

### Report on the Financial Statements

We have audited the consolidated and separate financial statements of Rebosis Property Fund Limited set out on pages 78 to 121, which comprise the statements of financial position as at 31 August 2016, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

### Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these 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 misstatements, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, 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 2016, 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.

### Other Reports Required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 31 August 2016, we have read the Directors' Report, Audit and Risk Committee's Report and Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers.

Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

### 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 Grant Thornton Johannesburg Partnership has been the auditor of Rebosis Property Fund Limited for 6 years.

Grant Thornton

**GRANT THORNTON JOHANNESBURG PARTNERSHIP**
Registered Auditors
Practice Number: 903485E

**MA da Costa**
Partner
Registered Auditor
Chartered Accountant (SA)

28 February 2017

@Grant Thornton
Wanderers Office Park
52 Corlett Drive
Illovo, 2196

# Directors' report

## for the year ended 31 August 2016

The board has pleasure in submitting their directors' report for the year ended 31 August 2016.

### Nature of Business

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

The company's portfolio, valued at R8,745 billion, comprises 20 quality grade retail, commercial and industrial properties located in Gauteng, the Eastern Cape, KwaZulu-Natal and Northwest Province. 4 of these properties were classified as investment property held for sale as at 31 August 2016 and these were valued at R997 million as of this date.

The group portfolio, valued at R18,153 billion, comprises 51 properties located across South Africa, with three properties in the UK. 7 of these properties were classified as investment property held for sale as at 31 August 2016 and these were valued at R1,156 billion as of this date.

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 company are addressed in the reports of the Chairperson and the Chief Executive Officer and are set out in the annual financial statements on pages 78 to 121.

### Share Capital (Shares in Issue)

During the year under review, Rebosis issued the following shares (under the general authority to issue shares for cash):

- 19 323 671 shares issued on 15 September 2015 for R10.35 per share
- 5 482 647 shares issued on 21 September 2015 for R10.65 per share
- 13 611 366 shares issued on 20 May 2016 for R10.91 per share

The company's authorised share capital comprises of 5 000 000 000 ordinary shares of no par value. Refer to note 13 for a reconciliation of the shares issued during the 2016 financial year.



### Dividends and Interest Distributions

The following dividends were paid during the year under review:

- Dividend number 11 of 56,79 cents per share for the six months ended 29 February 2016
- Dividend number 12 of 62,66 cents per share for the six months ended 31 August 2016

The total dividend/distribution per share for the year ended 31 August 2016, is 119,45 cents per share. Refer to note 30 for the detailed analysis.

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

### Directorate

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

K Keshav (CFO)^
AM Mazwai*
ATM Mokgokong (Chairperson)
SM Ngebulana (CEO)^
WJ Odendaal
NV Qangule
KL Reynolds+
GFvL Froneman#
MM Mdlolo#
TSM Seopa

^ Executive
* Appointed as Chief Operating Officer and executive director of Rebosis effective 8 February 2017
# Appointed as independent non-executive directors effective 8 February 2017
+ Resigned effective 13 April 2016

The number of board and committee meetings attended by each of the directors during the year is tabled in the Corporate Governance Report pages 44 to 47.

## Directors' Interests

The interests of the directors in the shares of the company at 31 August 2016 were as follows:

| | Beneficial Direct | Indirect | Total |
|---|---|---|---|
| **Executive directors** | | | |
| SM Ngebulana | – | 22 529 268 | 22 529 268 |
| K Keshav | – | – | – |
| **Non-executive directors** | | | |
| AM Mazwai | – | 428 115 | 428 115 |
| ATM Mokgokong | – | – | – |
| WJ Odendaal | – | – | – |
| NV Qangule | – | – | – |
| KL Reynolds* | 37 238 | – | 37 238 |
| TSM Seopa | – | – | – |
| | **37 238** | **22 957 383** | **22 994 621** |

* Resigned effective 13 April 2016

The following changes to the interest of directors took place between year-end and the date of approval of the annual financial statements:

- Billion Group (Pty) Ltd, an associate of SM Ngebulana, acquired 17 940 854 shares in Rebosis.
- MCM Veritas (Pty) Ltd, an associate of AM Mazwai, sold its 428 115 shares held in Rebosis.

As at 31 August 2015 the interests of the directors in the shares of the company were as follows:

| | Beneficial Direct | Indirect | Total |
|---|---|---|---|
| **Executive directors** | | | |
| SM Ngebulana | – | 36 571 937 | 36 571 937 |
| K Keshav* | – | – | – |
| JA Finn** | – | – | – |
| **Non-executive directors** | | | |
| AM Mazwai | – | 678 115 | 678 115 |
| ATM Mokgokong | – | – | – |
| WJ Odendaal | – | – | – |
| NV Qangule | – | – | – |
| KL Reynolds | 36 988 | – | 36 988 |
| TSM Seopa | – | – | – |
| SV Zilwa*** | – | 12 130 | 12 130 |
| | **36 988** | **37 262 182** | **37 299 170** |

* Appointed effective 1 December 2014
** Resigned effective 30 November 2014
*** Resigned effective 18 March 2015

# Directors' report
for the year ended 31 August 2016

## Directors' Interests in Contracts

The company has entered into the following contracts, in which a director has a material interest:

### Asset Management

Billion Asset Managers Proprietary Limited ("Billion Asset Managers"), a company owned by The Amatolo Family Trust, are appointed asset managers of Rebosis. The fee payable by Rebosis to Billion Asset Managers for all asset management and operational management services is a monthly fee of 0,35% of the aggregate of the market capitalisation and the borrowings of Rebosis.

SM Ngebulana is a beneficiary of The Amatolo Family Trust which owns 3,46% of the shares in Rebosis.

### Property management

Billion Property Services Proprietary Limited ("BPS"), a company owned by The Amatolo Family Trust, are appointed as property managers of Rebosis. The fee payable by Rebosis to BPS for the provision of management and administration services is 2,5% of all collections per month. In addition, BPS is entitled to a market related lease commission in respect of new lettings and renewals.

### Development services

Billion Group Proprietary Limited ("BPG"), a company owned by The Amatolo Family Trust, are responsible for the development of Rebosis and Ascension properties. The agreements in place provide for a fee due where development projects are not completed on time.

## Subsequent Events

### Acquisition of Shopping Centres and Property Businesses

With effect from 3 October 2016, Rebosis acquired 100% of Billion Property Developments (Pty) Ltd ("BPD" which owns Forest Hill City Mall (Centurion)), Baywest City Mall (Pty) Ltd ("Baywest" which owns Baywest City Mall), Billion Asset Managers (Pty) Ltd (the asset management business) and Billion Property Services (Pty) Ltd (the property services business) for a total consideration of R4,9 billion. The transaction as further detailed in the circular posted to Rebosis shareholders on 2 September 2016, has been successfully consummated with Rebosis receiving 88% of the vote in favour of all resolutions proposed for the transaction. The acquisition price of R4,9 billion will be settled by new debt facilities of R3,7 billion and an equity raise of R1,2 billion (of which R700 million is deferred over the next two years at R350 million each year). R1,5 billion of this debt will be settled through the disposals of non-core commercial assets. On 15 December 2016, Rebosis issued 49 840 696 shares at a price of R10.71 per share, pursuant to the claw-back agreement entered into.

Refer to note 36 for additional disclosures.

### Firm intention by Rebosis to make an offer to acquire 100% shares of Ascension that it does not already own

As detailed on SENS on 27 October 2016 and 6 February 2017, Ascension and Rebosis have concluded an agreement in terms of which Rebosis has given notice of its firm intention to offer to acquire all of the Ascension A ordinary shares in exchange for Rebosis A ordinary shares, by scheme of arrangement (the "scheme"), on a swap ratio of 19.34236 Rebosis A ordinary consideration shares for every 100 Ascension A shares held.

On 7 February 2017, Rebosis disposed of 28 001 628 Ascension A ordinary shares, being all of the Ascension A shares Rebosis owns ("the disposed shares") to Meago Asset Managers Proprietary Limited at R4.05 per share, payable in cash, for an aggregate consideration of R113.4 million. Upon the implementation of the A share scheme, the Ascension A shares will be delisted and Rebosis, as offeror, will not receive any Rebosis A ordinary shares but will instead acquire all of Ascension A shares.

Full details of the scheme will be set out in a joint circular which will be distributed by Rebosis and Ascension to each of the Ascension A shareholders in due course and which will include an independent expert report on the scheme, a notice of the general meeting of Ascension A shareholders to approve the scheme and the salient dates and times applicable to the scheme.

### Disposal of Assets

Disposal of assets continue for the R1.5 billion indicated to shareholders of which R1.156 billion (this includes Ascension disposals) has been formally committed to and announced on SENS. Further offers have been received and are being considered and negotiated with the potential buyers on the remaining R0.5bn by management. The R1.156 billion of assets committed through sale agreements have been classified as assets held for sale on the statement of financial position.

### Dividend Declared

The company declared a dividend amounting to R339 555 999 (62,66 cents per share) on 7 November 2016.

## Shares Issued

On 20 October 2016, Rebosis issued 14 270 270 shares, under general authority to issue shares for cash, for R11.10 per share.

On 13 December 2016, Rebosis issued 49 840 696 shares for R10.71 per share pursuant to the claw-back offer for shares, following the conclusion of the Billion transaction.

On 19 January 2017, Rebosis issued 9 897 292 shares for R10.71 per share pursuant to the compulsory reinvestment requirement of shares, following the conclusion of the Billion transaction.

## Going Concern

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

The directors have satisfied themselves that the group and company are in a sound financial position and that it will have access to sufficient borrowings facilities to meet its foreseeable cash requirements.

## Major Shareholders

Beneficial shareholders holding in excess of 5% of the shares in issue are detailed on page 122 of the annual report.

## Executive Directors' Service Contracts

The executive directors' did not have service contracts with the company. With effect from 1 November 2016, the executive directors'service contracts were transferred to Rebosis. A three month notice period is required by the Chief Executive Officer, Sisa Ngebulana while the Chief Financial Officer, Kameel Keshav, is on a two month notice period.

## Company Secretary

The company secretary for the year and at the date of this report was Mande Ndema. With effect from 1 November 2016, Mande Ndema is an employee of Rebosis, previously an employee of Billion Asset Managers Proprietary Limited.

The business and postal addresses of the company secretary are set out on the IBC.

## Restatement of Annual Financial Statements

The annual financial statements of the group and company have been restated in accordance with the outcome of the JSE Limited pro-active monitoring review. Refer to note 35 for details of the restatements.

By order of the board

**Sisa Ngebulana**

**Kameel Keshav**

Fourways
28 February 2017

# Statements of Financial Position

## As at 31 August 2016

| | Note | GROUP 2016 R000 | GROUP 2015 R000 Restated | COMPANY 2016 R000 | COMPANY 2015 R000 Restated |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current assets** | | **17 383 410** | 14 905 355 | **11 937 055** | 9 968 630 |
| Investment property | | **16 996 072** | 14 555 401 | **7 747 500** | 7 038 700 |
| Fair value of property portfolio for accounting purposes | 3 | **16 658 903** | 14 192 446 | **7 531 074** | 6 792 149 |
| Straight line rental income accrual | 4 | **337 169** | 362 955 | **216 426** | 246 551 |
| Loans to group companies | 6 | **-** | - | **1 946 001** | 1 179 999 |
| Investment in subsidiaries | 7 | **-** | - | **2 076 785** | 1 643 730 |
| Goodwill | 8 | **315 906** | 331 775 | **95 703** | 95 703 |
| Derivative instruments | 9 | **70 852** | 17 671 | **70 852** | 10 071 |
| Property, plant and equipment | 10 | **580** | 508 | **214** | 427 |
| **Current assets** | | **561 798** | 337 196 | **278 718** | 113 890 |
| Short-term portion of derivatives | 9 | **23 486** | - | **21 822** | - |
| Trade and other receivables | 11 | **309 233** | 162 373 | **125 538** | 57 619 |
| Cash and cash equivalents | 12 | **229 079** | 174 823 | **131 358** | 56 271 |
| Investment properties held for sale | 5 | **1 156 698** | - | **997 498** | - |
| **Total assets** | | **19 101 906** | 15 242 551 | **13 213 271** | 10 082 520 |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity** | | **9 462 284** | 7 777 196 | **8 539 748** | 6 400 083 |
| Stated capital | 13 | **5 590 410** | 5 219 879 | **5 615 055** | 5 219 879 |
| Retained income | | **2 179 569** | 870 206 | **2 924 693** | 1 180 204 |
| Foreign currency translation reserve | | **(73 805)** | 109 757 | **-** | - |
| **Total equity attributable to equity holders of the Parent** | | **7 696 174** | 6 199 842 | **8 539 748** | 6 400 083 |
| Non-controlling interests | | **1 766 110** | 1 577 354 | **-** | - |
| **Liabilities** | | **8 170 604** | 5 372 421 | **3 907 273** | 1 840 171 |
| Interest bearing borrowings | 14 | **8 052 484** | 5 370 741 | **3 907 273** | 1 839 015 |
| Derivative instruments | 9 | **118 120** | 1 156 | **-** | 1 156 |
| Deferred taxation | 15 | **-** | 524 | **-** | - |
| **Current liabilities** | | **1 469 018** | 2 092 934 | **766 250** | 1 842 266 |
| Short term portion of interest bearing borrowings | 14 | **1 223 203** | 1 893 700 | **670 241** | 1 757 152 |
| Trade and other payables | 16 | **244 347** | 191 371 | **96 009** | 85 114 |
| Tax payable | | **1 468** | 7 863 | **-** | - |
| **Total equity and liabilities** | | **19 101 906** | 15 242 551 | **13 213 271** | 10 082 520 |

# Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 August 2016

| | Note | GROUP Year ended 31 Aug 2016 R000 | GROUP Year ended 31 Aug 2015 R000 Restated | COMPANY Year ended 31 Aug 2016 R000 | COMPANY Year ended 31 Aug 2015 R000 Restated |
|---|---|---|---|---|---|
| **REVENUE** | | | | | |
| Property portfolio | | 1 809 981 | 1 009 880 | 1 040 971 | 910 256 |
| Contractual rental income | | 1 835 767 | 896 124 | 867 646 | 796 500 |
| Listed property securities and related income | | - | 60 262 | 203 450 | 60 262 |
| Straight line rental income accrual | | (25 786) | 53 494 | (30 125) | 53 494 |
| Net income from facilities management | | 23 109 | 21 051 | 23 109 | 21 051 |
| Asset management fee income | | - | 18 891 | 16 609 | 14 679 |
| Sundry income | | 2 206 | 1 707 | 1 123 | 941 |
| **Total revenue** | | 1 835 296 | 1 051 529 | 1 081 812 | 946 927 |
| Operating costs | | (430 688) | (226 735) | (225 805) | (214 680) |
| Administration costs | | (153 115) | (111 831) | (46 452) | (33 405) |
| **Net operating profit** | 17 | 1 251 493 | 712 963 | 809 555 | 698 842 |
| Gain on bargain purchase | | - | 53 756 | - | - |
| Changes in fair values | 19 | 1 183 454 | 136 935 | 1 647 129 | 442 810 |
| **Profit from operations** | | 2 434 947 | 903 654 | 2 456 684 | 1 141 652 |
| Net finance charges | 20 | (561 864) | (282 078) | (314 611) | (222 304) |
| Finance charges - secured loans | | (606 614) | (289 587) | (357 403) | (265 208) |
| Interest received - other | | 44 750 | 7 509 | 42 792 | 42 904 |
| **Profit before debenture interest and taxation** | | 1 873 083 | 621 576 | 2 142 073 | 919 348 |
| Debenture interest | | - | (346 811) | - | (346 811) |
| **Profit before taxation** | | 1 873 083 | 274 765 | 2 142 073 | 572 537 |
| Taxation | 21 | 1 104 | (13 499) | - | - |
| **Profit for the year** | | 1 874 187 | 261 266 | 2 142 073 | 572 537 |
| Profit from discontinued operations | | - | 1 009 | - | - |
| **Profit for the year** | | 1 874 187 | 262 275 | 2 142 073 | 572 537 |
| **Other comprehensive income** | | | | | |
| Items that may be recycled to profit and loss | | | | | |
| Foreign currency translation reserve | | (217 000) | 177 226 | - | - |
| **Total comprehensive income** | | 1 657 187 | 439 501 | 2 142 073 | 572 537 |
| **Profit attributable to:** | | | | | |
| Owners of the parent | | 1 706 946 | 262 539 | 2 142 073 | 572 537 |
| Non-controlling interests | | 167 241 | (264) | - | - |
| **Profit for the year** | | 1 874 187 | 262 275 | 2 142 073 | 572 537 |
| **Total comprehensive income attributable to:** | | | | | |
| Owners of the parent | | 1 523 384 | 372 296 | 2 142 073 | 572 537 |
| Non-controlling interests | | 133 803 | 67 205 | - | - |
| **Total comprehensive income for the year** | | 1 657 187 | 439 501 | 2 142 073 | 572 537 |
| Basic and diluted earnings per share (cents) | 22 | 329.68 | 61.92 | | |
| Dividend per share (cents) | 30 | 119.45 | 110.4 | | |

# Statements of Cash Flows

for the year ended 31 August 2016

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | | **Year ended 31 Aug 2016** | Year ended 31 Aug 2015 Restated | **Year ended 31 Aug 2016** | Year ended 31 Aug 2015 Restated |
| | Note | **R000** | R000 | **R000** | R000 |
| **Net cash generated from/(utilised in) operating activities** | | **47 077** | (163 643) | **66 626** | (121 547) |
| Cash generated from operations | 23 | **1 187 234** | 715 917 | **786 467** | 698 239 |
| Debenture interest paid | | **-** | (432 567) | **-** | (432 567) |
| Dividend paid | | **(547 610)** | (171 155) | **(397 584)** | (171 155) |
| Taxation paid | | **(23 767)** | - | **-** | - |
| Net finance charges paid | | **(568 780)** | (275 838) | **(322 257)** | (216 064) |
| **Net cash utilised in investing activities** | | **(965 201)** | (850 332) | **(1 373 550)** | (1 255 214) |
| Acquisition of investment property | | **(502 604)** | - | **(495 000)** | - |
| Capital expenditure, tenant installations and lease commissions | | **(203 800)** | (74 726) | **(112 549)** | (74 726) |
| Acquisition of businesses, net of cash acquired | 31 | **(238 728)** | (775 117) | **-** | - |
| Acquisition of listed securities and investments | | **(24 644)** | - | **-** | - |
| Loan to subsidiaries | | **-** | - | **(766 001)** | (1 179 999) |
| Proceeds from disposal of investment property | | **5 000** | - | **-** | - |
| Acquisition of property, plant and equipment | | **(425)** | (489) | **-** | (489) |
| **Net cash generated from financing activities** | | **917 164** | 1 127 453 | **1 382 011** | 1 384 420 |
| Proceeds from issue of shares | | **518 949** | 752 791 | **406 205** | 752 791 |
| Share buy back program | | **(11 029)** | - | **(11 029)** | - |
| Increase in secured financial liabilities | | **409 244** | 79 313 | **986 835** | 631 629 |
| Proceeds from non-controlling shareholders | | **-** | 295 349 | **-** | - |
| **Net movement in cash and cash equivalents** | | **(960)** | 113 478 | **75 087** | 7 659 |
| Effect of translation | | **55 216** | 12 495 | **-** | - |
| Cash and cash equivalents at the beginning of the year | | **174 823** | 48 850 | **56 271** | 48 612 |
| Cash and cash equivalents at the end of the year | 12 | **229 079** | 174 823 | **131 358** | 56 271 |

# Statements of Changes in Equity
for the year ended 31 August 2016

| GROUP | Note | Attributable to equity holders of the Parent<br>Stated capital R'000 | Retained income R'000 | Foreign currency translation reserve R'000 | Total R'000 | Non-controlling interests R'000 | Total R'000 |
|---|---|---|---|---|---|---|---|
| Balance at 31 August 2014 | | 1 053 732 | 778 822 | - | 1 832 554 | | **1 832 554** |
| Issue of shares | | 914 938 | | | 914 938 | | **914 938** |
| Conversion of capital structure* | 35 | 3 251 209 | | | 3 251 209 | | **3 251 209** |
| Acquisition of New Frontier Limited* | | | | - | - | 566 367 | **566 367** |
| Acquisition of Ascension Properties Limited | | | | | - | 943 782 | **943 782** |
| Dividend paid* | 35 | | (171 155) | | (171 155) | | **(171 155)** |
| **Total comprehensive income for the year** | | - | 262 539 | 109 757 | 372 296 | 67 205 | **439 501** |
| Profit for the year* | 35 | | 262 539 | | 262 539 | (264) | **262 275** |
| **Other comprehensive income** | | | | | - | | **-** |
| Foreign currency translation reserve | | | | 109 757 | 109 757 | 67 469 | **177 226** |
| Balance at 31 August 2015 (Restated) | | 5 219 879 | 870 206 | 109 757 | 6 199 842 | 1 577 354 | **7 777 196** |
| Issue of shares | | 406 205 | | | 406 205 | | **406 205** |
| Shares bought back | | (11 029) | | | (11 029) | | **(11 029)** |
| Acquisition of additional New Frontier shares | | | | | - | 186 513 | **186 513** |
| Treasury shares | | (24 645) | | | (24 645) | | **(24 645)** |
| Dividend paid | | | (397 584) | | (397 584) | (131 560) | **(529 144)** |
| **Total comprehensive income for the year** | | - | 1 706 946 | (183 562) | 1 523 384 | 133 803 | **1 657 188** |
| Profit for the year | | | 1 706 946 | | 1 706 946 | 167 241 | **1 874 188** |
| **Other comprehensive income** | | | | | - | | |
| Foreign currency translation reserve | | | | (183 562) | (183 562) | (33 438) | **(217 000)** |
| Balance at 31 August 2016 | | 5 590 410 | 2 179 568 | (73 805) | 7 696 173 | 1 766 110 | **9 462 284** |

| COMPANY | Note | Stated capital R000 | Retained income R000 | Total R000 |
|---|---|---|---|---|
| Balance at 31 August 2014 | | 1 053 732 | 778 822 | **1 832 554** |
| Issue of shares | | 914 938 | | **914 938** |
| Capital structure conversion* | 35 | 3 251 209 | | **3 251 209** |
| Dividend paid* | 35 | | (171 155) | **(171 155)** |
| Total comprehensive income for the year* | 35 | | 572 537 | **572 537** |
| Balance at 31 August 2015 (Restated) | | 5 219 879 | 1 180 204 | **6 400 083** |
| Issue of shares | | 406 205 | | **406 205** |
| Shares bought back | | (11 029) | | **(11 029)** |
| Dividend paid | | - | (397 584) | **(397 584)** |
| Total comprehensive income for the year | | | 2 142 073 | **2 142 073** |
| Balance at 31 August 2016 | | 5 615 055 | 2 924 693 | **8 539 748** |

* Restated - refer to note 35 for details.

# Accounting Policies

## 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. The financial statements are prepared under the supervision of K Keshav CA (SA) in his 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, and incorporate the principal accounting policies set out below. These accounting policies have been applied consistently with the previous year.

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 1.14

The prior year financial statements have been restated. Refer to note 35.

## 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 2016. 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.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.



### i. Business combinations

Business combinations are accounted for using the acquisition method when control is transferred to the company. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest (NCI) in the acquiree. For each business combination, the Group measures the NCI in the acquiree at the fair value of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred and included in administrative expenses. When the company acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

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.

### ii. 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 fair value through profit and loss.

### iii. Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

## 1.2 Financial instruments

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/(from) group companies**

  These include loans to and from subsidiaries and related parties. Loans to Group companies are classified as loans and receivables. Loans from Group companies are classified as financial liabilities 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.

### Offset

- Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the company has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### 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 counterparties.

# Accounting Policies

## 1.3 Impairment

### Financial assets

Financial assets other than those at fair value through profit or loss are assessed at each reporting date to determine whether there is any evidence of impairment. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flow of that asset. An impairment loss is recognised immediately in profit or loss.

### 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 an after-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 and loss in period to which it relates.

Gains and losses on the disposal of investment properties are recognised in profit and 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, investment property or biological assets, 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 Discontinued operations

A discontinued operation is a component of the group's business, the operations and cash flows of which can be clearly distinguished from the rest of the group, and which:

- represents a separate major line of business or geographic area of operations;
- is a part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-represented as if the operation had been discontinued from the start of the comparative year.

The group has elected to disclose a single amount of post-tax profit or loss of discontinued operations in the statement of comprehensive income, and has analysed that single amount in the notes.

### 1.7 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.

### 1.8 Revenue recognition

**(a) Property portfolio revenue**

Property portfolio revenue 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.

**(b) Listed securities income**

Distributions from listed securities are recognised on a time proportionate basis over the effective holding period.

**(c) Facility management income**

Facility management income is recognised on the rendering of the services.

**(d) Interest income**

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

**(e) Asset management income**

Asset management income is recognised on the rendering of services.

### 1.9 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.

### 1.10 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.

### 1.11 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 installments over the period of the lease.

### 1.12 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 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 and industrial.

# Accounting Policies

## 1.13 Foreign currency

### 1.13.1 Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at the foreign exchange rates ruling on the dates that the values are determined.

### 1.13.2 Foreign operations

Exchange differences arising from the translation of the net investment in foreign operations are taken to the foreign currency translation reserve ("FCTR"). They are released upon disposal. On consolidation, the statement of financial position of foreign subsidiaries is translated at the closing rate and the statement of comprehensive income is translated at the average rate for the period. Differences arising are taken to the FCTR.

The movement in the FCTR during the reporting period is accounted for in other comprehensive income.

## 1.14 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, 1.6 and 1.7
- Investment property valuation – note 3
- Fair value of investment in subsidiaries – note 7
- Goodwill – note 8
- Impairment of receivables – note 11

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

### 1.14.1 Acquisition of investment properties

Properties can be acquired through the corporate acquisition of a subsidiary company or an outright acquisition of the asset. At the time of the acquisition, the group considers whether the acquisition represents the acquisition of an asset or a group of assets or a business combination within the scope of IFRS 3: Business Combinations.

The group accounts for the acquisition via a business combination where an integrated set of activities are acquired in addition to the property. More specifically, consideration is made of the extent to which significant processes are acquired and the extent of ancillary services provded by the subsidiary. Where the acquisition does not represent a business, it accounts for it as an acquisition of a group of assets and liabilities. The costs of acquisition are allocated to the assets and liabilities acquired based on their relative fair value and no goodwill or deferred tax is recognised.

On 23 September 2015 the group acquired Houdshill Shopping Centre in Blackpool, UK by acquiring the whole of the issued share capital in BCC Eiffel S.a.r.l Based on management's judgement this was determined to be a business combination within the scope of IFR 3: Business Combinations.

On 20 May 2016 the group acquired 11 Diagonal Street building and its parkade.This was treated as an asset acquisition in terms of IAS 40: Investment Property, as the directors believe that there were no adequate processes identified with this property to warrant classification as businesses.

### 1.14.2 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. Given the REIT status, such distributions are fully deductible for tax purposes and hence no tax liability arises on rental income accruals.

On 21 October 2016 the subsidiary, New Frontiers Properties Limited, converted to a REIT for UK tax purposes and as such the group was no longer required to pay tax provided the group continues to fulfil the conditions of being a REIT. No further deferred tax was raised.

#### 1.14.3 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 occuring market transactions on an arms 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 or available-for-sale.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximse 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.

Investment in subsidiaries is carried at fair and is categorised as level 1 and level 2 depending on the whether there is a direct investment in a quoted instrument. The specific valuation techniques has been disclosed in note 7.

Refer to note 29 for the fair value heirarchy.

#### 1.14.4 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.

Sensitivity analysis does not take into consideration that the group's assets and liabilities are managed. 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

### 2.1 Standards and interpretations effective and adopted in the current year

There were no new standards and interpretations which had a material impact to the group, which became effective and were adopted in the current year.

### 2.2 Standards and interpretations not yet effective

There are new or revised accounting standards and interpretations in issue that are not yet effective. These include the following standards and interpretations that are material to the business and may have an impact on future financial statements, or those for which the impact has not yet been assessed. These standards were not early adopted.

**IFRS 7 – Financial Instruments: Disclosures (Amendments)**

The objective of the amendments was to provide additional guidance to help entities identify the circumstances under which a servicing contract is considered to be "continuing involvement" for the purposes of applying the disclosure requirements in paragraphs 42E to 42H of IFRS 7. Such circumstances commonly arise when, for example, the servicing fee is dependent on the amount or turning of the cash flows collected from the transferred financial asset or when a fixed fee is not paid in full due to non-performance of that asset.

The amendments also seek to clarify that the additional disclosure required by the recent amendments to IFRS 7 – Disclosure – Offsetting Financial Assets and Financial Liabilities is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with IAS 34 – Interim Financial Reporting when its inclusion would be necessary in order to meet the general principles of IAS 34.

The effective date of the standard is for years beginning on or after 1 July 2016.

The standard will be adopted by the group for the first time for its financial reporting period ending 31 August 2017.

No material effect of adoption is anticipated.

# Accounting Policies

## 2.1 Standards and interpretations not yet effective (continued)

**IFRS 9 – Financial Instruments**

IFRS 9 – Financial Instruments (2014) replaces IAS 39 – Financial Instruments: Recognition and Measurement. The completed standard comprises guidance on Classification and Measurement, Impairment Hedge Accounting and Derecognition.

The effective date of the standard is for years beginning on or after 1 January 2018.

The standard will be adopted by the group for the first time for its financial reporting period ending 31 August 2019.

Management has yet to assess the impact of this standard on its results.

**IFRS 15 – Revenue from Contracts with Customers**

The standard provides new guidance on recognition of revenue that requires recognition of revenue in a manner that depicts the transfer of goods or services to customers at an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services.

The effective date of the standard is for years beginning on or after 1 January 2018.

The standard will be adopted by the group for the first time for its financial reporting period ending 31 August 2019.

Management has yet to assess the impact of this standard on its results.

**IFRS 16 – Leases**

IFRS 16 will require lessees to account for leases "on-balance sheet" by recognising a "right-of-use" asset and a lease liability. IFRS 16 also:

- Changes the definition of a lease.
- Sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and option periods.
- Provides exemptions for short-term leases and leases of low value assets.
- Changes the accounting for sale and leaseback arrangements.
- Largely retains IAS 17's approach to lessor accounting.
- Introduces new disclosure requirements.

The effective date of the standard is for years beginning on or after 1 January 2019.

The standard will be adopted by the group for the first time for its financial reporting period ending 31 August 2020.

Management has yet to assess the impact of this standard on its results.

## 2.1 Standards and interpretations not yet effective (continued)

### IAS 1 – Presentation of Financial Statements

The amendments seek to clarify IAS 1's specified line items on the statements of profit and loss and other comprehensive income and the statement of financial position can be disaggregated.

The amendements contain additional requirements of how entities should present subtotals in the statements of profit or loss and other comprehensive income and the statement of financial position.

The amendments also provide clarity that entities have flexibility as to the order in which they present their notes to the financial statements, but also emphasising the need to consider fundamental principles of comparability and understandability in determining the order.

The effective date of the standard is for years beginning on or after 1 January 2016.

The standard will be adopted by the group for the first time for its financial reporting period ending 31 August 2017.

The standard is not expected to have a material impact on the results of the group.

### IAS 7 – Statement of Cash Flows

The amendment requires entities to disclose information about changes in their financing liabilities. The additional disclosures will help investors to evaluate changes in liabilities arising from financing activities, including changes from cash flows and noncash changes (such as foreign exchange gains or losses).

The effective date of the standard is for years beginning on or after 1 January 2017.

The standard will be adopted by the group for the first time for its financial reporting period ending 31 August 2018.

The standard is not expected to have a material impact on the results of the group.

### IAS 34 – Interim Financial Reporting

The amendments to the standard seek to clarify the meaning of disclosure of information elsewhere in the interim financial report and require the inclusion of a cross-reference from the interim financial statements to the location of this information. The amendments specify that this information must be available to users of the interim financial statements on the same terms as the interim financial statements and at the same time, or the interim financial statements will be incomplete.

The effective date of the standard is for years beginning on or after 1 July 2016.

The standard will be adopted by the group for the first time for its financial reporting period ending 31 August 2017.

Management has yet to assess the impact of this standard on its results.

# Notes to the Annual Financial Statements
for the year ended 31 August 2016

| | GROUP 2016 R000 | GROUP 2015 R000 | COMPANY 2016 R000 | COMPANY 2015 R000 |
|---|---|---|---|---|
| **3. Investment property** | | | | |
| Net carrying value | | | | |
| Cost | **14 132 643** | 12 895 729 | **5 625 787** | 6 019 331 |
| Fair value surplus | **2 526 260** | 1 296 717 | **1 905 287** | 772 818 |
| | **16 658 903** | 14 192 446 | **7 531 074** | 6 792 149 |
| **Movement for the year** | | | | |
| Investment properties at the beginning of year | **14 192 446** | 6 662 943 | **6 792 149** | 6 662 943 |
| Acquisitions | **502 604** | - | **495 000** | - |
| Disposal | **(5 000)** | - | | |
| Acquired through business combination (refer note 31) | **2 081 868** | 6 942 113 | **-** | - |
| Disposed of on disposal of subsidiary | **-** | (21 054) | **-** | - |
| Change in fair value | **1 207 791** | 133 508 | **1 102 344** | 110 626 |
| Effect of translation | **(395 200)** | 455 845 | **-** | - |
| Tenant incentives within receivables | **5 034** | 511 | **-** | - |
| Transferred to Non-current assets held for sale | **(1 156 698)** | - | **(997 498)** | - |
| Straight line rental income accrual | **25 786** | (53 494) | **30 125** | (53 494) |
| Borrowing costs capitalised | **23 911** | - | **7 778** | - |
| Capital expenditure, tenant installations and lease commissions | **176 361** | 72 074 | **101 176** | 72 074 |
| – Capitalised | **184 150** | 74 726 | **104 771** | 74 726 |
| – Amortised | **(7 789)** | (2 652) | **(3 595)** | (2 652) |
| Balance at the end of the year | **16 658 903** | 14 192 446 | **7 531 074** | 6 792 149 |
| **Reconciliation to independent valuation** | | | | |
| Investment properties at valuation | **16 658 903** | 14 192 446 | **7 531 074** | 6 792 149 |
| Straight line lease accrual | **337 169** | 362 955 | **216 426** | 246 551 |
| | **16 996 072** | 14 555 401 | **7 747 500** | 7 038 700 |

Full details of investment properties owned by the group are disclosed on pages 9 to 20 of the annual report.

## 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, all properties are reflected at fair value.

The portfolio was valued at R16,996 billion (2015: R14,555 billion) for the group and R7,747 billion (2015: R7,038 billion) for the company at 31 August 2016.

**Valuer and qualifications**

Mills Fitchet, led by Mike Gibbons, was responsible for the valuation of the South African retail portfolio. Mr Yusuf Vahed (Professional Associated Valuer) of LDM Valuers valued the South African office and industrial properties. Both valuers are registered valuers in terms of Section 19 of the Property Valuers Professional Act (Act No 47 of 2000).

Colliers International Valuation UK LLP valued the UK Properties in accordance with the "RICS Valuation - Professional Standards, the 2012 Edition (the "Red Book"). This is an internationally accepted basis of valuation.

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.

### 3.1 Investment property valuation (continued)

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 applying appropriate capitalisation rates of between 6% to 11% to the properties resulting in an average capitalisation rate of 8,7% for the South African portfolio and 6.22% for the UK portfolio.

As at 31 August 2016, investment properties and related information have been ranked as per the fair value hierarchy set out in note 29.

Capital commitments are set out in note 24.

Changes in discount rates attributable to changes in market conditions can have a significant impact on property valuations.

### 3.2 Key judgements on measurement

Whilst the outcome of the UK referendum vote on 23 June 2016 has created a period of uncertainty in relation to many factors that impact the property investment and letting markets, its timing was such that it has not been possible for the valuers to gauge its impact on values at 31 August 2016 by reference to transactions in the market. Consequently, Colliers International Valuation UK LLP has advised that the probability that the valuation would exactly coincide with the price achieved, were there to be a sale, has reduced. This situation is likely to remain until the number and consistency of comparable transactions in the market increases, particularly in the UK. Having consulted with Colliers International Valuation UK LLP subsequent to the period end, the Directors believe it is appropriate to adopt the valuations when preparing these financial statements.

### 3.3 Investment property pledged as security

Investment property valued at R17,153 billion (including investment property held for sale) has been pledged as security for facilities of R9,275 billion from Nedbank Corporate (a division of Nedbank Limited), Investec Bank Limited, Standard Bank Limited, HSBC Bank Plc and Deutsche Pfandbriefbank AG.

### 3.4 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 R714.9 million for the South African portfolio and R398.7 million for UK portfolio. A 50 basis point decrease in the capitalisation rate will increase the value of the investment property by R805.2 million for the South African portfolio and R470.1 million for the UK portfolio.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2016 R000** | 2015 R000 | **2016 R000** | 2015 R000 |
| **4. Straight line rental income accrual** | | | | |
| Balance at the beginning of the year | **362 955** | 193 057 | **246 551** | 193 057 |
| Movement for the year | **(25 786)** | 53 494 | **(30 125)** | 53 494 |
| Acquired through business combination | **-** | 116 404 | **-** | - |
| Balance at the end of the year | **337 169** | 362 955 | **216 426** | 246 551 |
| **5. Investment properties held for sale** | | | | |
| At 31 August 2016, Property held for sale | **1 156 698** | - | **997 498** | - |

Subject to certain conditions precedent, management concluded agreements of sale to dispose the followings properties: 28 Harisson (Rebosis), 124 Main (Rebosis), 64 Eloff (Rebosis), Antalis (Rebosis), Nedbank (Ascension), Matrix (Ascension), and Bergstan (Ascension).

It is expected that the purchasers will take transfer of the properties within the next 12 months.

At 31 August 2016 these properties are held at a fair value of R1,16 billion (group) and R997 million (company). The disposals are part of the Rebosis long-term strategy to become a more retail focused fund.

# Notes to the Annual Financial Statements
for the year ended 31 August 2016

| | GROUP 2016 R000 | GROUP 2015 R000 | COMPANY 2016 R000 | COMPANY 2015 R000 |
|---|---|---|---|---|
| **6. Loans to group companies** | | | | |
| **Subsidiaries** | | | | |
| Clyroplex Proprietary Limited | - | - | 264 407 | 149 999 |
| Delficraft Proprietary Limited | - | - | 278 051 | 170 000 |
| Delfiflo Proprietary Limited | - | - | 278 051 | 170 000 |
| Delfisat Proprietary Limited | - | - | 278 051 | 170 000 |
| Delfiwiz Proprietary Limited | - | - | 278 051 | 170 000 |
| Delfitime Proprietary Limited | - | - | 275 339 | 180 000 |
| Lesasign Proprietary Limited | - | - | 278 051 | 170 000 |
| Dalolex Proprietary Limited | - | - | 8 000 | - |
| Ascension Properties Limited | - | - | 8 000 | - |
| | - | - | 1 946 001 | 1 179 999 |
| Movement in loans to group companies: | | | | |
| Balance at beginning of year | - | - | 1 179 999 | - |
| Loans advanced | - | - | 766 002 | 1 179 999 |
| **Balance at end of year** | - | - | 1 946 001 | 1 179 999 |

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 in lieu of interest income.

| | GROUP 2016 R000 | GROUP 2015 R000 | COMPANY 2016 R000 | COMPANY 2015 R000 |
|---|---|---|---|---|
| **7. Investment in subdiaries** | | | | |
| 100% interest in Clyroplex Proprietary Limited* | - | - | 101 827 | 39 856 |
| 100% interest in Delficraft Proprietary Limited* | - | - | 108 200 | 45 170 |
| 100% interest in Delfiflo Proprietary Limited* | - | - | 108 200 | 45 170 |
| 100% interest in Delfisat Proprietary Limited* | - | - | 108 200 | 45 170 |
| 100% interest in Delfiwiz Proprietary Limited* | - | - | 108 197 | 45 167 |
| 100% interest in Delfitime Proprietary Limited* | - | - | 108 208 | 47 827 |
| 100% interest in Lesasign Proprietary Limited* | - | - | 108 200 | 45 169 |
| 59% interest in Ascension Properties Limited | - | - | 1 138 237 | 1 164 973 |
| 100% interest in Ascension Property Management Company Proprietary Limited** | - | - | 187 516 | 165 228 |
| 100% interest in Dalolex Proprietary Limited* | - | - | - | - |
| | - | - | 2 076 785 | 1 643 730 |
| Movement in investment in subsidiaries | | | | |
| Balance at beginning of year | - | - | 1 643 730 | 150 000 |
| Additional investment | - | - | 882 | 1 164 980 |
| Fair value increase in investments | - | - | 432 173 | 328 750 |
| **Balance at end of year** | - | - | 2 076 785 | 1 643 730 |

The investments in subsidiaries are carried at fair value.

* The fair value of the unlisted subsidiaries is determined in relation to their investment in New Frontier Limited (a listed company on the Mauritius Stock Exchange and JSE Altx).

** The fair value of Ascension Property Management Company Proprietary Limited is determined by discounting the expected free cash flows at a capitalisation rate of 9,44%.

Refer to note 32 for details of the group companies.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 |
| | **R000** | R000 | **R000** | R000 |
| **8. Goodwill** | | | | |
| Arising on business combination | **315 906** | 331 775 | **95 703** | 95 703 |
| Movement in goodwill | | | | |
| **Balance at beginning of year** | **331 775** | 95 703 | **95 703** | 95 703 |
| Cost | **331 775** | 95 703 | **95 703** | 95 703 |
| Accumulated impairment | **-** | - | **-** | - |
| Acquisition of businesses | **-** | 208 128 | **-** | - |
| Effect of translation | **(15 869)** | 27 944 | **-** | - |
| **Balance at end of year** | **315 906** | 331 775 | **95 703** | 95 703 |
| Cost | **315 906** | 331 775 | **95 703** | 95 703 |
| Accumulated impairment | **-** | - | **-** | - |
| 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 dividend for the following financial year capitalised at a rate of 7,98% (2015: 8.49%) for the South African ("RSA") CGU and 5.29% (2015: 5.29%) for the UK CGU. | | | | |
| RSA CGU | **95 703** | 95 703 | **95 703** | 95 703 |
| UK CGU | **220 203** | 236 072 | **-** | - |
| | **315 906** | 331 775 | **95 703** | 95 703 |

The following key assumptions were applied by management in calculating the RSA forecast dividend:

Vacancy rates of 1.5%

Average rental increases in respect of renewals of 5%

Average increase in operating costs of 6%

Goodwill for SA CGU

The following key assumptions were applied by management in calculating the UK forecast dividend:

Forecast exchange rate ZAR/GBP R19.0686

Average rental increases in respect of renewals of 1%

Average increase in operating costs of 5%

No tax will be payable on net property income as this will be declared as a dividend to shareholders in terms of the new REIT legislation

Based on these calculations, no impairment is required.

# Notes to the Annual Financial Statements
for the year ended 31 August 2016

| | Nominal value 31 August 2016 R000 | Nominal value 31 August 2015 R000 | Maturity | Rate % | GROUP 2016 R000 | GROUP 2015 R000 | COMPANY 2016 R000 | COMPANY 2015 R000 |
|---|---|---|---|---|---|---|---|---|
| **9. Derivative instruments** | | | | | | | | |
| Assets | | | | | | | | |
| Interest rate caps | 1 700 000 | 1 700 000 | | | 12 478 | 17 671 | 10 814 | 10 071 |
| Rebosis | 800 000 | 800 000 | 06 Feb 2017 | | 3 648 | 5 727 | 3 648 | 5 727 |
| Rebosis | 400 000 | 400 000 | 29 May 2017 | | 2 985 | 4 345 | 2 985 | 4 344 |
| Ascension | 500 000 | 500 000 | 13 Jan 2017 | | 1 664 | 2 421 | - | - |
| Long term cancellable interest rate swaps | 1 982 500 | 2 200 195 | | | | | | |
| Rebosis | 125 000 | - | 29 May 2019 | 7.55 | 780 | - | 780 | - |
| Rebosis | 125 000 | - | 06 Jun 2017 | 7.18 | 381 | - | 381 | - |
| Rebosis | 122 500 | - | 15 Aug 2018 | 7.29 | 917 | - | 917 | - |
| Rebosis | 300 000 | - | 28 Aug 2017 | 7.17 | 1 220 | - | 1 220 | - |
| Rebosis | 900 000 | - | 19 Oct 2017 | 6.91 | 7 461 | - | 7 461 | - |
| Rebosis | 410 000 | - | 14 Apr 2020 | 8.36 | (6 578) | - | (6 578) | - |
| Ascension | - | 483 000 | 01 Dec 2015 | 5.55 | - | 1 600 | - | - |
| New Frontier | - | 1 717 195 | 07 Mar 2020 | 1.33 | - | 3 578 | - | - |
| Cross currency swaps | 499 998 | - | | | 81 860 | - | 81 860 | - |
| Rebosis | 83 333 | - | 16 Mar 2017 | | 13 588 | - | 13 588 | - |
| Rebosis | 83 333 | - | 16 Sept 2016 | | 14 088 | - | 14 088 | - |
| Rebosis | 83 333 | - | 18 Sept 2017 | | 13 803 | - | 13 803 | - |
| Rebosis | 83 333 | - | 18 Mar 2019 | | 13 385 | - | 13 385 | - |
| Rebosis | 83 333 | - | 17 Sept 2018 | | 13 368 | - | 13 368 | - |
| Rebosis | 83 333 | - | 16 Mar 2018 | | 13 628 | - | 13 628 | - |
| **Liabilities** | | | | | | | | |
| Long term cancellable interest rate swaps | 3 363 883 | 1 045 000 | | | 118 120 | 1 156 | - | 1 156 |
| Rebosis | - | 250 000 | 29 May 2019 | 7.55 | - | (257) | - | (257) |
| Rebosis | - | 250 000 | 06 Jun 2017 | 7.18 | - | 1 325 | - | 1 325 |
| Rebosis | - | 245 000 | 15 Aug 2018 | 7.29 | - | (462) | - | (462) |
| Rebosis | - | 300 000 | 28 Aug 2017 | 7.17 | - | 550 | - | 550 |
| Ascension | 700 000 | - | 12 Apr 2020 | 8.35 | 11 069 | - | - | - |
| New Frontier | 2 663 883 | - | 07 Mar 2020 | 1.38 | 107 051 | - | - | - |
| | 7 546 381 | 4 945 195 | | | (23 782) | 16 515 | 92 674 | 8 915 |

The interest rate caps and swaps were valued by Rand Merchant Bank (a division of FirstRand Bank Limited) 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

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2016 R000** | 2015 R000 | **2016 R000** | 2015 R000 |
| **10. Property, plant and equipment** | | | | |
| Computer equipment | **-** | 18 | **-** | 18 |
| Cost | **263** | 263 | **263** | 263 |
| Accumulated depreciation | **(263)** | (245) | **(263)** | (245) |
| Computer sofware | **-** | 4 | **-** | 4 |
| Cost | **8** | 8 | **8** | 8 |
| Accumulated depreciation | **(8)** | (4) | **(8)** | (4) |
| Furniture, fittings and equipment | **425** | 176 | **59** | 95 |
| Cost | **1 581** | 1 224 | **1 138** | 1 138 |
| Accumulated depreciation | **(1 156)** | (1 048) | **(1 079)** | (1 043) |
| Motor vehicles | **155** | 310 | **155** | 310 |
| Cost | **393** | 393 | **393** | 393 |
| Accumulated depreciation | **(238)** | (83) | **(238)** | (83) |
| | **580** | 508 | **214** | 427 |
| **Movement for the year** | | | | |
| Balance at beginning of year | **508** | 540 | **427** | 534 |
| Acquisitions | **425** | 607 | **-** | 489 |
| Computer equipment | **-** | 83 | **-** | 92 |
| Computer sofware | **-** | - | **-** | - |
| Furniture, fittings and equipment | **425** | 524 | **-** | 397 |
| Motor vehicles | **-** | - | **-** | - |
| Depreciation | **(241)** | (639) | **(213)** | (596) |
| Computer equipment | **(18)** | (88) | **(18)** | (91) |
| Computer sofware | **(4)** | - | **(4)** | - |
| Furniture, fittings and equipment | **(63)** | (511) | **(36)** | (465) |
| Motor vehicles | **(156)** | (40) | **(155)** | (40) |
| Effect of translation | **(46)** | - | **-** | - |
| Re-classified to building improvements | **(66)** | - | **-** | - |
| | **580** | 508 | **214** | 427 |

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.

# Notes to the Annual Financial Statements
for the year ended 31 August 2016

| | | GROUP 2016 R000 | GROUP 2015 R000 | COMPANY 2016 R000 | COMPANY 2015 R000 |
|---|---|---|---|---|---|
| 11. | **Trade and other receivables** | | | | |
| | Trade receivables | 138 585 | 65 450 | 81 855 | 30 636 |
| | Allowance for doubtful debts | (14 682) | (10 488) | (11 593) | (8 735) |
| | | 123 903 | 54 962 | 70 262 | 21 901 |
| | Amounts due from vendors | - | 4 039 | - | 4 039 |
| | Accrued recoveries | 42 095 | - | 10 856 | - |
| | Asset management fee accrued | 4 837 | 2 528 | 8 103 | 3 000 |
| | Muncipal deposits | 4 114 | 3 968 | 2 514 | 2 497 |
| | Prepayments | 3 165 | 3 299 | 760 | 537 |
| | Interest receivable - Cross Currency Swap | 25 588 | - | 25 588 | - |
| | Sundry receivables and accrued income* | 105 531 | 93 577 | 7 455 | 25 645 |
| | | 309 233 | 162 373 | 125 538 | 57 619 |
| | * Sundry receivables and accrued income include taxes refundable (foreign), rent stabilazation and capital contributions/lease incentives | | | | |
| | **Movement in allowance for doubtful debts** | | | | |
| | Balance at beginning of the year | 10 488 | 7 653 | 8 735 | 7 653 |
| | Increase in allowance | 5 468 | 3 100 | 4 132 | 3 100 |
| | Receivables written off during the year | (1 274) | (2 018) | (1 274) | (2 018) |
| | Acquired through business combination | - | 1 753 | - | - |
| | | 14 682 | 10 488 | 11 593 | 8 735 |
| | **Ageing of receivables past due but not impaired** | | | | |
| | 30 days | 15 764 | 4 359 | 6 049 | 1 962 |
| | 60 days | 8 398 | 2 956 | 2 060 | 1 259 |
| | 90 days | 17 065 | 4 241 | 1 497 | 1 112 |
| | 120+ days | 19 108 | 17 648 | 19 108 | 17 648 |
| | Total | 60 335 | 29 204 | 28 714 | 21 981 |

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behaviour and extensive analysis of tenant credit risk, including underlying tenants'credit ratings if they are available. Where required, a deposit in the form of cash or bank guarantee is obtained from the tenant in terms of Rebosis' deposit policy. There are no significant trade receivables that are doubtful that have not been provided for as doubtful debts or written off.

| | GROUP 2016 R000 | GROUP 2015 R000 | COMPANY 2016 R000 | COMPANY 2015 R000 |
|---|---|---|---|---|
| **Ageing of impaired receivables** | | | | |
| Current | 111 | 923 | 40 | 900 |
| 30 days | 592 | 1 005 | 47 | 974 |
| 60 days | 68 | 919 | 68 | 919 |
| 90 days | 43 | 1 128 | 43 | 1 128 |
| 120+ days | 13 868 | 6 513 | 11 395 | 4 814 |
| Total | 14 682 | 10 488 | 11 593 | 8 735 |

The allowance for doubtful debts has been determined on a tenant by tenant basis, taking into account the circumstances of each tenant. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable disclosed above.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 |
| | **R000** | R000 | **R000** | R000 |
| **12. Cash and cash equivalents** | | | | |
| For purposes of the statement of cash flows, cash and cash equivalents comprise: | | | | |
| Bank balances | **229 079** | 174 823 | **131 358** | 56 271 |
| Cash is invested with reputable banks. | | | | |
| **13. Stated capital** | | | | |
| **Authorised** | | | | |
| 5 000 000 000 ordinary no par value shares | | | | |
| 54 330 000 A class no par value shares | | | | |
| **Issued** | | | | |
| 530 178 149 (2015: 493 363 078) ordinary shares | **5 590 410** | 5 219 879 | **5 615 055** | 5 219 879 |
| **Movement for the year** | | | | |
| Balance at the beginning of the year | **5 219 879** | 1 053 732 | **5 219 879** | 1 053 732 |
| Shares issued during the year | **406 890** | 917 545 | **406 890** | 917 545 |
| Share issue expenses | **(685)** | (2 607) | **(685)** | (2 607) |
| Shares bought back* | **(11 029)** | - | **(11 029)** | - |
| Treasury shares | **(24 645)** | - | **-** | - |
| Capital structure conversion | **-** | 3 251 209 | **-** | 3 251 209 |
| Balance at the end of the year | **5 590 410** | 5 219 879 | **5 615 055** | 5 219 879 |

| | **2016** | 2015 |
|---|---|---|
| **Reconciliation of number of shares in issue:** | | |
| Balance at the beginning of the year | **493 363 078** | 386 531 577 |
| Shares issued in the year | **38 417 684** | 106 831 501 |
| Share bought back | **(1 602 613)** | - |
| Balance at the end of the year | **530 178 149** | 493 363 078 |

The unissued shares are under the control of the directors in terms of the Companies Act, 71 of 2008, as amended.

* Average price - R11.14 per share

# Notes to the Annual Financial Statements
for the year ended 31 August 2016

| Facility | Nature | Rate | Maturity | GROUP 2016 R000 | GROUP 2015 R000 | COMPANY 2016 R000 | COMPANY 2015 R000 |
|---|---|---|---|---|---|---|---|
| **14. Interest bearing borrowings** | | | | | | | |
| **Nedbank Corporate (a division of Nedbank Limited)** | | | | | | | |
| Details of the facility, which bears interest at an average rate of 9,09% per annum, are as follows: | | | | 4 641 792 | 3 087 629 | 4 155 446 | 2 602 061 |
| Rebosis | Floating | 3 month JIBAR plus 1,85% | 23 May 2019 | 201 100 | 201 100 | 201 100 | 201 100 |
| Rebosis | Floating | 3 month JIBAR plus 1,8% | 15 February 2019 | 151 700 | 151 700 | 151 700 | 151 700 |
| Rebosis | Floating | 3 month JIBAR plus 1,8% | 31 July 2019 | 150 000 | 150 000 | 150 000 | 150 000 |
| Rebosis | Floating | 3 month JIBAR plus 1,74% | 17 July 2017 | 175 000 | 175 000 | 175 000 | 175 000 |
| Rebosis | Floating | 3 month JIBAR plus 1,6% | 23 May 2017 | 247 500 | 247 500 | 247 500 | 247 500 |
| Rebosis | Floating | 1 month JIBAR plus 1,6% | 7 August 2020 | 24 917 | 24 917 | 24 917 | 24 917 |
| Rebosis | Floating | 3 month JIBAR plus 1,72% | 7 December 2017 | 200 000 | 200 000 | 200 000 | 200 000 |
| Rebosis | Floating | 1 month JIBAR plus 1,9% | 13 March 2016 | - | 48 185 | - | 48 185 |
| Rebosis | Fixed | 8.80% | 13 March 2016 | - | 72 500 | - | 72 500 |
| Rebosis | Floating | 3 month JIBAR plus 1,0% | 7 August 2020 | 480 000 | 480 000 | 480 000 | 480 000 |
| Rebosis | Floating | 3 month JIBAR plus 1,0% | 7 August 2020 | 260 000 | 260 000 | 260 000 | 260 000 |
| Rebosis | Floating | 1 month JIBAR plus 1,9% | 30 November 2016 | 147 741 | 147 741 | 147 741 | 147 741 |
| Rebosis | Floating | 1 month JIBAR plus 1,72% | 2 October 2017 | 363 418 | 363 418 | 363 418 | 363 418 |
| Rebosis | Floating | 1 month JIBAR plus 1,9% | 30 September 2015 | - | 80 000 | - | 80 000 |
| Rebosis | Floating | 3 month JIBAR plus 2,36% | 9 March 2020 | 120 685 | - | 120 685 | - |
| Rebosis | Floating | 3 month JIBAR plus 1,0% | 7 May 2020 | 347 885 | - | 347 885 | - |
| Rebosis | Floating | 3 month JIBAR plus 1,0% | 8 June 2018 | 150 000 | - | 150 000 | - |
| Rebosis | Floating | 3 month JIBAR plus 1,73% | 2 October 2017 | 1 135 500 | - | 1 135 500 | - |
| Ascension | Floating | Prime minus 1,50% | 7 March 2019 | 152 968 | 152 901 | - | - |
| Ascension | Floating | Prime minus 1,50% | 12 September 2018 | 151 114 | 151 034 | - | - |
| Ascension | Floating | 1 month JIBAR plus 2,07% | 18 July 2018 | 26 421 | 26 216 | - | - |
| Ascension | Floating | Prime minus 0,85% | 23 April 2018 | 45 107 | 45 085 | - | - |
| Ascension | Floating | 1 month JIBAR plus 2,07% | 28 June 2018 | 50 558 | 50 169 | - | - |
| Ascension | Floating | Prime minus 1,50% | 30 August 2018 | 34 195 | 34 187 | - | - |
| Ascension | Floating | Prime minus 1,50% | 31 August 2018 | 25 983 | 25 976 | - | - |
| **Rand Merchant Bank (a division of FirstRand Bank Limited)** | | | | | | | |
| Details of the facility, which bears interest at an average rate of 7,88% per annum, are as follows: | | | | - | 566 550 | - | 566 550 |
| Rebosis* | Floating | 3 month JIBAR plus 1,75% | 17 July 2017 | - | 175 000 | - | 175 000 |
| Rebosis* | Floating | 1 month JIBAR plus 1,9% | 17 May 2016 | - | 148 726 | - | 148 726 |
| Rebosis* | Floating | 3 month JIBAR plus 1,25% | 25 September 2015 | - | 242 824 | - | 242 824 |
| * These facilities were settled in the current year, prior to maturity, and the debt was refinanced with Nedbank loans | | | | | | | |
| **DMTN Programme** | | | | | | | |
| Details of the facility, which bears interest at an average rate of 9,10% per annum, are as follows: | | | | 430 874 | 430 874 | 430 874 | 430 874 |
| REBC01 | Floating | 3 month JIBAR plus 0,68% | 20 November 2015 | - | 100 000 | - | 100 000 |
| REBC03 | Floating | 3 month JIBAR plus 1,25% | 21 November 2016 | 100 000 | - | 100 000 | - |
| REB01 | Floating | 3 month JIBAR plus 1,85% | 21 May 2018 | 130 000 | 130 000 | 130 000 | 130 000 |
| REBC02 | Floating | 3 month JIBAR plus 1,85% | 21 May 2018 | 100 874 | 100 874 | 100 874 | 100 874 |
| REB01 (tap) | Floating | 3 month JIBAR plus 1,40% | 20 July 2016 | - | 100 000 | - | 100 000 |
| REB02 | Floating | 3 month JIBAR plus 2,00% | 31 May 2018 | 100 000 | - | 100 000 | - |

| Facility | Nature | Rate | Maturity | GROUP 2016 R000 | GROUP 2015 R000 | COMPANY 2016 R000 | COMPANY 2015 R000 |
|---|---|---|---|---|---|---|---|
| **14. Interest bearing borrowings (continued)** | | | | | | | |
| **Investec Private Bank Limited** | | | | | | | |
| Ascension | Floating | Prime less 0,50% | 13 March 2018 | 552 971 | 526 805 | - | - |
| **Standard Bank of South Africa** | | | | 552 962 | 552 946 | - | - |
| Ascension | Floating | Prime less 1,50% | 31 August 2017 | 160 039 | 160 035 | - | - |
| Ascension | Floating | 3 month JIBAR plus 1,80% | 31 August 2017 | 392 923 | 392 911 | - | - |
| **HSBC Bank Plc** | | | | | | | |
| New Frontier | Floating | 3 month LIBOR plus 1,7% | 7 March 2020 | 1 996 482 | 2 130 140 | - | - |
| **Deutsche Pfandbriefbank AG** | | | | | | | |
| New Frontier | Floating | 3 month LIBOR plus 2,2% | 28 July 2020 | 1 138 395 | - | - | - |
| Total debt | | | | 9 313 477 | 7 294 944 | 4 586 320 | 3 599 485 |
| Less: deferred finance costs | | | | (37 790) | (30 503) | (8 806) | (3 318) |
| Balance at beginning of the year | | | | (30 503) | (4 770) | (3 318) | (4 770) |
| Incurred during the year | | | | (17 342) | (29 859) | (12 265) | (4 789) |
| Acquired through business combination | | | | - | (2 115) | - | - |
| Effect of translation | | | | 2 212 | - | - | |
| Amortisation for the year | | | | 7 843 | 6 241 | 6 777 | 6 241 |
| | | | | 9 275 687 | 7 264 441 | 4 577 514 | 3 596 167 |
| Less short term portion | | | | (1 223 203) | (1 893 700) | (670 241) | (1 757 152) |
| Long term portion | | | | 8 052 484 | 5 370 741 | 3 907 273 | 1 839 015 |

At year end, the group's unutilised loan facilities amounted to R28,9 million (company: R2,3 million), the gearing ratio was 50,2% (2015: 48,4%) (group: 35,6% (2015: 36,5%)) and the average all inclusive rate of interest for the year under review was 7,2% (2015: 8,4%) (company: 8,9% (2015: 8,2%)).

Facilities of R4,155 billion from Nedbank are secured by mortgage bonds over investment properties valued at R7,747 billion (note 3).

Facilities of R1,591 billion from Nedbank, Investec and Standard Bank are secured by mortgage bonds over investment properties valued at R4,209 billion (note 3).

Facilities of R3,134 billion from HSBC Bank Plc and Deutsche Pfandbriefbank AG are secured by mortgage bonds over investment properties valued at R5,197 billion (note 3).

# Notes to the Annual Financial Statements

for the year ended 31 August 2016

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | | **2016 R000** | 2015 R000 | **2016 R000** | 2015 R000 |
| **15.** | **Deferred taxation** | | | | |
| | Balance at beginning of year | **524** | - | | |
| | Acquired through business combination | **-** | (6 522) | **-** | - |
| | Charge for the period | **(552)** | 7 379 | **-** | - |
| | Effects of translation | **28** | (334) | **-** | - |
| | | **-** | 524 | **-** | - |
| | The closing deferred tax balance relates to accelerated capital allowances which relate to the following: | | | | |
| | Investment property | **-** | 524 | **-** | - |
| **16.** | **Trade and other payables** | | | | |
| | Income received in advance | **33 282** | 29 360 | **21 383** | 25 018 |
| | Trade payables | **62 765** | 52 871 | **3 015** | 12 597 |
| | Value added taxation | **11 178** | 9 768 | **8 294** | 7 148 |
| | Asset, property and facility management fees | **3 440** | 8 255 | **3 440** | 5 393 |
| | Tenant deposits | **20 503** | 17 812 | **9 961** | 8 265 |
| | Accrued interest | **37 222** | 25 087 | **37 222** | 25 087 |
| | Accrued expenses | **75 957** | 48 218 | **12 694** | 1 606 |
| | | **244 347** | 191 371 | **96 009** | 85 114 |
| **17.** | **Net operating profit** | | | | |
| | Net operating profit includes the following charges: | | | | |
| | Amortisation of structuring fee | **7 843** | 6 241 | **6 777** | 6 241 |
| | Asset manangement fees | **54 188** | 25 810 | **33 588** | 25 810 |
| | Profit on sale of listed securities | **60** | - | **-** | - |
| | Audit fees | | | | |
| | Paid to external auditors | **6 688** | 5 297 | **699** | 380 |
| | For the attest function - current year | **2 971** | 1 985 | **699** | 380 |
| | For other services | **3 717** | 3 312 | **-** | - |
| | Paid to internal auditors | **240** | 350 | **240** | 350 |
| | Current year | **240** | 350 | **240** | 350 |
| | Depreciation | **241** | 639 | **213** | 596 |
| | Property management fees | **30 327** | 21 120 | **22 084** | 21 120 |

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | | **2016** | 2015 | **2016** | 2015 |
| | | **R000** | R000 | **R000** | R000 |
| **18** | **Directors' emoluments** | | | | |
| | **Fees paid to executive directors** | | | | |
| | SM Ngebulana | **6 451** | 6 329 | **5 856** | 6 086 |
| | Salary and allowances | **3 496** | 3 726 | **3 496** | 3 726 |
| | Other benefits and payments | **257** | 360 | **257** | 360 |
| | Performance bonus | **2 103** | 2 000 | **2 103** | 2 000 |
| | Paid by subsidiary | | | | |
| | For services as Director of Ascension Properties Limited | **145** | - | **-** | - |
| | For services as Director of New Frontier Properties Limited | **450** | 243 | **-** | - |
| | K Keshav | **4 385** | 3 153 | **3 007** | 2 910 |
| | Salary and allowances | **1 724** | 1 381 | **1 724** | 1 381 |
| | Other benefits and payments | **183** | 179 | **183** | 179 |
| | Performance bonus | **1 100** | 1 350 | **1 100** | 1 350 |
| | Paid by subsidiary | | | | |
| | For services as Director of Ascension Properties Limited | **635** | - | **-** | - |
| | For services as Director of New Frontier Properties Limited | **743** | 243 | **-** | - |
| | JA Finn | **-** | 509 | **-** | 509 |
| | Salary and allowances | **-** | 453 | **-** | 453 |
| | Other benefits and payments | **-** | 43 | **-** | 43 |
| | Performance bonus | **-** | 13 | **-** | 13 |
| | | **10 836** | 9 991 | **8 863** | 9 505 |
| | The executive directors' remuneration was paid by Billion Asset Managers Proprietary Limited, the company's asset manager. | | | | |
| | **Fees paid to non executive directors** | | | | |
| | AM Mazwai | **1 132** | 628 | **410** | 385 |
| | ATM Mokgokong | **550** | 555 | **550** | 555 |
| | J Odendaal | **205** | 265 | **205** | 265 |
| | KL Reynolds [1] | **225** | 295 | **225** | 295 |
| | NV Qangule | **325** | 300 | **325** | 300 |
| | TSM Seopa | **435** | 370 | **435** | 370 |
| | SV Zilwa | **-** | 175 | **-** | 175 |
| | | **2 872** | 2 588 | **2 150** | 2 345 |
| | [1] Resigned effective 13 April 2016 | | | | |
| **19.** | **Changes in fair values** | | | | |
| | Unrealised gain on revaluation of investment property | **1 207 791** | 133 508 | **1 102 344** | 110 626 |
| | Listed property securities | **-** | 59 942 | **-** | 59 942 |
| | Investment in subsidiaries | **-** | - | **432 173** | 328 757 |
| | Straight line rental income accrual | **25 786** | (53 494) | **30 125** | (53 494) |
| | Derivative instruments | **(50 123)** | (3 021) | **82 487** | (3 021) |
| | | **1 183 454** | 136 935 | **1 647 129** | 442 810 |

# Notes to the Annual Financial Statements

for the year ended 31 August 2016

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2016 R000** | 2015 R000 | **2016 R000** | 2015 R000 |
| **20. Net finance charges** | | | | |
| Interest paid - secured financial liabilities | **630 214** | 289 587 | **365 181** | 265 208 |
| Unrealised exchange loss | **311** | - | **-** | - |
| Capitalised borrowing cost | **(23 911)** | - | **(7 778)** | - |
| Interest received - bank | **(44 750)** | (7 509) | **(42 792)** | (42 904) |
| | **561 864** | 282 078 | **314 611** | 222 304 |

The average interest rate used for the capitalisation of borrowing costs for the Group was 8.9% (Company 8.7%).

## 21. Taxation

As the company is a REIT, it is not liable for capital gains tax in terms of Section 25BB of the income Tax Act. Deferred tax on investment properties and the related straight line rental adjustments was reduced to Rnil in 2013 as capital gains tax no loner applies. Consequently, no deferred tax was raised on deferred capital gains of investment property.

The group's subsidiary, New Frontier Properties Limited ("NFP") was subject to UK tax rates in the previous year. The NFP group's closing 2015 deferred tax balance related to accelerated capital allowances claimed on their investment property. On 21 October 2015 NFP converted to a REIT for UK tax purposes and as such the NFP group is no longer required to pay tax provided the group continues to fulfil the condition of being a UK REIT.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2016 R000** | 2015 R000 | **2016 R000** | 2015 R000 |
| Current (foreign) | **(764)** | 6 120 | **-** | - |
| Underprovision in prior year (foreign) | **212** | - | **-** | - |
| Deferred (foreign) | **(552)** | 7 379 | **-** | - |
| | **(1 104)** | 13 499 | **-** | - |

No provision for normal taxation has been made as the company has an estimated loss for tax purposes of R33,1 million (2015: R33,1 million).

No deferred taxation asset has been raised on the estimated tax loss as the company does not expect to have taxable income in the foreseeable future as all profits are distributed to shareholders.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2016 R000** | 2015 R000 | **2016 R000** | 2015 R000 |
| Reconciliation of taxation charge | | | | |
| Profit before tax at 28% | **524 463** | 68 292 | **599 780** | 151 668 |
| Adjusted for: | | | | |
| Fair value adjustments (tax exempt) * | **(321 862)** | (38 342) | **(461 196)** | (123 987) |
| Straight line rental income adjustment (tax exempt) * | **7 220** | (14 978) | **8 435** | (14 978) |
| Dividend declared | **(211 789)** | (1 670) | **(145 219)** | (14 541) |
| Permanent differences | **45 487** | 10 996 | **(1 800)** | 1 838 |
| Gain on bargain purchase | **-** | (15 052) | **-** | - |
| UK REIT tax relief | **(44 623)** | - | **-** | - |
| Difference in tax rate | **-** | 4 252 | **-** | |
| | **(1 104)** | 13 499 | **-** | - |

* No taxation charge recognised on amounts as not liable for capital gains tax due to REIT status.

| | | GROUP 2016 R000 | GROUP 2015 R000 |
|---|---|---|---|
| **22.** | **Earnings and headline earnings** | | |
| | Number of shares in issue at year end | **530 178 149** | 493 363 078 |
| | Weighted average number of shares in issue used for the calculation of earnings and headline earnings per share | **517 765 320** | 424 011 545 |
| | **Reconciliation of earnings and headline earnings** | | |
| | Profit attributable to equity holders of the parent entity | **1 706 946** | 262 539 |
| | Adjusted for: | | |
| | Change in fair value of investment properties | **(1 148 887)** | (133 508) |
| | Gain on bargain purchase | **-** | (53 756) |
| | **Headline profit attributable to shareholders** | **558 059** | 75 275 |
| | Debenture interest | **-** | 346 811 |
| | **Headline earnings attributable to shareholders** | **558 059** | 422 086 |
| | Basic and diluted earnings per share (cents) | **329.68** | 61.92 |
| | Headline and diluted headline earnings per share (cents) | **107.78** | 85.55 |

| | | GROUP 2016 R000 | GROUP 2015 R000 | COMPANY 2016 R000 | COMPANY 2015 R000 |
|---|---|---|---|---|---|
| **23.** | **Note to the statement of cash flows** | | | | |
| | Cash generated by operations | | | | |
| | Profit before taxation | **1 873 083** | 274 765 | **2 142 073** | 572 537 |
| | Adjusted for | | | | |
| | Non cash items | **(1 145 990)** | (237 306) | **(1 606 419)** | (489 468) |
| | Changes in fair values | **(1 183 454)** | (136 935) | **(1 647 129)** | (442 810) |
| | Straight line rental income accrual | **25 786** | (53 494) | **30 125** | (53 494) |
| | Depreciation | **240** | 639 | **213** | 596 |
| | Tenant installation amortisation | **1 700** | - | **1 700** | - |
| | Lease commission amortisation | **1 895** | - | **1 895** | - |
| | Gain on bargain purchase | **-** | (53 756) | **-** | - |
| | Amortisation of structuring fee | **7 843** | 6 240 | **6 777** | 6 240 |
| | Net finance charges (excluding amortisation of structuring fee) | **554 021** | 275 838 | **307 834** | 216 063 |
| | Debenture interest | **-** | 346 811 | **-** | 346 811 |
| | Operating profit before working capital changes | **1 281 114** | 660 108 | **843 488** | 645 943 |
| | Working capital changes | **(93 880)** | 55 809 | **(57 021)** | 52 295 |
| | Trade and other receivables | **(146 860)** | 90 544 | **(67 919)** | 30 900 |
| | Trade and other payables | **52 980** | (34 735) | **10 898** | 21 395 |
| | Cash generated from operations | **1 187 234** | 715 917 | **786 467** | 698 239 |

# Notes to the Annual Financial Statements
for the year ended 31 August 2016

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | | **2016** | 2015 | **2016** | 2015 |
| | | **R000** | R000 | **R000** | R000 |
| **24.** | **Commitments** | | | | |
| **24.1** | **Capital commitments** | | | | |
| | Capital improvements in respect of investment properties | | | | |
| | - Approved and committed | **34 847** | 143 272 | **5 625** | 66 200 |
| | - Approved not yet committed | **20 700** | 54 232 | **20 700** | 54 232 |
| | | **55 547** | 197 504 | **26 325** | 120 432 |
| **24.2** | **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 | **24 651** | 23 038 | **17 215** | 16 089 |
| | - Due two to five years | **31 472** | 29 413 | **14 768** | 13 802 |
| | | **56 123** | 52 451 | **31 983** | 29 891 |
| **25.** | **Minimum lease payments receivable** | | | | |
| | Minimum lease payments comprises contractual rental income from investment properties and operating lease recoveries due in terms of signed lease agreements | | | | |
| | - Receivable within one year | **1 286 729** | 554 720 | **645 863** | 554 720 |
| | - Receivable two to five years | **2 682 755** | 1 797 084 | **1 231 935** | 1 797 084 |
| | - Receivable beyond five years | **2 273 645** | 446 872 | **233 496** | 446 872 |
| | | **6 243 129** | 2 798 676 | **2 111 294** | 2 798 676 |

## 26. Related parties and related party transactions

**Billion Property Management Services Proprietary Limited**

Billion Property Services Proprietary Limited ("BPS"), a company owned by The Amatolo Family Trust, are appointed as property managers of Rebosis. The fee payable by Rebosis to BPS for the provision of management and administration services is 2,5% of all collections per month. In addition, BPS is entitled to a market related lease commission in respect of new lettings and renewals.

SM Ngebulana is a beneficiary of The Amatolo Family Trust which owns 3,46% of the shares in Rebosis.

**Billion Asset Managers Proprietary Limited**

Billion Asset Managers Proprietary Limited ("Billion Asset Managers"), a company owned by The Amatolo Family Trust, are appointed asset managers of Rebosis. The fee payable by Rebosis to Billion Asset Managers for all asset management and operational management services is a monthly fee of 0,35% of the aggregate of the market capitalisation and the borrowings of Rebosis.

SM Ngebulana is a beneficiary of The Amatolo Family Trust which owns 3,46% of the shares in Rebosis.

**Billion Group Proprietary Limited**

Billion Group Proprietary Limited ("Billion Group"), a company owned by The Amatolo Family Trust, are responsible for the development of Rebosis and Ascension properties. The agreements in place provide for a fee due where development projects are not completed on time.

SM Ngebulana is a beneficiary of The Amatolo Family Trust which owns 3,46% of the shares in Rebosis.

**Nedbank Limited**

Nedbank is the company's major debt financier. Ken Reynolds, a non-executive director of the company, is the Regional Executive for Nedbank Corporate Property Finance. He resigned from the Rebosis board of directors on 13 April 2016.

**Ascension Property Management Company Proprietary Limited**

Ascension Property Management Company Proprietary Limited is a 100% owned subsidiary of Rebosis.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2016 R000** | 2015 R000 | **2016 R000** | 2015 R000 |
| **26. Related parties and related party transactions (continued)** | | | | |
| Related parties with whom the company transacted during the year were: | | | | |
| **Billion Property Management Services Proprietary Limited** | | | | |
| Nature of relationship: Directorial - SM Ngebulana | | | | |
| Transactions | | | | |
| Property management fees | 30 327 | 21 120 | 22 084 | 21 120 |
| Facility management fee | | | | |
| Leasing commission | 2 887 | 922 | 2 171 | 922 |
| Balances at year end | | | | |
| Amount owing at year end (included in trade and other payables) | - | - | - | - |
| **Billion Asset Managers Proprietary Limited** | | | | |
| Nature of relationship: Directorial - SM Ngebulana | | | | |
| Transactions | | | | |
| Asset management fees | 33 588 | 25 810 | 33 588 | 25 810 |
| Balances at year end | | | | |
| Amount owing at year end (included in trade and other payables) | 3 440 | 5 393 | 3 440 | 5 393 |
| **Billion Group Proprietary Limited** | | | | |
| Nature of relationship: Directorial - SM Ngebulana | | | | |
| Transactions | | | | |
| Developer guarantee income | 42 316 | 17 763 | 24 353 | 17 763 |
| Salaries paid for Ascension staff | - | - | 4 905 | 2 955 |
| Balances at year end | | | | |
| Amount owing at year end (included in trade and other receivable) | 17 963 | 17 763 | (235) | 17 763 |
| **Nedbank Limited** | | | | |
| Nature of relationship: Directorial - K Reynolds (until 13 April 2016) | | | | |
| Transactions | | | | |
| Director's emoluments | 225 | 270 | 225 | 270 |
| Balances at year end | | | | |
| Amount owing at year end (included in trade and other payables) | - | - | - | - |
| Amount owing at year end (included in interest-bearing borrowings) | 4 641 792 | 3 087 629 | 4 155 446 | 2 602 061 |
| **Ascension Property Management Company Proprietary Limited** | | | | |
| Nature of relationship: Shareholding | | | | |
| *Transactions* | | | | |
| Asset management fee income | - | - | 16 609 | 17 634 |
| *Balance at year end* | | | | |
| Amount owing at year end (including in trade and other payable) | - | - | - | - |

# Notes to the Annual Financial Statements
for the year ended 31 August 2016

## 27. Financial risk management

The company's financial instruments consists mainly of deposits with banks, interest bearing liabilities, derivative instruments, trade and other receivables 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:

| As at 31 August 2016 | Financial assets<br>Loans and receivables<br>R000 | Financial assets<br>At fair value through profit or loss<br>R000 | Financial liabilities<br>At amortised cost<br>R000 | Financial liabilities<br>At fair value through profit or loss<br>R000 | Total<br>R000 |
|---|---|---|---|---|---|
| **GROUP** | | | | | |
| **Financial assets** | | | | | |
| Derivative instruments | | 94 338 | | | 94 338 |
| Trade and other receivables* | 306 068 | | | | 306 068 |
| Cash and cash equivalents | 229 079 | | | | 229 079 |
| **Total financial assets** | 535 147 | 94 338 | - | - | 629 485 |
| **Financial liabilities** | | | | | |
| Interest-bearing borrowings | | | 9 275 687 | | 9 275 687 |
| Derivative instruments | | | | 118 120 | 118 120 |
| Trade and other payables** | | | 199 886 | | 199 886 |
| **Total financial liabilities** | - | - | 9 475 573 | 118 120 | 9 593 693 |
| **COMPANY** | | | | | |
| **Financial assets** | | | | | |
| Investment in subsidiaries | | 2 076 785 | | | 2 076 785 |
| Loan to group companies | 1 946 001 | | | | 1 946 001 |
| Derivative instruments | | 92 674 | | | 92 674 |
| Trade and other receivables* | 124 778 | | | | 124 778 |
| Cash and cash equivalents | 131 358 | | | | 131 358 |
| **Total financial assets** | 2 202 137 | 2 169 459 | - | | 4 371 596 |
| **Financial liabilities** | | | | | |
| Interest-bearing borrowings | | | 4 577 514 | | 4 577 514 |
| Trade and other payables** | | | 66 332 | | 66 332 |
| **Total financial liabilities** | - | - | 4 643 846 | - | 4 643 846 |

* Excludes pre-payments
** Excludes income received in advance and VAT payable

## 27 Financial risk management (continued)

| As at 31 August 2015 | Financial assets Loans and receivables R000 | Financial assets At fair value through profit or loss R000 | Financial liabilities At amortised cost R000 | Financial liabilities At fair value through profit or loss R000 | Total R000 |
|---|---|---|---|---|---|
| **GROUP** | | | | | |
| **Financial assets** | | | | | |
| Derivative instruments | | 17 671 | | | 17 671 |
| Trade and other receivables* | 159 074 | | | | 159 074 |
| Cash and cash equivalents | 174 823 | | | | 174 823 |
| **Total financial assets** | 333 897 | 17 671 | - | - | 351 568 |
| **Financial liabilities** | | | | | |
| Interest-bearing borrowings | | | 7 264 441 | | 7 264 441 |
| Derivative instruments | | | | 1 156 | 1 156 |
| Trade and other payables** | | | 152 243 | | 152 243 |
| **Total financial liabilities** | - | - | 7 416 684 | 1 156 | 7 417 840 |
| **COMPANY** | | | | | |
| **Financial assets** | | | | | |
| Investment in subsidiaries | | 1 643 730 | | | 1 643 730 |
| Loan to group companies | 1 179 999 | | | | 1 179 999 |
| Derivative instruments | | 10 071 | | | 10 071 |
| Trade and other receivables* | 57 082 | | | | 57 082 |
| Cash and cash equivalents | 56 271 | | | | 56 271 |
| **Total financial assets** | 1 293 352 | 1 653 801 | - | - | 2 947 153 |
| Financial liabilities | | | | | |
| Interest-bearing borrowings | | | 3 596 167 | | 3 596 167 |
| Derivative instruments | | | | 1 156 | 1 156 |
| Trade and other payables** | | | 52 948 | | 52 948 |
| **Total financial liabilities** | - | - | 3 649 115 | 1 156 | 3 650 271 |

* Excludes pre-payments
** Excludes income received in advance and VAT payable

### 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 69,4% (2015: 73,7%)(group: 80,7% (2015:75,1%)) of borrowings were hedged in terms of interest rate swap and interest rate cap arrangements.

The weighted average cost of borrowings for the company was 8,9% (2015: 8.2%) (group: 7,2% (2015: 8,1%).

An increase of 1% in the prime interest rate will result in an increased interest cost of R91,7 million(2015: R16.3 million) (group: R110.0 million (2015: R31.9 million)) per annum in respect of the floating portion of the debt.

# Notes to the Annual Financial Statements
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## 27. Financial risk management (continued)

### 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 undrawn 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:

| As at 31 August 2016 | Weighted average effective interest rate % | Less than one year R | One to five years R | More than five years R | Total R |
|---|---|---|---|---|---|
| **GROUP** | | | | | |
| **Financial assets** | | | | | |
| Derivative instruments | | 21 822 | 70 852 | | 94 338 |
| Trade and other receivables | | 306 068 | | | 306 068 |
| Cash and cash equivalents | 5.40 | 229 079 | | | 229 079 |
| **Total financial assets** | | 556 969 | 70 852 | - | 672 821 |
| **Financial liabilities** | | | | | |
| Interest-bearing borrowings | 7.20 | 1 223 203 | 8 052 484 | | 9 275 687 |
| Derivative instruments | | | 118 120 | | 118 120 |
| Trade and other payables | | 199 886 | | | 199 886 |
| **Total financial liabilities** | | 1 423 090 | 8 170 604 | - | 9 593 694 |
| Interest payments relating to interest bearing borrowings above | | 637 444 | 706 756 | | 1 344 201 |
| **COMPANY** | | | | | |
| **Financial assets** | | | | | |
| Derivative instruments | | | 70 852 | | 70 852 |
| Trade and other receivables | | 124 778 | | | 124 778 |
| Cash and cash equivalents | 5.40 | 131 358 | | | 131 358 |
| **Total financial assets** | | 256 136 | 70 852 | - | 326 988 |
| **Financial liabilities** | | | | | |
| Debentures | | | | - | - |
| Interest bearing borrowings | 8.90 | 670 241 | 3 907 273 | | 4 577 514 |
| Trade and other payables | | 66 333 | | | 66 333 |
| **Total financial liabilities** | | 736 574 | 3 907 273 | - | 4 643 847 |
| Interest payments relating to interest bearing borrowings above | | 391 219 | 446 766 | | 837 985 |

## 27 Financial risk management (continued)

| As at 31 August 2015 | Weighted average effective interest rate % | Less than one year R | One to five years R | More than five years R | Total R |
|---|---|---|---|---|---|
| **GROUP** | | | | | |
| **Financial assets** | | | | | |
| Derivative instruments | | | 17 671 | | 17 671 |
| Trade and other receivables | | 159 074 | | | 159 074 |
| Cash and cash equivalents | 4.78 | 174 823 | | | 174 823 |
| **Total financial assets** | | **333 897** | **17 671** | **-** | **351 568** |
| **Financial liabilities** | | | | | |
| Interest bearing borrowings | 8.10 | 1 893 700 | 5 370 741 | | 7 264 441 |
| Derivative instruments | | | 1 156 | | 1 156 |
| Trade and other payables | | 152 243 | | | 152 243 |
| **Total financial liabilities** | | **2 045 943** | **5 371 897** | **-** | **7 417 840** |
| Interest payments relating to interest bearing borrowings above | | 381 545 | 348 881 | | 730 426 |
| **COMPANY** | | | | | |
| **Financial assets** | | | | | |
| Loan to group companies | | | 1 179 999 | | 1 179 999 |
| Derivative instruments | | | 10 071 | | 10 071 |
| Trade and other receivables | | 57 082 | | | 57 082 |
| Cash and cash equivalents | 4.15 | 56 271 | | | 56 271 |
| **Total financial assets** | | **113 353** | **1 190 070** | **-** | **1 303 423** |
| **Financial liabilities** | | | | | |
| Interest bearing borrowings | 8.20 | 1 757 152 | 1 839 015 | | 3 596 167 |
| Derivative instruments | | | 1 156 | | 1 156 |
| Trade and other payables | | 52 948 | | | 52 948 |
| **Total financial liabilities** | | **1 810 100** | **1 840 171** | **-** | **3 650 271** |
| Interest payments relating to interest bearing borrowings above | | 228 953 | 198 534 | | 427 487 |

### Credit risk

Credit risk arises from the risk that a tenant may default or not meet its obligations timeously. The financial position of the tenants is monitored on an ongoing basis. The risk is minimised as receivables are spread over a wide tenant base. Allowance is made for specific doubtful debts and credit risk is therefore limited to the carrying amount of the financial asset at year end.

The impairment allowance at 31 August 2016 of R14,6 million (2015: R10,5 million) (company: R11,6 million (2015: R8,7 million)) relates to tenants who have either vacated the premises or who have been handed over for non payment.

Management does not consider there to be any credit risk exposure that is not already covered in the impairment. The carrying value of receivables is considered to reasonably approximate fair value.

### Foreign exchange risk

Foreign exchange risk is the risk that changes in foreign exchange rates which can affect the company's income or the fair value of its holdings of financial instruments. This is currently rated as moderate risk due to the strength of the pound (GBP) against the Rand. Currency exchange contracts are used to manage the exposure to foreign exchange rate risks for the group. This is in the form of cross currency swap arrangements.

Following the UK referendum vote on 23 June 2016, there are a number of risks and uncertainties that may affect the South African investor, namely:

- a possible currency instability (the Rand/GBP relationship),
- Economic instability in UK markets

The group continuously assesses foreign currency exposure and if required will take out adequate cover to mitigate the risk. Subsequent to the reporting period end, the group has considered additional forward cover contracts which hedge the future cash flow value of distributions payable by the UK subsidiary.

# Notes to the Annual Financial Statements
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## 28 Capital management

The company's borrowings, excluding debentures, are limited to 50% of the valuation of the assets under management in terms of the existing debt covenants and to 65% in terms of the articles of the company.

As at 31 August 2016, the unutilised borrowing capacity of the company was as follows:

| | COMPANY | |
|---|---|---|
| | **2016 R000** | 2015 R000 |
| Assets under management | **9 824 285** | 8 682 430 |
| 50% thereof | **4 912 143** | 4 341 215 |
| Total borrowings | **4 577 514** | 3 599 485 |
| Unutilised borrowing capacity | **334 629** | 741 730 |

Management is comitted to a gearing level of a maximum of 45%.

## 29. 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 1.14.3 for the fair value estimation techniques used.

| **GROUP Assets** | **Assets carried at fair value through profit and loss R000** | **Level 1 R000** | **Level 2 R000** | **level 3 R000** |
|---|---|---|---|---|
| **31 August 2016** | | | | |
| **RECURRING** | | | | |
| Investment property | **16 996 072** | | | **16 996 072** |
| Derivative instruments | **94 338** | | **94 338** | |
| **NON-RECURRING** | | | | |
| Investment proprties held for sale | **1 156 698** | | | **1 156 698** |
| **31 August 2015** | | | | |
| **RECURRING** | | | | |
| Investment property | 14 555 401 | | | 14 555 401 |
| Derivative instruments | 17 671 | | 17 671 | |

| **Liabilities RECURRING** | **Liabilties designated at fair value through profit and loss R000** | **Level 1 R000** | **Level 2 R000** | **level 3 R000** |
|---|---|---|---|---|
| **31 August 2016** | | | | |
| Dervative instruments | 118 120 | | 118 120 | |
| **31 August 2015** | | | | |
| Dervative instruments | 1 156 | | 1 156 | |

## 29. Fair value hierarchy (continued)

| COMPANY<br>Assets | Assets carried at fair value through profit and loss<br>R000 | Level 1<br>R000 | Level 2<br>R000 | level 3<br>R000 |
|---|---|---|---|---|
| **31 August 2016** | | | | |
| **RECURRING** | | | | |
| Investment property | **7 747 500** | | | **7 747 500** |
| Investment in subsidiaries | **2 076 785** | **1 889 268** | **187 517** | |
| Derivative instruments | **92 674** | | **92 674** | |
| **NON-RECURRING** | | | | |
| Investment proprties held for sale | **997 498** | **997 498** | | |
| **31 August 2015** | | | | |
| **RECURRING** | | | | |
| Investment property | 7 038 700 | 7 038 700 | | |
| Investment in subsidiaries | 1 643 730 | 1 164 973 | 478 757 | |
| Derivative instruments | 10 071 | 10 071 | | |

## 30. Segmental report

The group has three reportable segments as described below. These segments are managed separately based on the nature of the operations. For each of the segments, the group's CEO (the group's chief operating decision-maker) reviews internal management reports monthly. The CEO considers earnings before taxation to be an appropriate measure of each segment's performance.

| | Property portfolio | | | | | |
|---|---|---|---|---|---|---|
| **2016** | **Retail**<br>R000 | **Office**<br>R000 | **Industrial**<br>R000 | **Total**<br>R000 | **Admin and corporate costs**<br>R000 | **Total**<br>**R000** |
| Property portfolio | 816 779 | 964 960 | 28 242 | 1 809 981 | - | **1 809 981** |
| Contractual rental income | 820 280 | 987 972 | 27 515 | 1 835 767 | - | **1 835 767** |
| Straight line rental income accrual | (3 501) | (23 012) | 727 | (25 786) | - | **(25 786)** |
| Net income from facilities management | - | 23 109 | - | 23 109 | - | **23 109** |
| Sundry income | 1 103 | 46 | - | 1 149 | 1 057 | **2 206** |
| **Total revenue** | 817 882 | 988 115 | 28 242 | 1 834 239 | 1 057 | **1 835 296** |
| Operating costs | (195 389) | (231 889) | (3 410) | (430 688) | - | **(430 688)** |
| Administration and corporate costs | - | - | - | - | (153 115) | **(153 115)** |
| Changes in fair values | 471 084 | 487 384 | 38 764 | 997 232 | 186 222 | **1 183 454** |
| Finance charges | - | - | - | - | (561 864) | **(561 864)** |
| **Segment profit before taxation** | 1 093 577 | 1 243 610 | 63 596 | 2 400 783 | (527 700) | **1 873 083** |
| Investment property | 8 952 372 | 7 934 700 | 109 000 | 16 996 072 | - | **16 996 072** |
| Investment property held for sale | - | 1 006 698 | 150 000 | 1 156 698 | - | **1 156 698** |
| Other assets | 304 001 | 236 390 | 29 940 | 570 331 | 378 805 | **949 136** |
| **Total assets** | 9 256 373 | 9 177 788 | 288 940 | 18 723 101 | 378 805 | **19 101 906** |
| **Total liabilities** | 70 776 | 95 268 | 5 278 | 171 322 | 9 468 300 | **9 639 622** |

# Notes to the Annual Financial Statements
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## 30. Segmental report (continued)

| | Property portfolio | | | | | |
|---|---|---|---|---|---|---|
| | Retail | Office | Industrial | Total | Admin and corporate costs | Total |
| **2015** | R000 | R000 | R000 | R000 | R000 | **R000** |
| Property portfolio | 378 506 | 455 816 | 15 672 | 949 618 | 60 262 | **1 009 880** |
| Contractual rental income | 364 587 | 417 808 | 14 105 | 896 124 | - | **896 124** |
| Listed property securities income | | | | | 60 262 | **60 262** |
| Straight line rental income accrual | 13 919 | 38 008 | 1 567 | 53 494 | - | **53 494** |
| Net income from facilities management | - | 21 051 | - | 21 051 | - | **21 051** |
| Management fees received | - | - | - | - | 18 891 | **18 891** |
| Sundry income | 957 | (15) | | 941 | 766 | **1 707** |
| **Total revenue** | 379 463 | 476 852 | 15 672 | 971 610 | 79 919 | **1 051 529** |
| Operating costs | (126 061) | (85 217) | (402) | (226 735) | - | **(226 735)** |
| Administration and corporate costs | - | - | - | - | (111 831) | **(111 831)** |
| Changes in fair values | (70 353) | 119 789 | 5 021 | 77 342 | 59 592 | **136 935** |
| Gain on bargain purchase | - | - | - | - | 53 756 | **53 756** |
| Finance charges | - | - | - | - | (282 078) | **(282 078)** |
| **Segment profit before taxation** | 183 049 | 511 424 | 20 291 | 822 217 | (200 642) | **621 576** |
| Investment property | 3 051 000 | 3 842 200 | 145 500 | 7 038 700 | 7 516 701 | **14 555 401** |
| Other assets | 296 616 | 29 887 | 36 688 | 363 192 | 323 958 | **687 150** |
| **Total assets** | 3 347 616 | 3 872 087 | 182 188 | 7 401 892 | 7 840 659 | **15 242 551** |
| **Total liabilities** | 10 174 | 10 297 | - | 20 471 | 7 444 884 | **7 465 355** |

| **Non-IFRS information**<br>**Reconciliation of profit before tax to distributable earnings:** | **2016**<br>**R000** | 2015<br>R000 |
|---|---|---|
| Total segment profit before taxation (as per above) | **1 873 083** | 621 576 |
| Debenture interest | **-** | (346 811) |
| Taxation | **1 104** | (13 499) |
| Profit from discontinued operations | **-** | 1 009 |
| **Profit for the year** | **1 874 187** | 262 275 |
| **Less:** Portion attributable to non-controlling interests | **(167 241)** | 264 |
| Adjusted for: | | |
| Debenture interest | **-** | 346 811 |
| Changes in fair value | **(1 183 454)** | (136 935) |
| Gain on bargain purchase | **-** | (53 756) |
| Straight line rental accrual | **25 786** | (53 494) |
| Amortisation of structuring fees | **7 843** | 6 241 |
| Corporate transaction costs | **74 789** | 323 |
| Antecedent interest | **43 694** | 29 112 |
| Dividend income distributed in previous periods | **(78 970)** | - |
| Anticipated distribution from listed REIT subsidiaries | **136 479** | 79 714 |
| Antecedent dividend on anticipated distribution | **-** | 33 696 |
| Consolidation adjustments between group entities: | **(100 293)** | 57 879 |
| Reversal of underwriting fee income | **-** | 35 400 |
| Transaction cost aring on Ascension acquisition | **-** | 10 568 |
| Non-controlling interests | **-** | 6 813 |
| Effects of translation | **(100 293)** | 5 098 |
| **Distributable earnings attributable to shareholders/owners of the parent** | **632 821** | 572 130 |
| **Dividend per share** | **119.45** | 110.41 |

## 30. Segmental report (continued)

Major customers by segment:

*Retail (South Africa and UK)*

Top retail tenants for the South African portfolio include Foschini, Mr Price, Edcon, Truworths, Pepkor, Shoprite, Pick 'n Pay, Woolworths, Game Massmart and Spar. Top tenants for the UK portfolio include New Look, Boots UK Ltd, Debenhams, H&M, Marks & Spencer, Top Shop and WH Smith Retail. No single customer contributes more than 10% to rental income.

*Office (South Africa)*

Top office tenants for the office portfolio include the South African national government, provincial government and others (private sector clients, local government and government agencies). These contribute 37.5%, 19.9% and 42.8% contribution to office rental income respectively.

*Industrial (South Africa)*

Top industrial tenants include Antalis, Vee Craft Marine and the national Department of Environmental Affairs.

Refer to group portfolio summary for more information on the geographical and sectoral spread of the operating segments (pages 9 to 19).

## 31 Business combinations

On 23 September 2015 the group acquired Houndshill Shopping Centre in Blackpool by acquiring the whole of the issued share capital in BCC Eiffel S.a.r.l.

Management assessed the acquisition and concluded the acquisition was a business combination in terms of IFRS 3 Business Combinations and was therefore accounted for in terms of that standard. In the opinion of management, the property acquired constitutes a business as defined in terms of this IFRS. The costs of acquisition which have been recognised in the consolidated statement of profit and loss and other comprehensive income (part of administration costs) amount to R54,4 million.

The following table summarises the consideration paid for BCC Eifel S.a.r.l. and fair values of the assets acquired and liabilities assumed recognised at acquisition date.

| | |
|---|---|
| Investment property | 2 081 868 |
| Trade and other receivables | 3 843 |
| Cash and cash equivalents | 37 877 |
| Trade and other payables | (54 883) |
| Borrowings | (1 792 101) |
| Fair value of net assets | 276 604 |
| Cash consideration paid | (276 604) |
| Goodwill arising on acquisition | - |
| Amounts recognised in the profit and loss since acquisition | |
| Revenue | 154 196 |
| Profit after tax | 18 075 |

Had BCC Eiffel been consolidated from 1 September 2015, revenue for the year would have been higher by R9,86 million and profit would have been higher by R7,26 million respectively.

**Net cash outflow on accquisition of subsidiaries**

| | |
|---|---|
| Consideration paid in cash | 276 604 |
| Less cash and cash equivalents balances acquired | (37 877) |
| Total consideration | 238 727 |

The group is continuing to pursue dominant retail assets in towns in the UK. However, following the decision of the UK to vote to leave the European Union (EU) new acquisitions have been delayed. The UK now faces a period of uncertainty before exit (if indeed it actually occurs) whilst negotiations between the UK and the other EU member countries begin. The Board has decided to proceed with caution until the uncertainty in the UK economy has reduced and there is more clarity on the state of the property investment market.

# Notes to the Annual Financial Statements
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## 31 Business combinations (continued)

Acquisitions in the previous period

On 31 August 2015 Rebosis acquired additional units that gave rise to an effective 59% controlling interest in Ascension Properties Limited ("Ascension").

The following summarises the amounts of assets acquired and liabilities assumed at the acquisition date:

| | Acquiree's carrying amount R000 | Fair value of assets acquired R000 Restated |
|---|---|---|
| Investment property | 3 832 400 | 3 832 400 |
| Derivative instruments | 4 021 | 4 021 |
| Property, plant and equipment | 76 | 76 |
| Trade and other receivables | 50 593 | 50 593 |
| Cash and cash equivalents | 16 380 | 16 380 |
| Interest bearing borrowings | (1 563 204) | (1 563 204) |
| Trade and other payables | (38 719) | (38 719) |
| Total identifiable assets | 2 301 547 | 2 301 547 |
| Non-controlling interests | | (943 782) |
| Initial investment amount | | (658 067) |
| Intangible asset transferred | | (149 983) |
| Gain on bargain purchase* | | (53 756) |
| Purchase consideration funded by issue of shares | | 495 959 |
| Purchase consideration paid for in cash | | - |
| Less: cash and cash equivalents acquired | | (16 380) |
| Cash outflow on acquisition | | (16 380) |

*The bargain purchase price arose as a result of the swap ratios accepted by the Ascension shareholders, which swap ratios were favourable for Rebosis shareholders.

Had the subsidiary been acquired on 1 September 2014, the contribution to revenue and net profit before tax would have been R495.7 million and R24.6 million respectively.

On 14 April 2015 the group acquired two businesses via its controlling interest in New Frontier Properties Limited The following summarises the amounts of assets acquired and liabilities assumed at the acquisition date:
Fair value of assets acquired

Acquiree's carrying amount

| | | |
|---|---|---|
| Investment property | 3 226 117 | 3 226 117 |
| Deferred tax | 6 522 | 6 522 |
| Trade and other receivables | 89 482 | 89 482 |
| Cash and cash equivalents | 22 421 | 22 421 |
| Trade and other payables | (109 832) | (109 832) |
| Interest bearings borrowings | (2 421 049) | (2 421 049) |
| Total identifiable assets and cash consideration paid | 813 661 | 813 661 |
| Purchase consideration paid for in cash | | 813 661 |
| Less: cash and cash equivalents acquired | | (22 421) |
| Cash outflow on acquisition | | 791 240 |

Had the acquired businesses been acquired on 1 September 2014, the contribution to revenue and net profit before tax would have been R28,3 million and R42,4 million respectively.

| | | |
|---|---|---|
| Net cash flows on acquisitions | | 775 117 |

## 31 Business combinations (continued)

On 26 March 2015 Rebosis acquired a controlling interest (61.9%) in New Frontier Properties Limited ("New Frontier").

The following summarises the assets acquired at acquisition date:

| | Acquiree's carrying amount R000 | Fair value of assets acquired R000 Restated |
|---|---|---|
| Total identifiable assets (net equity) | 1 531 986 | 1 531 986 |
| Non-controlling interests | | (560 115) |
| Goodwill | | 208 128 |
| Purchase consideration funded by cash | | 1 179 999 |
| Cash outflow on acquisition | | 1 179 999 |

## 32. Group entities

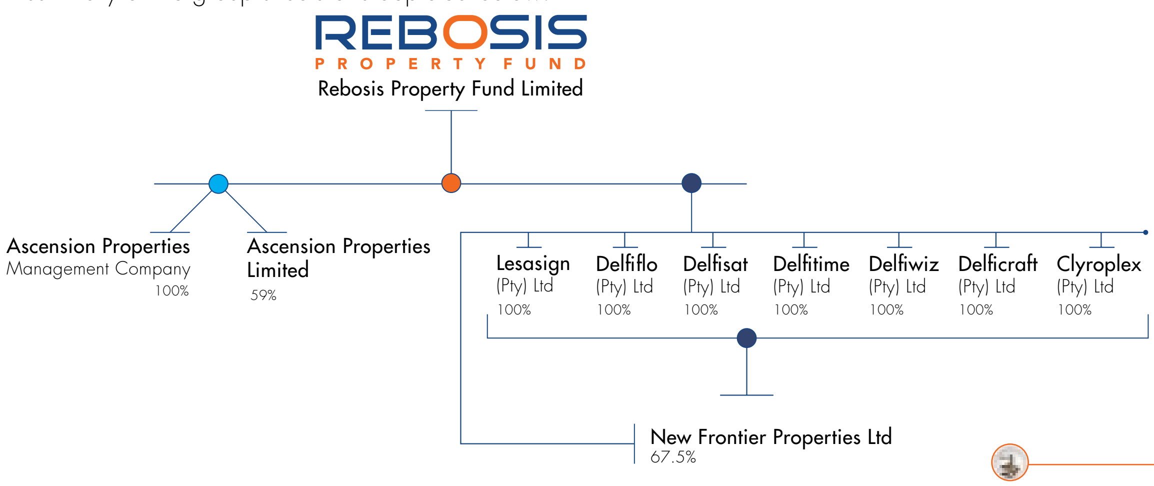
The following are the shareholdings of the companies in the various group entities:

| | Country of Incorporation | Principal place of business | 2016 | 2015 |
|---|---|---|---|---|
| Dalolex Proprietary Limited | South Africa | South Africa | 100.00% | 0.00% |
| Ascension Property Management Company Proprietary Limited | South Africa | South Africa | 100.00% | 100.00% |
| Ascension Properties Limited | South Africa | South Africa | 59.00% | 59.00% |
| Lesasign Proprietary Limited | South Africa | South Africa | 100.00% | 100.00% |
| Delfiflo Proprietary Limited | South Africa | South Africa | 100.00% | 100.00% |
| Delfisat Proprietary Limited | South Africa | South Africa | 100.00% | 100.00% |
| Delfitime Proprietary Limited | South Africa | South Africa | 100.00% | 100.00% |
| Delfiwiz Proprietary Limited | South Africa | South Africa | 100.00% | 100.00% |
| Delficraft Proprietary Limited | South Africa | South Africa | 100.00% | 100.00% |
| Clyroplex Proprietary Limited | South Africa | South Africa | 100.00% | 100.00% |
| New Frontier Properties Limited ** | Mauritius | United Kingdom | 67.49% | 61.90% |
| Phomella Property Investments Proprietary Limited # | South Africa | South Africa | 100.00% | 100.00% |
| Hemingways Shopping Centre Proprietary Limited # | South Africa | South Africa | 100.00% | 100.00% |
| Mdantsane Shopping Centre Proprietary Limited # | South Africa | South Africa | 100.00% | 100.00% |

** Indirectly held

# These entities are dormant

A summary of the group structure is depicted below:



# Notes to the Annual Financial Statements
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## 33. Non-controlling interests

The following subsidiaries have a material non-controlling interest ("NCI").

| Name | Country of incorporation | Principal place of business | Nature of business | Ownership interest held by NCI 2016 R000 | 2015 R000 |
|---|---|---|---|---|---|
| Ascension Properties Group (NCI: 41%) | South Africa | South Africa | Office and Industrial | **1 091 965** | 943 782 |
| New Frontier Group (NCI: 32,5%) | Mauritius | United Kingdom | Retail | **674 145** | 633 572 |
| Total | | | | **1 766 110** | 1 577 354 |
| **Movement during the year** | | | | | |
| Balance beginning of year | | | | **1 577 354** | - |
| Acquisition of shares in New Frontier Group | | | | **-** | 566 367 |
| Acquisition of shares in Ascension Properties Group | | | | **-** | 943 782 |
| Shares issued on acquisition of Blackpool | | | | **186 512** | |
| Dividends paid | | | | **(131 560)** | - |
| Profit/(loss) for the year | | | | **167 241** | (264) |
| Other comprehensive income | | | | **(33 438)** | 67 469 |
| Balance at end of year | | | | **1 766 110** | 1 577 354 |

The following is summarised financial information for the Ascension Properties and New Frontier groups, prepared in accordance with IFRS, modified for fair value adjustments on acquisition and differences in the group's accounting policies. The information is before intercompany eliminations with other companies in the Group.

| | New Frontier Group 2016 R000 | 2015 R000 | Ascension Properties Group 2016 R000 | 2015 R000 |
|---|---|---|---|---|
| Current assets | **180 866** | 156 190 | **102 759** | 67 333 |
| Non-current assets | **5 198 234** | 3 687 879 | **4 229 019** | 3 836 497 |
| Current liabilities | **(91 453)** | (75 550) | **(611 110)** | (175 267) |
| Non-current liabilities | **(3 213 993)** | (2 105 074) | **(1 057 338)** | (1 426 656) |
| **Net assets** | **2 073 653** | 1 663 445 | **2 663 331** | 2 301 907 |
| Net assets attributable to NCI Revenue | **674 145** | 633 572 | **1 091 966** | 943 782 |
| NCI Revenue | **218 774** | 100 390 | **142 675** | 83 369 |
| Profit | **211 232** | 17 520 | **(5 227)** | 22 920 |
| Cash flows from operating activities | **(109 303)** | 12 061 | **78 829** | 34 960 |
| Cash flows from investing activities | **(246 756)** | (900 096) | **(102 895)** | (16 223) |
| Cash flows from financing activities | **258 193** | 990 004 | **34 960** | (52 633) |
| **Net increase in cash and cash equivalents** | **(97 866)** | 101 969 | **10 894** | (33 896) |

## 34 Discontinued operations

There were no discontinued operations in the current year.

On 20 July 2015, the group disposed of its investment in Coastal Building Holdings Limited (part of the New Frontier Properties Group).

Analysis of assets and liabilities over which control was lost:

| | |
|---|---|
| Investment property | 21 054 |
| Cash and cash equivalents | 135 |
| Trade and other receivables | 1 311 |
| Trade and other payables | (443) |
| Borrowings | (10 488) |
| Net assets disposed of | 11 569 |
| Cost of disposal | (1 716) |
| Loss on disposal of subsidiary | 9 852 |
| Consideration received | 11 568 |
| Cost of disposal | (1 716) |
| Net assets disposed of | (11 568 |
| Loss on disposal | 9 852 |

The loss on disposal was included in the profit for the year from discontinued operations in the consolidated financial statements.

An analysis of the result of discontinued operation in respect of the New Frontier subsidiary which was disposed of during the period is given below:

| | **Period from 1 January 2015 to 31 August 2015 R000** | **Period from 5 June 2014 to 31 December 2014 R000** |
|---|---|---|
| Revenue | 1 326 | 1 401 |
| Expenses | (75) | (729) |
| Fair value loss on investment property | - | (803) |
| Finance cost | 243 | (318) |
| Profit/(loss) before tax on discontinued operations | 1 495 | (448) |
| Taxation | - | - |
| Profit/(loss) before tax on discontinued operations | 1 495 | (448) |
| Profi/(loss) attributable to: | | |
| | 1 009 | - |
| | 486 | (448) |
| | 1 495 | (448) |
| Operating cash flow | 1 002 | (532) |
| Investing cash flows | - | (14 739) |
| Financing cash flows | (879) | 14 453 |
| Total cash flows | 123 | (818) |

# Notes to the Annual Financial Statements
for the year ended 31 August 2016

## 35 Restatements in the comparative statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows

Following a review of the Group's annual financial statements for the year ended 31 August 2015 by the JSE in terms of their pro-active monitoring of financial statements process, the Group has restated the following items in the 2015 statement of financial position, statement of profit or loss and comprehensive income, statement of cash flows and statement of changes in equity:

(a) The Group converted its linked unit structure to an all share capital structure on 8 June 2015. A distribution was declared on 30 June 2015 amounting to R171.2 million, which was accounted for as debenture interest in the statement of comprehensive income.

However, as the debentures were carried at amortised cost using the effective interest rate method, debenture interest of R140.3 million should have accrued in profit or loss until the date of capital conversion on 8 June 2015. This gives rise to an error of R30.9 million on the debenture interest line in the statement of comprehensive income. Due to this, the carrying value of the debentures at date of conversion to share capital would have been R3.25 billion, and not the R3.11 billion as previously reported. In addition, the actual payment to shareholders of R171.2 million should have been accounted for as a dividend in the statement of changes in equity.

(b) The Group acquired a controlling interest of 61.9 % in New Frontier Properties Limited ("NFP") during March 2015. As the Group's share in the net assets (mainly cash) was lower than the purchase price paid for the controlling stake, a control premium of R236 million was recognized on consolidation of NFP. Management incorrectly concluded that as NFP did not have a business on date of acquisition (as NFP had mainly cash and no other assets), that the control premium should be accounted for as a day one transaction with the non-controlling shareholders, and this was therefore debited directly to reserves in the statement of changes in equity. However, whilst NFP's only substantial asset at the time of acquisition was cash, NFP was a fully functioning company with a business plan, with certain acquisitions in the pipeline, which were executed in the month after the Group acquired their controlling stake. NFP was also at the date of acquisition of the controlling stake listed primarily on the Mauritian Stock Exchange, with a secondary listing on the JSE. Therefore, this control premium should have been allocated to goodwill on date of acquisition.

Set out below is the impact of these changes based on (a) and (b) above on the comparative statement of financial position, the comparative statement of profit or loss and other comprehensive income, statement of cash flows and the comparative statement of changes in equity for the year ended 31 August 2015. No other financial periods were affected by the restatement and accordingly, only the 2015 statement of financial position is presented.

| | **Restated comparative 2015 R 000's** | **Published 2015 R 000's** | **Difference R 000's** |
|---|---|---|---|
| **Statement of profit or loss and comprehensive income** | | | |
| **GROUP IMPACT** | | | |
| Profit before debenture interest and taxation | 621 576 | 621 576 | - |
| Debenture interest | (346 811) | (377 675) | 30 864 |
| Profit before taxation | 274 765 | 243 901 | 30 864 |
| Taxation | (13 499) | (13 499) | - |
| Total profit for the year before discontinued operations | 261 266 | 230 402 | 30 864 |
| Discontinued operations | 1 009 | 1 009 | - |
| Total profit for the year | 262 275 | 231 411 | 30 864 |
| Earnings per share (cents) | 61.92 | 54.64 | 7.28 |

## 35 Restatements in the comparative statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows (continued)

| | Restated comparative 2015 R 000's | Published 2015 R 000's | Difference R 000's |
|---|---|---|---|
| **Statement of changes in equity** | | | |
| **GROUP IMPACT** | | | |
| Balance at 31 August 2014 | 1 832 554 | 1 832 554 | - |
| Issue of shares | 914 938 | 914 938 | - |
| Conversion of capital structure | 3 251 209 | 3 110 918 | 140 291* |
| Dividend paid | (171 155) | - | (171 155)* |
| Profit for the year | 262 275 | 231 411 | 30 864* |
| Arising on investment in New Frontier Limited | 566 367 | 330 295 | 236 072 |
| Arising on acquisition of Ascension Properties Limited | 943 782 | 943 782 | - |
| Foreign currency translation reserve | 177 226 | 177 226 | - |
| Balance at 31 August 2015 | 7 777 196 | 7 541 124 | 236 072 |

* Net difference amounts to R Nil.

| | Restated comparative 2015 R 000's | Published 2015 R 000's | Difference R 000's |
|---|---|---|---|
| **Statement of cash flows** | | | |
| **GROUP IMPACT** | | | |
| Cash generated from operations | 715 917 | 715 917 | - |
| Debenture interest paid | (432 567) | (603 722) | 171 155 |
| Dividend paid | (171 155) | - | (171 155) |
| Net finance charges paid | (275 838) | (275 838) | - |
| Net cash utilised in operating activities | (163 643) | (163 643) | - |
| **Statement of financial position** | | | |
| **GROUP IMPACT** | | | |
| **Assets** | | | |
| Non current assets | | | |
| Investment property | 14 555 401 | 14 555 401 | - |
| Goodwill | 331 775 | 95 703 | 236 072 |
| Derivative instruments | 17 671 | 17 671 | - |
| Property, plant and equipment | 508 | 508 | - |
| Current assets | 337 196 | 337 196 | - |
| Total assets | 15 242 551 | 15 006 479 | 236 072 |
| **Equity and liabilities** | | | |
| Equity | | | |
| Stated capital | 5 219 879 | 5 079 588 | 140 291 |
| Reserves | 870 206 | 774 425 | 95 781 |
| Foreign currency translation reserve | 109 757 | 109 757 | - |
| Non controlling interests | 1 577 354 | 1 577 354 | - |
| Total equity | 7 777 196 | 7 541 124 | 236 072 |
| Long term liabilities | 5 372 421 | 5 372 421 | - |
| Current liabilities | 2 092 934 | 2 092 934 | - |
| Total equity and liabilities | 15 242 551 | 15 006 479 | 236 072 |

The goodwill recognised is attributable to the retail segment and is allocated to retail assets under the segment report.

# Notes to the Annual Financial Statements
for the year ended 31 August 2016

## 35 Restatements in the comparative statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows (continued)

| | Restated comparative 2015 R 000's | Published 2015 R 000's | Difference R 000's |
|---|---|---|---|
| **Statement of profit or loss and comprehensive income** | | | |
| **COMPANY IMPACT** | | | |
| Profit before debenture interest and taxation | 919 348 | 919 348 | - |
| Debenture interest | (346 811) | (377 675) | 30 864 |
| Profit before taxation | 572 537 | 541 673 | 30 864 |
| Total profit for the year | 572 537 | 541 673 | 30 864 |
| **Statement of changes in equity** | | | |
| **COMPANY IMPACT** | | | |
| Balance at 31 August 2014 | 1 832 554 | 1 832 554 | - |
| Issue of shares | 914 938 | 914 938 | - |
| Conversion of capital structure | 3 251 209 | 3 110 918 | 140 291* |
| Dividend paid | (171 155) | - | (171 155)* |
| Profit for the year | 572 537 | 541 673 | 30 864* |
| Balance at 31 August 2015 | 6 400 083 | 6 400 083 | - |
| * Net difference amounts to R Nil. | | | |
| **Statement of cash flows** | | | |
| **COMPANY IMPACT** | | | |
| Cash generated from operations | 698 239 | 698 239 | - |
| Debenture interest paid | (432 567) | (603 722) | 171 155 |
| Dividend paid | (171 155) | - | (171 155) |
| Net finance charges paid | (216 064) | (216 064) | - |
| Net cash utilised in operating activities | (121 547) | (121 547) | - |
| **Statement of financial position** | | | |
| **COMPANY IMPACT** | | | |
| **Assets** | | | |
| Non current assets | 9 968 630 | 9 968 630 | - |
| Current assets | 113 890 | 113 890 | - |
| Total assets | 10 082 520 | 10 082 520 | - |
| **Equity and liabilities** | | | |
| Equity | | | |
| Stated capital | 5 219 879 | 5 079 588 | 140 291 |
| Reserves | 1 180 204 | 1 320 495 | (140 291) |
| Total equity | 6 400 083 | 6 400 083 | - |
| Long term liabilities | 1 840 171 | 1 840 171 | - |
| Current liabilities | 1 842 266 | 1 842 266 | - |
| Total equity and liabilities | 10 082 520 | 10 082 520 | - |

## 36. Subsequent events

The following events occurred after the reporting date and up to the date of this report:

### Acquisition of shopping centres, property and asset management businesses ("the Billion transaction")

With effect from 3 October 2016, Rebosis acquired 100% of Billion Property Developments (Pty) Ltd ("BPD") which owns Forest Hill City Mall (Centurion)), Baywest City Mall (Pty) Ltd ("Baywest" which owns Baywest City Mall), Billion Asset Managers (Pty) Ltd (the asset management business) and Billion Property Services (Pty) Ltd (the property services business) for a total consideration of R4.9 billion. The transaction as further detailed in the circular posted to Rebosis shareholders on 2 September 2016, has been successfully consummated with Rebosis receiving 88% of the vote in favour of all resolutions proposed for the transaction. The acquisition price of R4.9 billion will be settled by new debt facilities of R3.7 billion and an equity raise of R1.2 billion (of which R700 million is deferred over the next two years at R350 million each year). R1.5 billion of this debt will be settled through the disposals of non-core commercial assets as detailed below.

The transaction will be accounted for in terms of IFRS3 Business Combinations and a full purchase price allocation will be performed within twelve months as allowed by the standard. Due to the fact that the release of these results is so close to the effective date of the transactions, it is not possible to make the required IFRS 3 disclosures as the initial accounting is still incomplete. This acquisition is part of the Rebosis long-term strategy to become a more retail focused fund.

### Firm intention by Rebosis to acquire 100% Ascension A shares

As detailed on SENS on 27 October 2016, Ascension and Rebosis have concluded an agreement in terms of which Rebosis has given notice of its firm intention to offer to acquire all of the Ascension A ordinary shares that Rebosis does not already own in exchange for Rebosis A ordinary shares, by scheme of arrangement (the "scheme"), on a swap ratio of 19.34236 Rebosis A ordinary consideration shares for every 100 Ascension A shares held.

As further detailed on SENS on 6 February 2017, Rebosis subsequently disposed 28 001 628 Ascension A ordinary shares, being all of the Ascension A shares Rebosis owns ("the disposed shares") to Meago Asset Managers Proprietary Limited at R4.05 per share, payable in cash, for an aggregate consideration of R113.4 million. Upon the implementation of the A share scheme, the Ascension A shares will be delisted and Rebosis, as offeror, will not receive any Rebosis A ordinary shares but will instead acquire all of Ascension A shares.

The proposed transaction will result in an enlarged market capitalisation for Rebosis, with economies of scale and enhanced liquidity. The terms of the Rebosis A ordinary shares effectively mirror the terms of the Ascension A ordinary shares. In addition, the cash-cover ratio applicable to the Rebosis A ordinary shares will be significantly higher than the cash-cover ratio applicable to Ascension A shares. Full details of the scheme will be set out in a joint circular which will be distributed by Rebosis and Ascension to each of the Ascension A shareholders in due course and which will include an independent expert report on the scheme, a notice of the general meeting of Ascension A shareholders to approve the scheme and the salient dates and times applicable to the scheme.

### Disposal of Assets

Disposal of assets continue for the R1.5 billion indicated to shareholders of which R1.156 billion (this includes Ascension disposals) has been formally committed to and announced on SENS. Further offers have been received and are being considered and negotiated with the potential buyers on the remaining R0.5bn by management. The R1.156 billion of assets committed through sale agreements have been classified as assets held for sale on the statement of financial position.

### Dividend Declared

The company declared a dividend amounting to R339 555 999 (62.66 cents per share) on 7 November 2016.

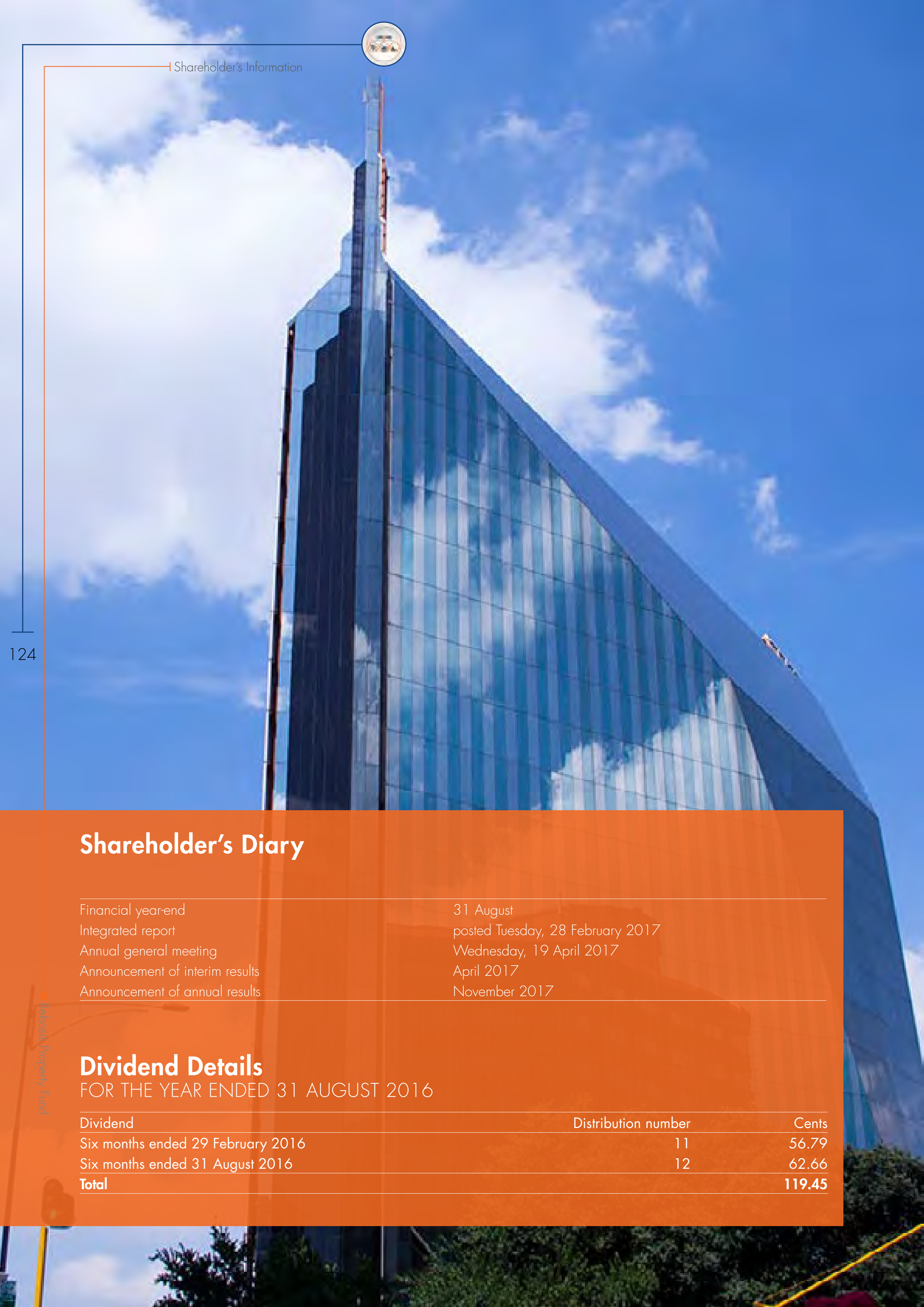
### Shares issued

The following shares were issued:

- 14 270 270 shares on 20 October 2016 for R11.10 per share under general authority to issue shares for cash
- 49 840 696 shares on 13 December 2016 for R10.71 per share pursuant to the claw-back offer for shares, following the conclusion of the Billion transaction.
- 9 897 292 shares on 19 January 2017 for R10.71 per share pursuant to the compulsory reinvestment requirement of shares, following the conclusion of the Billion transaction.

Rebosis is dedicated to our **SHAREHOLDERS** by providing them with *high quality* property fund that is **retail** biased in order to ensure that the fund will have continued sustainable low-risk and high growth.

We ask our *shareholders to please* familiarise themselves with the following dates found in the shareholders **DIARY.**



## Shareholder's Diary

| | |
|---|---|
| Financial year-end | 31 August |
| Integrated report | posted Tuesday, 28 February 2017 |
| Annual general meeting | Wednesday, 19 April 2017 |
| Announcement of interim results | April 2017 |
| Announcement of annual results | November 2017 |

## Dividend Details

FOR THE YEAR ENDED 31 AUGUST 2016

| Dividend | Distribution number | Cents |
|---|---|---|
| Six months ended 29 February 2016 | 11 | 56.79 |
| Six months ended 31 August 2016 | 12 | 62.66 |
| **Total** | | **119.45** |

# Shareholder Analysis

| SHAREHOLDER SPREAD | No of Shareholders | % | No of Shares | % |
|---|---|---|---|---|
| 1 - 1 000 shares | 1 462 | 50,09 | 223 597 | 0,04 |
| 1 001- 10 000 shares | 726 | 24,87 | 3 209 905 | 0,61 |
| 10 001- 100 000 shares | 527 | 18,05 | 16 888 259 | 3,19 |
| 100 001- 1 000 000 shares | 150 | 5,14 | 47 424 707 | 8,95 |
| 1 000 001 shares and over | 54 | 1,85 | 462 431 681 | 87,22 |
| **Totals** | **2 919** | **100,00** | **530 178 149** | **100,00** |

| DISTRIBUTION OF SHAREHOLDERS | No of Shareholders | % | No of Shares | % |
|---|---|---|---|---|
| Banks/Brokers | 44 | 1,51 | 10 532 223 | 1,99 |
| Close Corporations | 37 | 1,27 | 1 834 697 | 0,35 |
| Endowment Funds | 20 | 0,69 | 1 360 699 | 0,26 |
| Individuals | 2 169 | 74,31 | 10 413 016 | 1,96 |
| Insurance Companies | 33 | 1,13 | 11 846 022 | 2,23 |
| Investment Companies | 8 | 0,27 | 1 425 515 | 0,27 |
| Medical Schemes | 4 | 0,14 | 489 364 | 0,09 |
| Mutual Funds | 154 | 5,28 | 147 815 677 | 27,88 |
| Other Corporations | 16 | 0,55 | 147 956 | 0,03 |
| Private Companies | 72 | 2,47 | 46 718 321 | 8,81 |
| Public Company | 1 | 0,03 | 1 618 654 | 0,31 |
| Retirement Funds | 104 | 3,56 | 167 923 145 | 31,67 |
| Strategic Investor | 1 | 0,03 | 100 828 529 | 19,02 |
| Own Holdings | 2 | 0,07 | 964 467 | 0,18 |
| Trusts | 254 | 8,70 | 26 259 864 | 4,95 |
| **Totals** | **2 919** | **100,00** | **530 178 149** | **100,00** |

| PUBLIC / NON - PUBLIC SHAREHOLDERS | No of Shareholders | % | No of Shares | % |
|---|---|---|---|---|
| **Non - Public Shareholders** | **13** | **0,45** | **124 787 617** | **23,54** |
| Directors and Associates of the Company holdings | 10 | 0,34 | 22 994 621 | 4,34 |
| Strategic Holdings more than 10% | 1 | 0,03 | 100 828 529 | 19,02 |
| Own Holdings / Treasury Stock | 2 | 0,07 | 964 467 | 0,18 |
| **Public Shareholders** | **2 906** | **99,55** | **405 390 532** | **76,46** |
| **Totals** | **2 919** | **100,00** | **530 178 149** | **100,00** |

| Beneficial shareholders holding 5% or more | No of Shares | % |
|---|---|---|
| Government Employees Pension Fund | 118 810 133 | 22,41 |
| Arrowhead Properties Ltd | 100 828 529 | 19,02 |
| Coronation Fund Managers | 48 063 347 | 9,07 |
| STANLIB | 36 188 506 | 6,83 |
| Sanlam | 27 552 802 | 5,20 |
| **Totals** | **331 443 317** | **62,52** |

# Notice of Annual General Meeting

Notice is hereby given that the annual general meeting ("AGM") of shareholders of Rebosis will be held at the offices of the company at 3rd Floor, Palazzo Towers West, Montecasino Boulevard, Fourways on Wednesday, 19 April 2017, at 10:00 for the purposes of:

A. presenting the audited annual financial statements of the company for the year as well as the directors' report, the audit and risk committee report and the social and ethics committee report for the year ended 31 August 2016 contained in the integrated annual report to which this notice of annual general meeting is attached;

B. transacting any other business as may be transacted at an annual general meeting of linked shareholders of a company; and

C. considering and if deemed fit adopting with or without modification, the shareholder special and ordinary resolutions set out below.

| **Important dates to note** | **2017** |
|---|---|
| Record date to receive this notice of annual general meeting | Friday, 17 February |
| Last day to trade in order to be eligible to participate in and vote at the annual general meeting | Tuesday, 4 April |
| Record date for voting purposes ("voting record date") | Friday, 7 April |
| Last day to lodge forms of proxy by 10:00 on | Tuesday, 18 April |
| Annual general meeting held at 10:00 on | Wednesday, 19 April |
| Results of AGM released on SENS | Wednesday, 19 April |

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. Forms of identification involve valid identity documents, driver's licenses and passports.

1. **SPECIAL RESOLUTION 1: SHARE REPURCHASES**

"Resolved that the directors be authorised in terms of the company's memorandum of incorporation ("MOI") until this authority lapses at the next annual general meeting of the company unless it is then renewed at the next annual general meeting of the company and provided that this authority shall not extend beyond 15 months, to enable the company or any subsidiary of the company (if applicable) to acquire shares of the company subject to the MOI of the company, the Listings Requirements of the JSE Limited ("JSE") and the Companies Act, 71 of 2008, as amended, ("the Companies Act") on the following basis:

1.1. the acquisition of shares must be implemented through the order book operated by the JSE trading system without any prior understanding or arrangement between the company and the counterparty;

1.2. the company (or any subsidiary) must be authorised to do so in terms of its MOI;

1.3. the number of shares which may be acquired pursuant to this authority in any financial year (which commenced 1 September 2016 may not in the aggregate exceed 20% (or 10% where the acquisitions are effected by a subsidiary) of the company's share capital as at the date of passing this special resolution;

1.4. repurchases may not be made at a price more than 10% above the weighted average of the market value on the JSE of the shares in question for the five business days immediately preceding the repurchase;

1.5. 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 determined and has been submitted to the JSE in writing prior to the commencement of the prohibited period;

1.6. 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;

1.7. the company (or any subsidiary) shall appoint only one agent to effect repurchases on its behalf; and

1.8. a resolution has been passed by the board of directors of the company or its subsidiaries authorising the acquisition, 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."

1. **SPECIAL RESOLUTION 1: SHARE REPURCHASES** (Continued)

In accordance with the Listings Requirements of the JSE, the directors record that

Although there is no immediate intention to effect a repurchase of the shares of the company, the directors would utilise the general authority to repurchase shares as and when suitable opportunities present themselves, which may require immediate action.

The directors undertake that, after considering the maximum number of shares that may be repurchased and the price at which the repurchases may take place pursuant to the buyback general authority, for a period of 12 months after the date of this annual general meeting:

- the company and the group will, in the ordinary course of business, be able to pay its debts;
- the consolidated assets of the company and the group fairly valued in accordance with International Financial Reporting Standards, will be in excess of the consolidated liabilities of the company and the group after the buyback; and
- the company's and the group's share capital, reserves and working capital will be adequate for ordinary business purposes.

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 125; and
- Capital structure of the company – page 97

**Directors' responsibility statement**

The directors whose names appear on pages 30 to 31 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 Companies Act, and 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 2016 and up to the date of this notice.

**The reason for and effect of special resolution number 1:**

The reason for special resolution 1 is to afford directors of the company a general authority for the company (or a subsidiary of the company) to effect a repurchase of the company's shares on the JSE. The effect of the resolution will be that the directors will have the authority, subject to the Listings Requirements of the JSE and the Companies Act, to effect repurchases of the company's shares on the JSE.

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.

2. **SPECIAL RESOLUTION 2: FINANCIAL ASSISTANCE TO RELATED OR INTER-RELATED COMPANIES**

"Resolved that, to the extent required by section 45 of the Companies Act 71 of 2008, as amended, ("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, 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.

# Notice of Annual General Meeting (continued)

2. **SPECIAL RESOLUTION 2: FINANCIAL ASSISTANCE TO RELATED OR INTER-RELATED COMPANIES** (Continued)

**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.

3. **SPECIAL RESOLUTION 3: 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) for a period of two years from the passing of this resolution, or until its renewal, whichever is the earliest as follows:

| | |
|---|---|
| Board fee (per meeting) | R10 700 |
| Sub-Committee fee (per meeting) | R16 050 |
| Basic Annual Fee (Board) | R128 400 |
| Board Chair (Annual fee) | R374 500 |
| Audit Committee Chair (per meeting) | R16 050 |
| Other Sub-Committee Chair (per meeting)* | R10 700 |

*with the exception of Nomination Committee chair

**The reason for and effect of special resolution number 3:**

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.

4. **ORDINARY RESOLUTION 1: RE-ELECTION OF DIRECTOR**

"Resolved that TS 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 a 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 TS Seopa's past performance and contribution to the company and recommends that TS 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.

5. **ORDINARY RESOLUTION 2: RE-ELECTION OF DIRECTOR**

"Resolved that Dr A Mokgokong who retires by rotation in terms of the company's Memorandum of Incorporation and who, being eligible, offers herself for re-election, be re-elected as a 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 Dr A Mokgokong's past performance and contribution to the company and recommends that Dr A Mokgokong 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.

## 6. ORDINARY RESOLUTION 3: ELECTION OF DIRECTORS

To elect by separate resolutions the following directors: GFvL Froneman and MM Mdlolo to the board of directors.

*Abridged CV: GFvL Froneman*

**Gabriel Francois v L Froneman, B Com (Hons), CA (SA), RA**

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 and software development. 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.

*Abridged CV: MM Mdlolo*

**Maurice M. Mdlolo, BA Econ Bus Man**

Maurice Mdlolo, CEO 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 and the former CEO of Motseng Marriot Property Services (Pty) Ltd. His other roles included senior manager of real estate for Woolworths 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 developments, 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 South African Council of Shopping Centres and at Synergy Income Fund Limited.

The board has assessed the performance of the directors standing for election and has found them suitable for appointment.

**ORDINARY RESOLUTION 3.1**

"Resolved that GFvL Froneman be and is hereby appointed as a director of the company with effect from 8 February 2017."

**ORDINARY RESOLUTION 3.2**

"Resolved that MM Mdlolo be and is hereby appointed as a director of the company with effect from 8 February 2017."

These resolutions (3.1 and 3.2) 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 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, 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:

4.1. GFvL Froneman (chairperson);

4.2. TS Seopa; and

4.3. 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.

Each 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.

# Notice of Annual General Meeting (continued)

**8. ORDINARY RESOLUTION 5 Re-appointment of auditors**

"Resolved that Grant Thornton Johannesburg Partnership be and are hereby re-appointed as the auditors of the company. It is noted that Michelle da Costa will be the individual and designated auditor who will undertake the audit of the company for the financial year ending 31 August 2017."

The audit and risk committee has nominated for appointment as auditors of the company under section 90 of the Companies Act, 71 of 2008, as amended, Grant Thornton Johannesburg Partnership.

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 6: 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 until this authority lapses at the next annual general meeting of the company, unless it is then renewed at the next annual general meeting and provided that this authority shall not extend beyond 15 months, to allot and issue shares for cash subject to the Listings Requirements of the JSE and the Companies Act, 71 of 2008, as amend, 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) the total aggregate number of shares which may be issued for cash in terms of this authority may not exceed 30 209 320 shares, being 5% of the company's issued shares as at the date of notice of this annual general meeting. Accordingly, any shares issued under this authority prior to this authority lapsing shall be deducted from the 30 209 320 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;

(c) 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;

(d) the maximum discount at which shares may be issued for cash is 5% of the weighted average price on the JSE of those shares over 30 days prior to the date that the price of the issue is agreed between the company and the party subscribing for the shares;

(e) after the company has issued shares for cash, within the period that this authority is valid, which represents 5% or more of the number of shares in issue, the company shall publish an announcement containing full details of the issue, including the number of shares issued, the average discount to the weighted average traded price of the shares over the 30 days prior to the date that the issue is agreed in writing and an explanation, including supporting documentation (if any) of the intended use of the funds; and

(f) 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.

**10. ORDINARY RESOLUTION 7: SPECIFIC AUTHORITY TO ISSUE SHARES PURSUANT TO A REINVESTMENT OPTION**

"Resolved that, subject to the provisions of the Companies Act, 71 of 2008 as amended, the company's Memorandum of Incorporation and the Listings Requirements of the JSE, 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.

11. **ORDINARY RESOLUTION 8: 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. Alternatively, the form of proxy may be handed to the Chairperson 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.

# Notice of Annual General Meeting (continued)

**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, 7 April 2017.

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 10.00 on Tuesday, 18 April 2017 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
JSE share code: REB ISIN: ZAE000201687
(Approved as a REIT by the JSE)
("**Rebosis**" or "**the company**" or "**the Group**")

REBOSIS PROPERTY FUND

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 3rd Floor, Palazzo Towers West, Montecasino Boulevard, Fourways on Wednesday, 19 April 2016, at 10:00 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)

being the registered holder of shares

hereby appoint or failing him/her,

or failing him/her,

the chairperson 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: Approval of non-executive directors' remuneration for their services as directors | | | |
| 4 | Ordinary resolution 1: To re-elect TS Seopa as a director of the company | | | |
| 5 | Ordinary resolution 2: To re-elect Dr A Mokgokong as a director of the company | | | |
| 6 | Ordinary resolution 3.1: To elect GFvL Froneman as a director of the company | | | |
| 7 | Ordinary resolution 3.2: To elect MM Mdlolo as a director of the company | | | |
| 8 | Ordinary resolution 4: To re-appoint and appoint members of the audit and risk committee | | | |
| | Resolution 4.1 GFvL Froneman (chairperson) | | | |
| | Resolution 4.2 TS Seopa | | | |
| | Resolution 4.3 NV Qangule | | | |
| 9 | Ordinary resolution 5: To reappoint Grant Thornton Johannesburg Partnership as auditors of the company | | | |
| 10 | Ordinary resolution 6: General authority to issue of shares for cash | | | |
| 11 | Ordinary resolution 7: Specific authority to issue shares pursuant to a reinvestment option | | | |
| 12 | Ordinary resolution 8: To authorise the signature of documentation | | | |

Signed this day of 2017

Signature

Assisted by (if applicable)

*Please read the notes on the reverse.*

# NOTES TO THE FORM OF PROXY OF SHAREHOLDERS

1. 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.
2. 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.
3. 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 chairperson 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 chairperson shall be deemed to be appointed as the proxy.
4. 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 chairperson, to vote or abstain from voting as deemed fit and in the case of the chairperson to vote in favour of the resolution.
5. 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.
6. 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.
7. 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.
8. 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.
9. The chairperson 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 chairperson is satisfied as to the manner in which the shareholder concerned wishes to vote.
10. 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 chairperson of the annual general meeting.
11. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
12. 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.

# Corporate Information

Share code: REB ISIN: ZAE000201687
JSE sector: Real Estate – Real Estate holdings and development
Listing date: 17 May 2011
Units in issue: 530 178 149 (31 August 2016)
Company registration number: 2010/003468/06
Country of incorporation: South Africa

Website: www.rebosis.co.za

## DIRECTORS

SM Ngebulana (Chief Executive Officer)

K Keshav (Chief Financial Officer)

AM Mazwai (Chief Operating Officer)

ATM Mokgokong* (Chairperson)

WJ Odendaal*

NV Qangule*

TSM Seopa*

MM Mdlolo*

GFvL Froneman*

*Independent non-executive*

## REGISTERED OFFICE AND COMPANY SECRETARY

M Ndema
3rd Floor, Palazzo Towers West
Montecasino Boulevard
Fourways, 2191
(PO Box 2972, Northriding, 2162)
Telephone: +27 (0)11 511 5335
Facsimile: +27 (0)11 511 5626

## 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

(PO Box 61051, Marshalltown, 2107)

## SPONSOR

Java Capital Trustees and Sponsors Proprietary Limited
2nd Floor, 6A
Sandown Valley Crescent
Sandton,
2196
(PO Box 2087, Parklands, 2121)

## LEGAL ADVISERS

Bowman Gilfillan
165 West Street
Sandton, 2146
(PO Box 785812, Sandton 2146)
Cliffe Dekker Hofmeyer Inc.
11 Buitengracht Street
Cape Town,
8001
(PO Box 695, Cape Town, 8000)

## QUERIES RELATING TO INTEGRATED REPORT

Kameel Keshav CFO

kameel@rebosis.co.za

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