



# REBOSIS

PROPERTY FUND



## INTEGRATED ANNUAL REPORT

2020



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# Rebosis at a Glance



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# About This Report

## SCOPE OF THIS REPORT

Rebosis is a black real estate investment trust (REIT) listed on the main board of the JSE in the Real Estate Investment Trusts: Diversified REITS sector. The company has a diversified property portfolio comprising retail, office and industrial properties. The company has enjoyed its 9th year on the JSE and has grown its assets 6-fold in that time.

This integrated annual report presents the sustainable integrated performance of the group for the year from 1 September 2019 to 31 August 2020. It is targeted at our stakeholders and primarily our shareholders, funders, staff, tenants (both current and future) and the communities that we serve.

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

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

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

## CORPORATE INFORMATION

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

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

### Key Data

(Registration number: 2010/003468/06)

REA and ISIN: ZAE000240552

REB and ISIN: ZAE000201687

Alpha code: REBI

JSE Main Board sector:

Real Estate – Real Estate holdings and development

JSE share code: REB

JSE share code: REA

Listing date: 17 May 2011

Number of shares in issue:

A ordinary shares: 63 266 012 (2019: 63 266 012)

Ordinary shares: 696 844 874 (2019: 696 844 874)

A hard copy of this integrated annual report is available on request from the CFO.

The report is also posted online at [www.rebosis.co.za](http://www.rebosis.co.za).



### APPLICABLE REPORTING REQUIREMENTS

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

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

The annual financial statements have been prepared in accordance with IFRS, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, JSE Listings Requirements and the requirements of the Companies Act. Accounting policies remained the same as the prior year except for the adoption of IFRS 16 :Leases.

### ASSURANCE

The company's external auditor, BDO South Africa Inc, has independently audited the annual financial statements for the year ended 31 August 2020. Their unqualified audit report with a material uncertainty related to going concern paragraph is set out on pages 86 to 90. The scope of their audit is limited to the information set out in the annual financial statements on pages 95 to 149.

### FORWARD-LOOKING STATEMENTS

This integrated annual report contains forward-looking statements that, unless otherwise indicated, reflect the company's expectations as at 31 December 2020

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

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

### RESPONSIBILITY STATEMENT AND REVIEW

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

Sisa Ngebulana  
Chief Executive Officer

# 1 Who we are

Our values: This is who we are

Our story: This is what we've done

## 2020

Reduced debt from R10.059bn to R9.530bn  
 90% tenant retention on lease renewals despite worst economic conditions  
 Passed rental concessions of R70 million to assist tenants with impact of COVID-19

## 2019

Announced merger discussions with Delta Property Fund  
 Exited New Frontier Properties  
 Completed the sale of Mdantsane City to Vukile Property Fund  
 202 574m<sup>2</sup> office GLA renewed

## 2018

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

## 2015

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

## 2012

Acquired Sunnypark Shopping Centre and 9 commercial properties

## 2017

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

## 2014

Acquired Ascension Property Fund with 26 commercial and 2 industrial properties

## 2011

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

## 2016

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

## 2013

Approved as a Real Estate Investment Trust (REIT)

## 2010

Founded by S Ngebulana and Billion Group



### Our Vision & Mission

To be the best property fund and lead through people, innovation, optimisation of capital, quality assets

### Our Values

- Trust
- Honesty
- Excellence
- Teamwork
- Compassion
- Respect
- Accountability

# 1.1 Company Structure

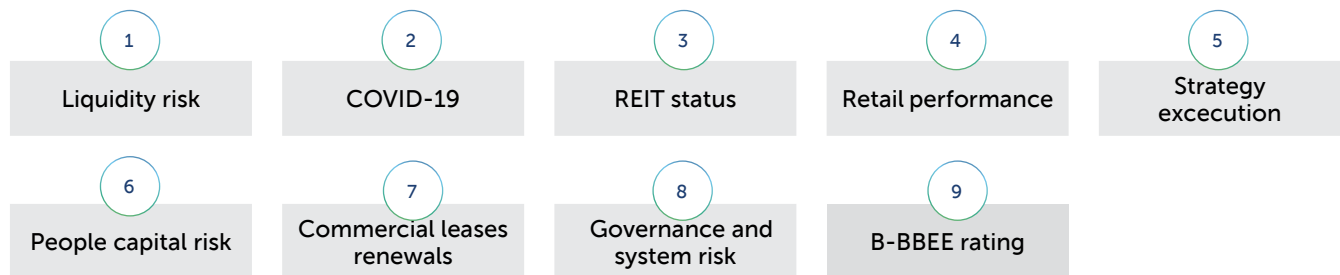
## REBOSIS PROPERTY FUND



\*Change in company names occurred after year end

# 1.2 Our Strategy

## Our Top Risks



Our overall business strategy for 2021 is to deliver sustainable value for our shareholders and stakeholders through focussing on the following areas:



### Operational efficiencies focus

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

### De-leveraging the balance sheet

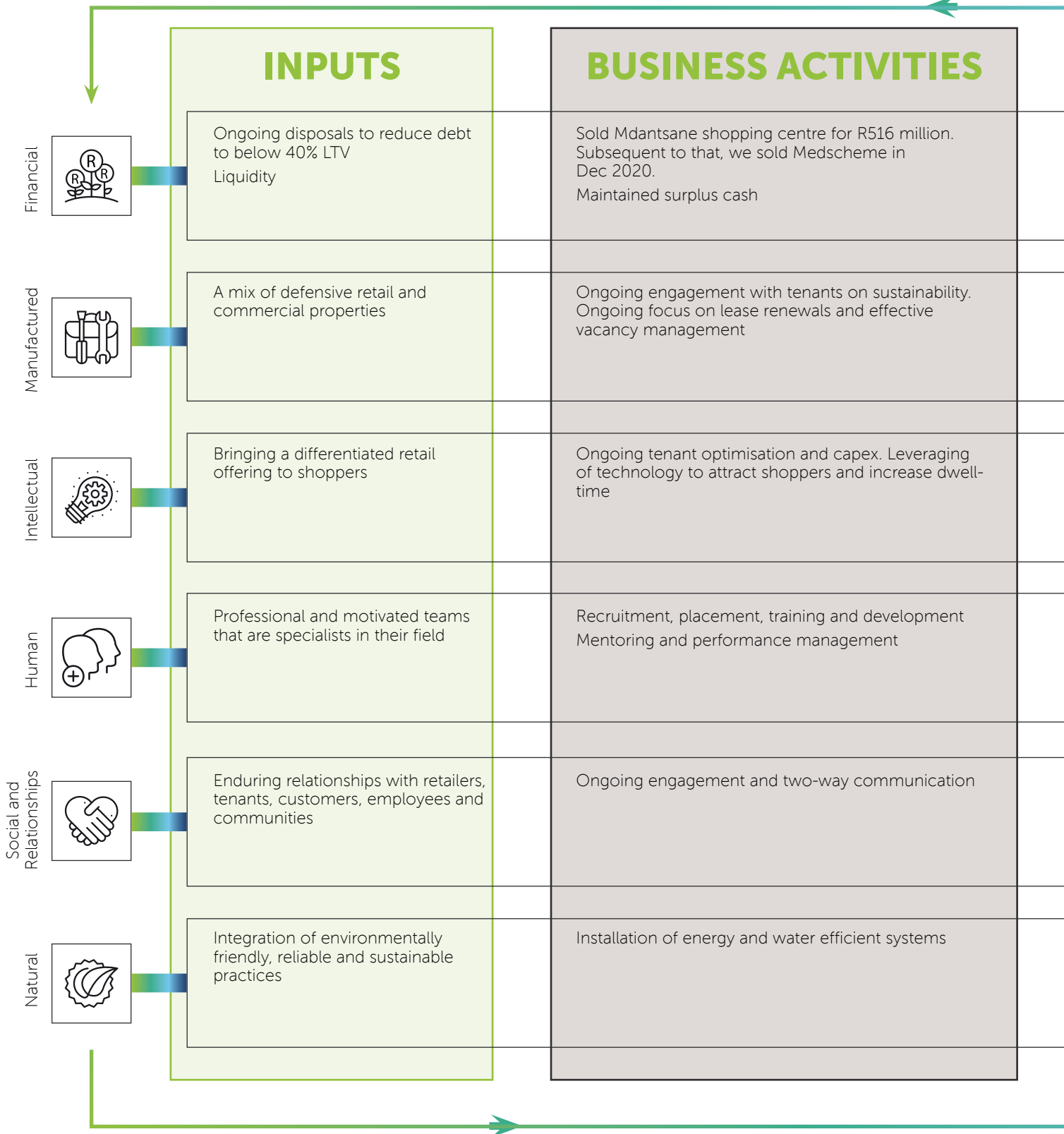
- Execute disposals on the back of lease renewals
- Continue finding optimal ways to restructure debt
- Optimising underlying asset quality to enhance value



# 1.3







## Our Business Model

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



# Our Vision To be the best property fund

## Our Mission To lead through people, innovation, optimisation of capital, quality assets

OUTPUTS	OUTCOMES	
<p>Reduced debt from R10.059bn to R9.530bn Profit of R184 million on revenue</p>	<p>Improved LTV levels Continue to meet all financial obligations; ongoing capex investment into assets</p>	
<p>Maintain operational efficiencies good rental escalations and a low vacancy rate to deliver a solid business case</p>	<p>90% tenant retention on lease renewals despite worst economic conditions No tenant loss during COVID-19 lockdowns due to tenant assistance concessions</p>	
<p>90% tenant retention rate. Free wi-fi and online promotions.</p>	<p>20 650m<sup>2</sup> of new leases signed at an annual escalation of 6.4% 0.5% increase in trading density Normalisation of rental collections</p>	
<p>Growth opportunities across the business</p>	<p>Retain and attract high-quality employees Encourage a sense of ownership and stimulate new solutions</p>	
<p>Covid-19 testing and screening facilities at key retail locations, targeting poorer communities Ongoing engagement with staff</p>	<p>90% tenant retention rate on lease renewals Sustainable tenants Community safety with over 3 000 Covid-19 tests per site Low staff turnover</p>	
<p>Replacement of 5 000 fluerescent light tubes with LED lights</p>	<p>40% better energy efficiency Feasibility studies for solar power installations and water efficient taps and cystemns underway</p>	

# 1.4

## Property Portfolio



### RETAIL

- 5 high quality dominant malls
- Baywest, Hemingways, Forest Hill, Sunnypark and Bloed Street
- Strong national tenant profile
- Weighted average lease expiry of 3.7 years
- Average contractual escalation of 6.4%
- Portfolio by value 46%.



### OFFICE

- 36 predominantly A and B grade well located properties in nodes attractive to government tenants
- Let primarily to National Department of Public Works
- Weighted average lease expiry of 2.3 years
- Average contractual escalation of 6.8%
- Portfolio by value 53%

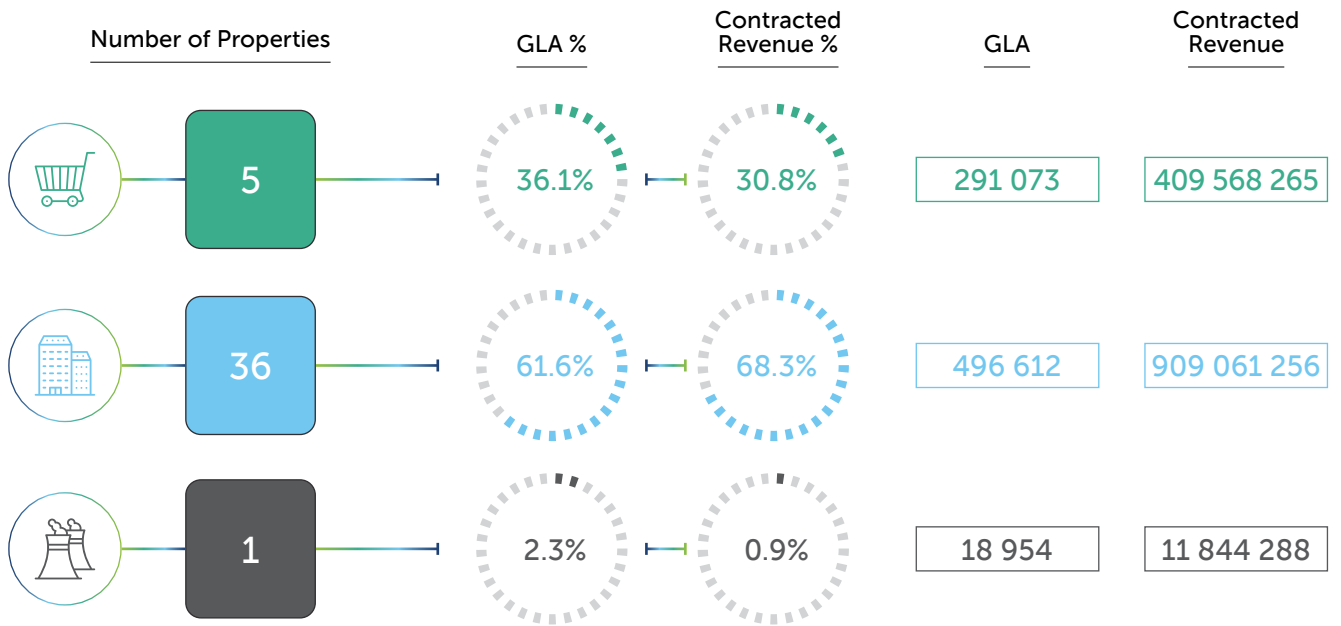


### INDUSTRIAL

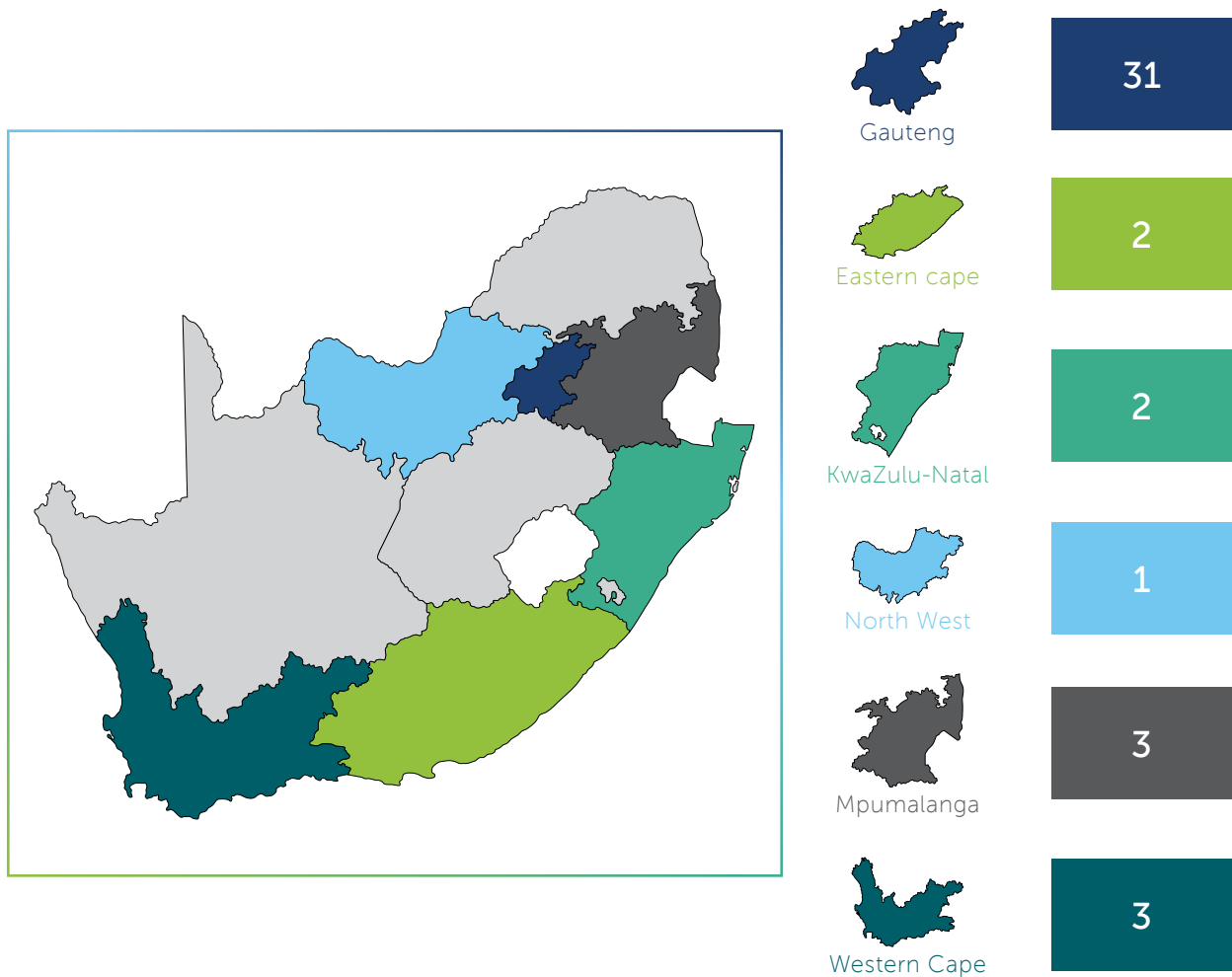
- Single tenanted industrial warehouse in Johannesburg
- Lease underpinned by international listed parent company
- Weighted average lease expiry of 4.3 years
- Average contractual escalation of 7.0%
- Portfolio by value 1%

# Group portfolio summary

## SECTORAL SPREAD %



## GEOGRAPHICAL SPREAD %



# Property portfolio

## Tenant profile %

Rebosis' policy is to grade tenants on the following basis:

A = National and provincial government, large metro municipalities, national retailers and large blue-chip companies

B = Smaller international and national tenants, listed tenants, franchisees and medium to large professional firms

C = Other small tenants

		Rebosis Property Portfolio	
		Rental	GLA
<b>A</b>	Retail	31.3%	26.9%
	Office	50.7%	46.9%
	Industrial	0.9%	2.4%
<b>Total A grade</b>		<b>82.9%</b>	<b>76%</b>
<b>B</b>	Retail	3.9%	2.5%
	Office	5.8%	5.2%
	Industrial	-	-
<b>Total B grade</b>		<b>9.7%</b>	<b>7.7%</b>
<b>C</b>	Retail	3.3%	3.3%
	Office	4.1%	3.6%
	Industrial	-	-
<b>Total C grade</b>		<b>7.4%</b>	<b>6.9%</b>

## OCCUPANCY PROFILE AS AT 31 AUGUST 2020

	VACANCY PROFILE By sector by rentable area	WEIGHTED AVERAGE RENTAL PER M <sup>2</sup> By sector by rentable area	WEIGHTED AVERAGE RENTAL ESCALATION PROFILE By sector by rentable area	AVERAGE ANNUALISED PROPERTY YIELD By sector by rentable area
Retail	9.06%	R118.28	6.37%	5.23%*
Office	9.16%	R127.63	6.79%	11.81%
Industrial	-	R52.07	7.00%	12.20%
Average	9.13%	R122.30	6.65%	8.38%

\* Includes Covid concessions

## REBOSIS PROPERTY PORTFOLIO - LEASE EXPIRY PROFILE

	Retail		Office		Industrial		Total portfolio	
	By rental %	By GLA %	By rental %	By GLA %	By rental %	By GLA %	By rental %	By GLA %
As at 31 August 2020 - Monthly	13.1%	8.9%	33.8%	27.3%	-	-	26.5%	20.0%
As at 31 August 2020 - Vacant	-	9.2%	-	9.6%	-	-	-	9.2%
31-Aug-21	16.4%	10.7%	9.4%	51.1%	-	-	18.2%	13.1%
31-Aug-22	13.7%	10.6%	7.5%	7.2%	-	-	9.6%	8.2%
31-Aug-23	13.0%	10.2%	1.6%	1.6%	-	-	5.5%	4.6%
31-Aug-24	16.0%	17.6%	13.4%	14.6%	-	-	14.2%	15.3%
31-Aug-25	20.2%	21.6%	3.2%	4.5%	100%	100%	9.8%	12.9%
Beyond	7.6%	11.3%	21.0%	20.2%	-	-	16.2%	16.5%



## 1.5

## Investment property profile

as at 31 August 2020

PROPERTY	REGION	TOTAL GLA	RETAIL GLA	OFFICE GLA	
BLOED STREET MALL	GAUTENG	26 400	26 400	-	
HEMINGWAYS SHOPPING CENTRE	EASTERN CAPE	73 829	73 829	-	
SUNNYPARK	GAUTENG	28 930	27 507	1 423	
FOREST HILL CITY	GAUTENG	73 294	73 294	-	
BAYWEST MALL	EASTERN CAPE	88 620	88 620	-	
<b>RETAIL</b>		<b>291 073</b>	<b>289 650</b>	<b>1 423</b>	
124 MAIN STREET	GAUTENG	20 818	-	20 818	
18 RISSIK STREET	GAUTENG	11 204	-	11 204	
189 SCHOEMAN STREET	GAUTENG	19 332	164	19 168	
28 HARRISON STREET	GAUTENG	20 984	844	20 140	
64 ELOFF STREET	GAUTENG	4 938	523	4 415	
99 MARKET STREET	GAUTENG	11 659	-	11 659	
BANK OF LISBON	GAUTENG	14 599	546	14 053	
JABU NDLOVU	KWA-ZULU NATAL	11 455	-	11 455	
LIBERTY BUILDING	GAUTENG	33 885	-	33 885	
REVENUE BUILDING	KWA-ZULU NATAL	7 314	-	7 314	
ARBOUR SQUARE	GAUTENG	9 206	3 255	5 951	
SALU BUILDING	GAUTENG	30 354	-	30 354	
11 DIAGONAL STREET	GAUTENG	37 160	2 091	35 069	
VICTORIA MXENGE	GAUTENG	24 720	-	24 720	
174 VISAGIE STREET	GAUTENG	13 537	-	13 537	
238 ROAN CRESCENT	GAUTENG	9 035	-	9 035	
373 PRETORIUS STREET	GAUTENG	13 340	-	13 340	
BATHOPELE BUILDING	GAUTENG	11 500	-	11 500	
GAME BUILDING	GAUTENG	21 438	7 231	14 207	
INFINITY OFFICE PARK	GAUTENG	12 681	-	12 681	
KINGFISHER	GAUTENG	1 405	-	1 405	
MEYERSDAL	GAUTENG	4 957	-	4 957	
NBC	GAUTENG	10 000	-	10 000	
SCHREINER CHAMBERS	GAUTENG	18 815	1 767	17 048	
SURREY HOUSE	GAUTENG	11 840	932	10 908	
VWL BUILDING	GAUTENG	17 989	-	17 989	
SIGMA BUILDING	WESTERN CAPE	3 751	446	3 305	
SPECTRUM	WESTERN CAPE	7 550	258	7 292	
<b>OFFICE</b>		<b>415 466</b>	<b>18 057</b>	<b>397 409</b>	
ANTALIS	GAUTENG	18 954	-	-	
<b>INDUSTRIAL</b>		<b>18 954</b>	<b>-</b>	<b>-</b>	
MEDSCHEME	GAUTENG	6 792	-	6 792	
MISHUMO HOUSE	GAUTENG	6 154	-	6 154	
SWISS HOUSE	GAUTENG	8 008	1 106	6 902	
PROROM	MPUMALANGA	6 431	957	5 474	
RIVERPARK	MPUMALANGA	4 216	-	4 216	
RIVERVIEW	MPUMALANGA	4 303	-	4 303	
GRAND CENTRAL	WESTERN CAPE	33 577	13 413	20 164	
SASSA CAMPUS	NORTH WEST	11 665	-	11 665	
<b>HELD FOR SALE</b>		<b>81 146</b>	<b>15 476</b>	<b>65 670</b>	
<b>TOTAL</b>		<b>806 639</b>	<b>323 183</b>	<b>464 502</b>	

	INDUSTRIAL GLA	VALUATION	VALUATION m <sup>2</sup>	VACANCY	ACTUAL AVE RENTAL PER m <sup>2</sup> excl. vacancy
	-	605 000 000	22 917	1 759	R 150,3
	-	1 650 000 000	22 349	4 888	R 129,7
	-	680 000 000	23 505	1 461	R 133,4
	-	1 300 000 000	17 737	11 079	R 87,7
	-	1 790 000 000	20 199	7 191	R 117,2
	-	<b>6 025 000 000</b>	<b>20 699</b>	<b>26 378</b>	<b>R 118,3</b>
	-	330 000 000	16 846	-	R 186,2
	-	179 500 000	16 021	-	R 231,8
	-	224 100 000	11 592	267	R 139,4
	-	283 900 000	13 529	538	R 110,5
	-	54 500 000	11 037	-	R 151,0
	-	111 300 000	9 546	5 153	R 112,6
	-	185 130 000	12 681	-	R 90,2
	-	132 750 000	11 589	-	R 121,4
	-	446 100 000	13 165	-	R 139,8
	-	79 520 000	10 873	1	R 85,8
	-	98 200 000	10 667	2 947	R 105,1
	-	438 470 000	14 445	-	R 124,3
	-	656 300 000	17 160	429	R 108,4
	-	607 690 000	24 583	-	R 118,3
	-	164 870 000	12 179	-	R 114,7
	-	86 100 000	9 530	-	R 85,2
	-	148 930 000	11 164	13 340	
	-	188 400 000	16 383	-	R 147,5
	-	279 200 000	13 024	-	R 129,1
	-	230 800 000	18 200	898	R 139,3
	-	15 700 000	11 174	644	R 167,9
	-	54 500 000	10 995	1 013	R 101,2
	-	89 900 000	8 990	10 000	
	-	233 600 000	12 416	5 994	R 136,1
	-	202 500 000	17 103	364	R 168,2
	-	220 300 000	12 246	-	R 46,8
	-	42 070 000	11 216	-	R 99,6
	-	98 120 000	12 996	628	R 114,1
		<b>5 882 450 000</b>	<b>14 164</b>	<b>42 217</b>	<b>R 129,8</b>
	18 954	96 900 000	5 112	-	R 52,1
	18 954	96 900 000	5 112	-	R 52,1
	-	92 880 000	13 675	-	R 102,3
	-	69 400 000	11 277	948	R 139,3
	-	121 400 000	15 160	-	R 125,1
	-	56 470 000	8 781	-	R 98,4
	-	53 900 000	12 785	-	R 134,3
	-	52 740 000	12 257	995	R 134,4
	-	554 000 000	16 491	3 083	R 158,7
	-	149 038 000	12 602	-	R 0,0
	-	<b>1 149 829 000</b>	<b>14 141</b>	<b>5 026</b>	<b>R 117,0</b>
	18 954	13 154 179 000	16 307	73 621	R 122,3

1.6

## Our Retail Properties

### HEMINGWAYS MALL



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

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

With Over 180 stores offer anchor tenants which include Dis-chem, Woolworths, Pick n Pay, Checkers, Edgars. To delight our Customers even further we also have John Dory's, Spur, KFC, Panarottis as restaurants anchors. Fashionista's can shop till they drop at some of our international and best known national brands such as Lacoste, Spitz, Guess, Forever New, Fabiani, G-Star Raw, Soviet, Timberland, Cotton On, YDE, Keedo, and Levisons; as well as over 50 unique stores that are only found at Hemingways Mall in East London. Hemingways is truly an ultimate delight for Our Customers and they are truly spoiled for choice, it would be amiss of us not to mention our popular Football offering found on the rooftop of the centre.

### BAYWEST MALL



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

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

Shoppers can grab a bite to eat at one of the many tantalizing eateries in the Food Court, whilst keeping an eye on streaming entertainment beamed onto one of the biggest TV screens in South Africa. Baywest is a hub for all sports events hosted in our food court via the biggest screen TV in the country. Baywest Mall boast of many firsts in Fashion and food offerings. Has the best and most diverse offering of Restaurants in a Mall in Nelson Mandela Bay.

### FOREST HILL CITY



Forest Hill City is changing the way people shop, live, dine and play. Located at the corner of the R55 & N14 in Monavani, Pretoria West, Forest Hill City has high visibility along the N14 highway. The mall offers a unique shopping and entertainment experience. Anchored by Woolworths, Checkers Hyper, Pick n Pay, TFG Stores Group, Truworths and Mr Price Group, the nationals are complimented by an exciting line up of specialist fashion retailers and brands that include popular brands such as Timberland, Fabiani, Bogart, Dufy, Adidas, Soviet, Earth Child, amongst others, together with a mouth-watering array of fast food and restaurants. The mall also has one of the first of Ster-Kinekors new concept cinemas with the latest in digital projection technology and self-service catering terminals and an Olympic size ice rink which is also an Academy and capable of hosting international events. Our games arcade offers tenpin bowling, 4D Simulator, Dodgems Cards and a range of other activities. Forest Hill City also has a unique Attraction, a heated wave pool, the first in Gauteng. The mall also houses The Workplace, office suites comprising of permanent offices as well as serviced offices. Coming soon to Forest Hill City is an array of lifestyle orientated offerings and experiences which will make Forest Hill City to have a unique and destination driven experience. Forest Hill has managed to quickly adapt to the impact of online retailing and COVID-19 Pandemic.

## BLOED STREET MALL



Bloed Street Mall is situated in the heart of Pretoria, central to most suburbs and CBD residential apartments and is a landmark shopping centre that provides an all-in-one retail experience. Its location makes it easily accessible to all commuters. Established more than two decades ago, it continues to provide an exceptional shopping experience to both local and international shoppers. We offer a unique offering to our shopper with a gym that has a spa. We also have strong anchors and various fashion mix, such as Game, Superspar, Spitz, Truworths, Levi, Sportscene, Uzzi, Footgear, Markham and Mr Price. At Bloed Street Mall you will find the biggest taxi rank Hub in the City of Tshwane situated in the basement.

## SUNNYPARK SHOPPING CENTRE



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

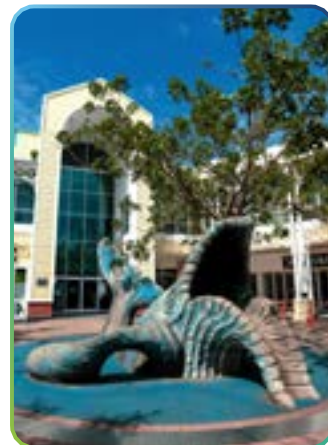
Shoppers can also enjoy a Sunnyside night life experience at Rhapsody's and Ayoba Cafe.



# Our Retail Properties in Numbers

Building	Baywest City	Forest Hill City	Hemingways	Bloed Street Mall	Sunnypark
Size in m <sup>2</sup>	88 620	73 294	73 829	26 400	28 930
Valuation R'000	1 790 000	1 300 000	1 650 000	605 000	680 000
Value per m <sup>2</sup>	20 199	17 737	22 349	22 917	23 505
Footfall (millions)*	6 148 064	4 340 233	7 773 461	9 867 412	7 236 595
Number of stores	267	180	171	106	95
Weighted average rent/ m <sup>2</sup>	117,2	87,7	129,7	150,3	133,4

\*Annualised footfall excludes lock-down months of April 2020 and May 2020.



## 1.7

## Our Stakeholders

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

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

Rebosis is a member of the following industry bodies:



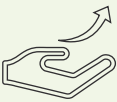
- South African Institute of Black Property Practitioners (SAIBPP)
- South African Property Owners Association (SAPOA)
- South African Council of Shopping Centres (SACSC)
- South African REIT Association (REITs South Africa)






#### Approach

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



# Our Stakeholders

Key constituencies	What matters to them	How we engage	Our response
<b>Employees</b> 	<ul style="list-style-type: none"> <li>• Job security</li> <li>• Career development and growth opportunities</li> <li>• Clear and timeous communication</li> <li>• Remuneration policy</li> <li>• Code of Ethics and policies</li> <li>• Skills retention</li> <li>• Employment equity</li> <li>• COVID-19</li> <li>• Safe working environment</li> </ul>	<ul style="list-style-type: none"> <li>• Job profiles linked to KPIs</li> <li>• Market related packages and short-term incentives</li> <li>• Regular gatherings</li> <li>• Employee wellness initiatives</li> <li>• Participation in Corporate Social initiatives</li> <li>• Work from home</li> </ul>	<ul style="list-style-type: none"> <li>• Motivating employees to deliver our strategy</li> <li>• Employees who are aligned to our company values</li> <li>• Skills attraction and retention as well as ongoing skills development</li> <li>• Non-discrimination</li> <li>• Hiring competent employees</li> <li>• Ethical leadership</li> <li>• Safe working environment.</li> <li>• Access to VPN while working from home</li> <li>• Wifi Data provided by the company</li> <li>• Sanitizers at the entrance of the workplace</li> <li>• Free surgical masks everyday</li> <li>• Non-contact temperature devices</li> <li>• Social distancing in the office</li> </ul>
<b>Investors</b> 	<ul style="list-style-type: none"> <li>• Distribution consistency and growth</li> <li>• Stable investment performance</li> <li>• Accessibility of executives</li> <li>• Timeous information</li> <li>• Risk management</li> <li>• Ability to execute on strategy</li> <li>• Value extraction</li> <li>• Corporate governance</li> <li>• Capital appreciation</li> </ul>	<ul style="list-style-type: none"> <li>• JSE SENS announcements</li> <li>• Engagement prior to results announcements</li> <li>• Pre-close discussions and announcements</li> <li>• Integrated annual reports</li> <li>• Investor presentations</li> <li>• One-on-one meetings</li> <li>• Regular telephone contact with investors</li> </ul>	<ul style="list-style-type: none"> <li>• Expectations and perceptions of investors are communicated to and addressed by the board</li> <li>• Transparent, accurate and timely communication</li> </ul>
<b>Funders</b> 	<ul style="list-style-type: none"> <li>• Capital management</li> <li>• Interest rate management</li> <li>• Solvency and liquidity</li> <li>• Governance and compliance</li> <li>• Risk management</li> <li>• Timely debt servicing</li> <li>• Portfolio value</li> <li>• Credit rating</li> </ul>	<ul style="list-style-type: none"> <li>• Contractually required information flow</li> <li>• Regular communication</li> </ul>	<ul style="list-style-type: none"> <li>• Feedback from meetings is relayed to and dealt with at board level</li> </ul>

Key constituencies	What matters to them	How we engage	Our response
<b>Tenants</b> 	<ul style="list-style-type: none"> <li>• Market related rentals and escalations</li> <li>• Initiatives to enhance shopper experience and to attract new shoppers</li> <li>• Tenant and landlord communication</li> <li>• Mall security, management, cleanliness and maintenance</li> <li>• Continuous supply of utilities</li> <li>• Consumer spending</li> <li>• Tenant mix improvements</li> <li>• COVID-19</li> </ul>	<ul style="list-style-type: none"> <li>• Government – regular communication with the Department of Public Works</li> <li>• Retail – on-site property management teams</li> <li>• Print, web, social media and telephonic communication</li> </ul>	<ul style="list-style-type: none"> <li>• Marketing projects and events to increase footfall</li> <li>• Effective security presence</li> <li>• Fun-filled malls that attract visitation</li> <li>• COVID-19 rental relief</li> <li>• Sanitizers at the entrance of all our buildings</li> </ul>
<b>Suppliers</b> 	<ul style="list-style-type: none"> <li>• Market related contracts</li> <li>• Fair opportunities for business</li> <li>• Timely payments</li> <li>• Clear and timeous communication</li> </ul>	<ul style="list-style-type: none"> <li>• Procurement processes</li> <li>• Ongoing engagement</li> </ul>	<ul style="list-style-type: none"> <li>• Procurement policies and procedures</li> <li>• Partnership philosophies</li> </ul>
<b>Visitors and shoppers</b> 	<ul style="list-style-type: none"> <li>• Safe and secure shopping environment</li> <li>• Continuous improvement in shopping experience</li> <li>• Tenant mix improvements</li> <li>• Retail and entertainment offering</li> <li>• COVID-19</li> </ul>	<ul style="list-style-type: none"> <li>• Shopper surveys</li> <li>• Social media and web communication</li> <li>• In-mall communication and signage</li> </ul>	<ul style="list-style-type: none"> <li>• Convenient safe shopping experience</li> <li>• Unique experience and entertainment</li> <li>• No mask no entry policy</li> <li>• Sanitizers at the entrance of the malls</li> </ul>
<b>Local communities and civil society</b> 	<ul style="list-style-type: none"> <li>• New experiences</li> <li>• Social and economic development</li> <li>• Investment into communities</li> <li>• Environmental impact.</li> <li>• COVID-19</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental initiatives</li> <li>• Corporate Social Initiatives at our properties</li> <li>• Bursaries</li> <li>• Involvement in city improvement districts.</li> </ul>	<ul style="list-style-type: none"> <li>• Impacting our communities in a positive way.</li> <li>• Provided a COVID-19 screening and testing centre at Forest Hill</li> </ul>
<b>Government and regulators</b> 	<ul style="list-style-type: none"> <li>• Legal and regulatory compliance</li> <li>• Tax compliance</li> <li>• Employment equity</li> <li>• JSE Listings Requirements</li> </ul>	<ul style="list-style-type: none"> <li>• Communication on building compliance</li> <li>• B-BBEE scorecard</li> <li>• Tax returns</li> <li>• Employment equity reporting</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with laws and regulations</li> </ul>

## 1.8

## Five year Review

	2020 R'000	Restated 2019 R'000	2018 R'000	2017 R'000	Restated 2016 R'000
<b>Revenue</b>					
Property income	1 704 854	1 842 144	2 261 439	1 883 818	1 394 226
Investment property income	1 694 269	1 905 109	2 087 179	1 949 509	1 396 903
Net income from facilities management agreement	29 794	29 557	22 488	21 951	23 109
Management fees received	-	-	4 668	5 416	-
Listed property securities and related income	-	-	62 348	-	-
Straight line rental income accrual	(19209)	(92 522)	84 756	(93 058)	(25 786)
Property expenses	(600 066)	(605 476)	(539 006)	(416 276)	(370 752)
<b>Net property income</b>	<b>1 083 599</b>	<b>1 236 668</b>	<b>1 722 433</b>	<b>1 467 542</b>	<b>1 023 474</b>
Other operating expenses	(175 161)	(142 104)	(127 428)	(142 457)	(63 040)
<b>Operating income</b>	<b>908 438</b>	<b>1 094 564</b>	<b>1 595 005</b>	<b>1 325 085</b>	<b>960 434</b>
Net interest	(908 387)	(996 982)	(755 278)	(758 101)	(440 652)
Paid	(912 457)	(999 928)	(902 952)	(845 143)	(485 402)
Received	4 070	2 946	147 674	87 042	44 750
<b>Net operating income</b>	<b>52</b>	<b>97 582</b>	<b>839 727</b>	<b>566 984</b>	<b>519 782</b>
Gain on bargain purchase	-	-	-	237 121	-
Other income	3 644	4 992	4 621	37 444	1 233
Changes in fair values	180 603	(6 670 586)	(1 768 329)	1 144 032	1 488 427
Investment property	340 187	(4 067 966)	(1 013 622)	1 269 631	1 419 313
Investment in securities - impairment	(17 562)	(992 774)	(484 949)	-	-
Loss on disposal of investment in listed securities	-	-	-	(26 705)	60
Derivative Instruments	(68 535)	1 340	(92 677)	(98 894)	69 114
Investment in securities loan - impairment	-	(1 424 074)	-	-	-
Goodwill impairment	(73 487)	(187 112)	(177 081)	-	-
<b>Total profit/(loss) before debenture interest and taxation</b>	<b>184 299</b>	<b>(6 568 012)</b>	<b>(923 981)</b>	<b>1 985 581</b>	<b>2 009 502</b>
Debenture interest	-	-	-	-	-
<b>Total profit/(loss) before taxation</b>	<b>184 299</b>	<b>(6 568 012)</b>	<b>(923 981)</b>	<b>1 985 581</b>	<b>2 009 502</b>
Taxation	(75 327)	(38 314)	-	-	-
<b>Total profit/(loss) from continuing operations</b>	<b>108 972</b>	<b>(6 606 326)</b>	<b>(923 981)</b>	<b>1 985 581</b>	<b>1 914 602</b>
Net result from discontinued operations	-	-	-	651 853	(135 315)
<b>Total profit/(loss) for the year</b>	<b>108 972</b>	<b>(6 606 326)</b>	<b>(923 981)</b>	<b>2 637 434</b>	<b>1 874 187</b>
Investment property at fair value (note 3)	12 009 351	11 691 014	16 682 000	18 608 490	16 996 072
Investment property held for sale (note 4)	1 149 829	1 591 986	1 403 000	212 689	1 156 698
Distribution/dividend per share (cents)	-	-	92.83	128.35	119.45





# Leadership

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# 2

## Board of Directors



### DR ANNA MOKGOKONG

INDEPENDENT NON-EXECUTIVE CHAIRPERSON

Age: 63  
 🎓: Bsc, MBCHB, D Comm (hc)  
 📅: 12 April 2011  
 Honorary Consul General of Iceland in Pretoria

Years of Experience 30

Years at Rebosis 09



### DR SISA NGEBULANA

CHIEF EXECUTIVE OFFICER

Age: 54  
 🎓: B Juris, LLB, LLM, (Hon) D Comm  
 📅: 12 April 2011

Years of Experience 25

Years at Rebosis 09



Qualifications



Date of appointment:



**ASATHI MAGWENTSHU**

**Chief Financial Officer**

Age: 39

🎓: BCom (Hons), CA(SA)

📅: 04 August 2020

Years of Experience (15)

Years at Rebosis (03)



**KAMEEL KESHAV**

**Independent non-executive director**

Age: 40

🎓: BCom, HDip Acc, CA(SA)

📅: 11 November 2020.

Years of Experience (24)

Years at Rebosis (01)



**ZANDILE KOGO**

**Executive Director**

Age: 44

🎓: BAdmin, ILDP, RMDP

📅: 03 November 2017

Years of Experience (16)

Years at Rebosis (03)



**NOMFUNDO QANGULE**

**Independent non-executive director**

Age: 52

🎓: CA (SA), CAI, CAIB (SA)

📅: 26 April 2012

Years of Experience (22)

Years at Rebosis (08)



**LLOYD PENGILLY**

**Independent non-executive director**

Age: 66

🎓: BSc (Honours) (Eng), MBA , Anglo American Mining Scholar

📅: 19 August 2020

Years of Experience (34)

Years at Rebosis (01)



**THABO SEOPA**

**Independent non-executive director**

Age: 56

🎓: B. Com Acc, Hdip Tax, MDP

📅: 26 April 2012

Years of Experience (23)

Years at Rebosis (08)



**MAURICE MDLOLO**

**Independent non-executive director**

Age: 56

🎓: Bachelor's Degree from the University of South Africa

📅: 08 February 2017

Years of Experience (24)

Years at Rebosis (03)



**MANDE NDEMA**

**Company Secretary**

Age: 46

🎓: Soc.Sci, LLB, PMD (GIBS),

📅: 12 April 2011

Years of Experience (20)

Years at Rebosis (09)



Qualifications



Date of appointment:

# Board of Directors

## **Chancellor, Dr. Anna T Mokgokong** **Chairperson**

Age: 63

Qualifications B Sc, MB ChB, D Comm (hc)

Date of Appointment: 12 April 2011

Honorary Consul General of Iceland in Pretoria

Chancellor Dr. Mokgokong is a co-founder and Executive Chairperson of Community Investment Holdings (Pty) Ltd., a 100% black owned company founded in 1995. She is a well renowned business figure in South Africa and globally with widespread experience in Healthcare, Academia and Commerce.

She is recognized as a Senior Director of Companies on the Johannesburg Stock Exchange as she serves on four listed companies namely: Non-executive Chairperson of Afrocentric Investment Corporation, Rebosis Property Fund Limited and Jasco Electronics Holdings Limited and non-executive Director of Companies and first female Director of Shoprite Holdings Limited the largest retailer in Africa and in 2019 appointed as a non-executive lead independent director.

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

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

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

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

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

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

She is also very passionate about women empowerment and annually hosts an event where she grooms and mentor young female future leaders; And is very active in philanthropy as a contribution to her community and society.

## **Dr Sisa Ngebulana** **CEO – Rebosis Property Fund Limited**

Age: 54 years old

Qualifications: BJuris, LLB, LLM, PHD

Date of Appointment: 12 April 2011

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

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

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

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

## **Asathi Magwentshu** **CFO – Rebosis Property Fund Limited**

Age: 39

Qualifications: BCom (Hons), CA(SA)

Date of Appointment: 04 August 2020

Ms Magwentshu is a Chartered Accountant with 14 years of financial experience, having held several executive financial positions where she played a key role in preparing executive management reports as well as providing financial analysis and leadership.

She has been with Rebosis for over three years and brings a blend of operational experience, property industry expertise and technical finance knowledge to the board of directors. Asathi's experience at two other listed property funds has equipped her with a wealth of practical knowledge and experience in corporate activities, regulatory compliance, and investor relations in a listed environment.

Ms Magwentshu also serves as a director on several other boards.

**Kameel Keshav**  
**Independent non-executive director;**  
**chairman of the audit and risk committee**

Age: 40 years

Qualifications: BCom, HDip Acc, CA(SA)

Date of appointment: 11 November 2020

Kameel is a qualified chartered accountant with diverse experience that extends across the financial services, consulting, FMCG and mining industries, all with global listed entities. During the last period of his 24 years of experience, Kameel focused exclusively on property. He was the Chief Executive Officer of Ascension Property Fund and carries a wealth of diverse listed property experience not only across finance but also other areas of responsibility.

Mr Keshav served as Chief Financial Officer of Rebosis from December 2014 to March 2017 and given that a period of more than three years has elapsed since then, his status as independent non-executive director is confirmed.

**Zandile Kogo**  
**Executive Director – Rebosis Property Fund Limited**

Age: 44

Qualifications: BAdmin, ILDP, RMDP

Date of Appointment: 03 November 2017

Zandile has a wealth of experience in the Property Industry, in both developments and existing portfolios. She started her career with Rebosis in Retail developments, then moved to Leasing where she headed up Retail Leasing for the Company. Zandile has a very strong retail background, with more than 10 years of fashion retail experience (heading up Retail Operations in different provinces for over 6 different fashion retail brands).

**Nomfundo Qangule**  
**Independent non-executive director –**  
**Rebosis Property Fund Limited**

Age: 52 years old

Qualifications: CA (SA), CAI, CAIB (SA)

Date of Appointment: 26 April 2012

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

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

**Lloyd Crossland Pengilly**  
**Independent non-executive director –**  
**Rebosis Property Fund Limited**

Age: 66 years

Qualifications: BSc (Honours) (Eng), MBA , Anglo American Mining Scholar

Date of appointment: 19 August 2020

Lloyd Pengilly has in excess of 49 years' experience ranging in mining, property, financial services, venture capital and private equity sectors. He is skilled in corporate advisory, large scale business transformation, capital raising, capital markets and initial public offerings. He is currently the chairman of QoraCapital, the majority owner of Navachab Gold mine in Namibia and Qora Limited, a private equity initiative focused on mining resources, infrastructure, real estate and energy.

Lloyd was the president and founder of QKR Corporation and held the positions of executive director of JPMorgan Cazenove and chairman of Africa for JPMorgan.

**Thabo Seopa**  
**Independent non-executive director –**  
**Rebosis Property Fund Limited**

Age: 56 years old

Qualifications: B. Com Acc, Hdip Tax, MDP

Date of Appointment: 26 April 2012

Thabo is the founder and CEO of Awande Investment Managers (Pty) Ltd. He is an experience executive who served as CEO & Managing Director of Trudon Proprietary Limited for 15 years.

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

He is an experienced businessman and board member having served as non-executive director for the following companies: Barnard Jacobs Mellet Holdings, a member of the audit committee of Johannesburg Property Company, Chairman of AfriGIS, Thunderbolt Solutions and Awande Capital Partners. He also serves in the board of the following not for profit organisation: Trustee of the Children's Hospital Foundation and a board member of Hilton College.

# Board of Directors

## **Maurice Mdlolo**

**Independent non-executive director  
Rebosis Property Fund Limited**

Age: 56 years

Qualifications: Bachelors degree from the University of South Africa

Date of Appointment: 08 February 2017

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

## **Mande Ndema**

**Company Secretary**

Age: 46

Qualification: B.Soc.Sci, LLB, PMD (GIBS), Certificate in Property Investment & Practise, Post Graduate Diploma in Marketing & Supply Chain Management.

Date of Appointment: 12 APRIL 2011

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





# Chairman's letter



## Dear stakeholder,

The company's performance for the year to 31 August 2020 is set against a backdrop of continued global economic uncertainty and domestic socio-economic headwinds. Notwithstanding these challenges, the company has achieved good operational efficiencies in difficult trading circumstances, with good progress on lease renewals and containing vacancies.

### INTRODUCTION

In my letter to shareholders last year, I wrote how ongoing trade wars between the US and China impacted on global economic uncertainty and domestic headwinds.

Following poor economic growth trends, the global rating agencies downgraded South Africa over time till current junk status. We saw our currency's massive decline despite a low inflation environment, on the back of a sluggish economy and sovereign credit downgrades.

The poor economy has led to disinvestment by major global companies especially in mining, business closures and tightening of money flow resulting in escalating job losses and highest unemployment recorded.

The real estate sector has been severely affected and lost a lot of goodwill with investors due to valuation questions and declining distributions after being a stellar performer for years.

At the time, our portfolio continued to achieve good operational efficiencies, despite difficult trading circumstances, with solid progress made on lease renewals and containing vacancies. In turn, we saw big rent reversions to market rentals in the offices due to having enjoyed long 10-year leases that escalated well above inflation and overtook market average rents due to this. The short-term pain was necessary for the good long term sustainability of the business.

The first half of the year under review continued in this trend, until COVID-19 (or "the pandemic" or "virus") changed how we live, relate and do business. Economies, societies, and individuals were tested through the impact of not only the virus, but the hard lockdown measures to curb its spread as well.

Locally, South Africa implemented some of the strictest measures globally to mitigate the pandemic.

Our portfolio held up relatively well, underpinned by our commercial office portfolio that is mainly tenanted by government. As lockdown measures were eased, the retail portfolio recovered in line with expectations with rental collection rates improving from 39% in April 2020 to 78% in June 2020 and 96% currently.

Tenant sustainability remains a major focus area and a number of tenants required rental relief in the form of rental concessions of R70 million. In total Rebosis invested R148 million (including bad debt write-offs) in support of tenants. We engaged with our tenants according to the guidelines set out by the Property Industry Group and focussed on ensuring the sustainability of all tenants affected by the lockdown. We specifically did not opt for deferring any rentals as the effects of COVID-19 and the future impact to business in general remains uncertain.

Consumer confidence and expenditure continues to remain under pressure, despite government's economic stimulus package, with the national treasury estimating a total of 1.8 million jobs that could be lost as a result of the pandemic. Indications are that COVID-19 could continue to impact on an already constrained retail environment, especially in the wake of a second wave of the pandemic.

Listed real estate experienced significant rental declines during the reporting period, due to the lockdown restrictions preventing or significantly reducing retail trade. As a result, the South African real estate sector has been among the worst affected in financial terms, trading around 40% weaker since the beginning of January on a total return basis.

## IMPACT OF COVID-19

With the implementation of several levels of lockdown restrictions ("the hard lockdown") on 26 March 2020, the portfolio experienced severe disruptions to trading for the months of April, May and June 2020. As indicated in my letter last year, the property sector in general and particularly retail, had experienced subdued trade in the months leading up to March 2020.

The hard lockdown and its unfavourable timing over the Easter holidays - seasonally the strongest trading months - has resulted in a severe downturn in the sector, placing portfolio valuations under pressure. The CEO's report contains further details in this regard.

## BALANCE SHEET, DEBT AND LIQUIDITY

Rebosis continues to enjoy the support of our funders and we have been working closely with them in our strategy to deleverage the Fund.

Despite the negative impact of the pandemic and the hard lockdown on the retail sector, we have met all financial obligations over the period.

Mdantsane Shopping Centre transferred during the year under review on 26 November 2019 and, as mentioned, the Group successfully disposed of the Medscheme building for a consideration of R89.1 million

COVID-19 and the associated lockdown measures and market uncertainty significantly impacted on management's ability to conclude additional disposals. As at the reporting date, the Group held R1.1 billion of investment property for sale.

A number of commercial office disposals are still under negotiation and are now expected to be concluded in the current reporting year. These disposals will reduce the Company's loan to value significantly and refocus Rebosis as a retail biased fund.

Borrowings concomitantly decreased from R10.1 billion in the prior year to R9.6 billion. The weighted average cost of borrowing reduced from 9.8% to 8.5%, as a result of the low interest rates cycle. It is expected that proceeds from the sale of the Medscheme building for R91 million will further reduce borrowings, following transfer in the current financial year.

## CSI, EMPOWERMENT, AND CORPORATE GOVERNANCE

Notwithstanding the board and management's focus on strengthening the balance sheet, we are mindful of our responsibility as a corporate citizen, particularly in times of severe volatility.

This integrated report elaborates on our progress in this regard, and I draw your attention especially to the good work done at shopping centre level in response to COVID-19.

In service to our communities we had partnered with government to open COVID-19 testing stations at our Gauteng malls. This initiative was overwhelmingly well received by the communities, with almost 45 678 screenings and approximately 9 983 tests performed collectively at Forest Hill City, Bloed Street Mall and Sunnypark Shopping Centre.

## CHANGES TO THE BOARD

During the year under review, Messrs Froneman and Odendaal resigned as non-executive directors from the board and Ms King resigned as Chief Financial Officer of the Company for different reasons unrelated.

On behalf of the board, I wish to thank them for their valuable contributions and dedication during the time of their tenure. We wish them well on their future endeavours.

Ms Asathi Magwentshu was appointed as Acting Chief Financial Officer and performed an excellent job leading to a clean audit for 2020 and has since been made a permanent appointment. We are proud to see depth from existing staff pool and she has been with Rebosis for a while. Mr Pengilly and Mr Keshav both joined the board as non-executive directors. A summary of their experience can be found on the Directors' page of this integrated report.

We welcome Ms Magwentshu, Mr Keshav and Mr Pengilly to the board and look forward to their ongoing contributions.

Post the reporting period, on 25 November 2020, Mr Rob Becker resigned as Chief Investment Officer and director of the board, following a process the Board commenced with him. The board wishes Rob well in his future endeavours.

## OUTLOOK

Going forward, there will be more emphasis on the disposal programme on the back of lease renewals. Management will further focus on vacancy reduction, fill up of NBC building in Braamfontein and 373 Pretorius building in Pretoria (we also looking at student accommodation conversions on these) and the renewal of the fewer remaining leases to improve WAULT.

Volatility in the industry is likely to continue, considering the uncertainty around the effective roll-out of COVID-19 vaccines before seasonal changes in South Africa. It is therefore expected that the listed property sector will remain under pressure in the short to medium term, notwithstanding Government's efforts to boost economic growth.

## CONCLUSION

I wish to thank our stakeholders for their ongoing support during these extraordinary times. I am also grateful towards my fellow board members for their ongoing support during the year.

On behalf of the board, I also wish to thank our management team and all staff for their dedication and commitment towards our business and tenants, especially during the hard lockdown periods.



**Dr Anna Mokgokong**  
Chairman

31 December 2020

# Chief Executive Officer's Report



## OVERVIEW

This has been the most challenging year in the SA economy and property sector impacted by two unrelated events of slowdown in the economy that, at macro level resulted in sovereign credit downgrades, business closures, job losses, declining consumer spend, currency depreciation that led to declining retailers' margins, etc. At a micro level in the property sector we have seen pressure on retailers and tenants with space reductions, decline in office market rentals, pressure on retail affordable rentals, etc which has negatively impacted property income and valuations across the sector.

The further impact of COVID-19 further deteriorated an already fragile environment stated above, with massive assistance programs by landlords to retain tenants particularly in retail during lockdown periods of no trading and slow ramp up since trading resumed.

For the first six months to 29 February 2020, our portfolio performed better despite an incredibly difficult trading environment. We increased retail trading density by 6.5% during this period and footfall was up 1.9% on average.

The second half of the financial year to 31 August will long be remembered as the worst trading environment since the Global Financial Crisis in 2008. We weathered significant headwinds related to COVID-19 ("the pandemic"). Our retail centres experienced significant trading disruption from 26 March 2020 to 01 June 2020 as a result of the necessary government imposed hard lockdowns to curb the spread of the pandemic.

Although our commercial office portfolio was impacted by the lockdown measures, income was somewhat shielded by the defensive largely national government underpin to the portfolio.

Despite the pandemic impacting on our tenants' ability to trade, Rebosis posted a before tax profit of R184 million, and, considering that the Board deemed it prudent not to declare a distribution, will pay income tax.

We negotiated with tenants on an individual basis to assist with rental relief within the ambit of voluntary guidelines set out by the Property Industry Group. Our engagement with tenants was based on rental relief where required, as opposed to rental deferrals, which the Board believes will only prolong uncertainty around tenant sustainability. Rebosis invested R148 million (including bad debt write-offs) in support of tenants' sustainability during the second half of the year.

As a result, no casualties in the form of vacancies as a direct result of the pandemic were reported, other than the impact of Edgars and Dion Wired filing for business rescue during the year. I am proud to report that we retained 100% of our retail tenants during COVID-19 as a result of our support measures. We further retained over 90% of tenants on lease renewals, and trading density grew by a positive 0.5% on average, despite lost trading weeks during lockdown.

Our decision to significantly write down and restate our portfolio in the prior financial year stood us in good stead, as property valuations across the sector are severely impacted in the wake of the pandemic. The write down of Rebosis' portfolio were mainly as a result of poor economic activity in the retail sector and outstanding office lease renewals that changed the discount and cap rates on the assets. Those leases have now been renewed, resulting in a R391 million increase in asset value, based on the restated numbers, from R12.767 billion in FY19 to R13.160 billion for the year under review.

The rising valuation trajectory of our portfolio is counter-cyclical to the market and as a result of it bottoming out in the prior financial year.

Although disposal efforts have been frustrated as a result of COVID-19, we successfully transferred Mdantsane Shopping Centre out of the portfolio in the year under review and concluded the disposal of the Medscheme building for R91 million. With more stability having returned to the market post year-end, we have accelerated our disposal efforts and are currently in advanced negotiations on many of our office assets. As these negotiations prove successful, our loan-to-value will drastically reduce and will – in parallel to the increase in our property valuations – bring our LTV in line with acceptable levels.

Debt was reduced by an amount of R500 million during the year under review, following the disposal of Mdantsane Shopping Centre as mentioned above, reducing total debt from R10.1 billion to R9.6 billion. Together with the increase in net asset value, LTV reduced from 75.7% to 72.4%.

The Chairman's letter elaborates on the precarious position the listed real estate market finds itself in, with most listed companies reviewing pay-out ratios downwards, and retaining income to strengthen the balance sheet.

In light of these considerable challenges, the Board decided to rather preserve capital and not declare a dividend, so as to redeploy cash towards reducing debt.

## OPERATIONAL PERFORMANCE

COVID-19 further eroded business and consumer confidence and resulted in increased space oversupply and negative renewal reversions, which negatively impacted rental income by a R211 million. Net property income commensurately reduced from R1.24 billion in the prior year to R1.08 billion.

### Retail

#### Collection rates

As only essential services tenants could trade, retail rental collections in April were 39%. From 01 May, when the country moved to lockdown level 4, and additional stores could trade, collections increased to 50%. The rental collection rate for June under lockdown level 3 increased to 78%.

The Fund reported an average collection rate of 95% for the year ended 31 August 2020, which increased to 96% post year-end, indicative of the quick retail turn-around and resilience of the portfolio.

We have a majority national retailer presence across our malls and expect collections to remain consistent in the months ahead. While continually monitoring their performance and corporate activity, we focused our support efforts on our smaller and independent tenants.

The Company is pursuing an insurance claim for losses relating to rental collections during the lockdown periods, however, at the time of writing, insurers were still pushing the can down the line to avoid any liabilities and the few court cases' outcome have been in favour of the insured, a pleasing outcome we are following closely.

#### Portfolio overview

Lease renewals in the retail sector has slowed, as retailers assess the future impact of the lockdown on their business. We have successfully renewed 99 leases, accounting for approximately 50% or 31 177 m<sup>2</sup> of the 63 579m<sup>2</sup> expired GLA during the year under review, at a contractual annual escalation rate of 5.9% and an overall negative impact of 2.7% on retail rental income.

Importantly, new leases that filled vacancies with a total GLA of 20 650m<sup>2</sup> were also concluded, proving a renewed interest and activity by retailers.

The rationalisation of the Edgars stores resulted in the closure of the Forest Hill City store. The exposure to the Edcon stores has been reduced over time and currently comprises 2.3% of our total portfolio by GLA.

### Commercial offices

#### Rental collections

The office sector has performed consistently over the reporting period, proving its mettle and defensive strength once again.

The Fund continues to benefit from its tenant exposure largely underpinned by sovereign leases, proving its defensive nature during economic downturns for the Fund and has assisted to minimise the negative impact the hard lockdown has brought.

All office properties remained fully operational during the lockdown period with increased hygiene and safety protocols. Whilst the few private sector tenants have come under pressure in the past few months, the team has been successful in retaining majority of these tenants albeit at market adjusted rentals.

The office rental collections remained robust around 98% collection rate over the reporting period, a shield that assisted the overall fund collection rates and income integrity.

#### Portfolio overview

Progress on lease renewals continues with 23 expired office leases totalling GLA of 11 870m<sup>2</sup> successfully renewed during the year with contracted escalation of 6.3% and an overall negative impact of 0.4% on office rental income. The remaining 70 000m<sup>2</sup> is largely two buildings Salu building in Pretoria and Diagonal building in Johannesburg that are single tenanted by national and provincial governments respectively and will conclude soon.

Over the period office vacancies have increased to 9.2%. The increased vacancy is predominantly attributable to 373 Pretorius Street building of 13 340m<sup>2</sup> which was occupied by City of Tshwane and is in the process of conversion to student accommodation.

### CAPEX

Overall capex totalling R70 million was invested during the year (R92m including old Boxwood buildings spend in this period per sale agreement terms), R66 million of which was defensive capex spend and R4 million on yield enhancing improvements.

# Chief Executive Officer's Report

## STRATEGIC OUTLOOK

The immediate outlook for listed property remains uncertain as the full extent of the economic shut-down is expected to manifest over the coming months, more especially in private sector offices as these tenants will aggressively cut space due to new way of work remotely, with the retail sector impact now more clear and will not re-occur unless further lockdowns are imposed in future.

Based on global events, there is a remote possibility of Government reintroducing stricter lockdown measures, should COVID-19 infection rates increase.

Notwithstanding record-low interest rates, consumer confidence is expected to remain weak, considering ongoing job losses and an uncertain economic environment. Government stimulus packages, once implemented, will take time to impact consumer spending patterns.

Despite the unique challenges we face, we continue to meet our debt obligations and, importantly, continue to maintain and improve the quality of our assets through capex spend, keeping them attractive to tenants which bodes well for renewals.

Going forward we will continue to focus diligently on filling vacancies, especially given an uptick in the demand for space in our retail centres. The strengthening of the balance sheet through the preservation of cash, debt reduction and accelerated bulk disposals remain other core focus areas in order to reduce LTV and return cash as dividends in future to shareholders.

## APPRECIATION

I wish to thank my fellow directors for their input and counsel, the staff for all their commitment and hardwork, during this most difficult period in our history as a listed fund. I would further like to give gratitude to our shareholders and funders for their pragmatic ongoing engagement as we navigate cautiously through these tough times.



**Dr Sisa Ngebulana**  
Chief Executive Officer

31 December 2020





# Chief Financial Officer's Report



## PORTFOLIO ASSETS AND DISPOSALS

The total portfolio of investment properties was valued by independent valuers, Quadrant Properties (retail portfolio) and CBRE (commercial and industrial portfolio). All properties are reflected at fair value. As at 31 August 2020, the portfolio including investment property held for sale was valued at R13.2 billion (2019: R13.3 billion) for the group and R7.0 billion (2019: R7.3 billion) for the company. The fund had previously reported a fair value of R15.601 billion as at 31 August 2019. Subsequently investment property carrying value at 31 August 2019 was restated in order to address the 2019 qualified audit opinion. This resulted in an adjustment of R2.318 billion to the carrying value of investment property at 31 August 2019 to R13.283 billion (R12.767 billion excluding Mdantsane City that was transferred in December 2019). The total carrying value of investment property in the current financial year at 31 August 2020 is R13.160 billion, compared to R12.767 billion stated above.

This has resulted in an increase in fair value of R391 million in the current financial year to investment property, largely as a result of a number of commercial office lease renewals which changed the discount and cap rates. The fair value adjustment to the restated carrying value resulted in the loan to value being restated to 75.7% for 31 August 2019, with an improvement of the loan to value in the current financial year at 31 August 2020 to 72.4% as a result of the Mdantsane City disposal and positive valuations. The weighted average capitalisation rate of the total portfolio is between 8.00% - 9.25% for retail (2019: 8.27%) and 8.25% - 10.75% for office and industrial (2019: 8.27%). Note 3 of the annual financial statements discloses the underlying assumptions of the valuations. Also refer to the director's report for more detail.

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

On 26 November 2019, the disposal of Mdantsane City Shopping Centre was concluded when transfer was affected for proceeds of R516 million. The proceeds were utilised to reduce debt.

## FUNDING AND INTEREST

As at 31 August 2020 the group's borrowings decreased to R9.6 billion from R10.1 billion in the prior year due to the proceeds from the Mdantsane City Shopping Centre disposal.

The group's loan to value at 31 August 2020 was 72.4% (2019: 75.7%).

The total net interest cost was lower than the previous financial year by R89 million. This decrease was as a result of debt using disposal proceeds. Although, interest rates decreased by a total of 300 bps during the year, the impact of this decrease will mainly be realised in the 2021 financial year.

The weighted average cost of debt for the year was 8.5% compared to the prior year of 9.8%. The notional value of swaps was R3.7 billion as at 31 August 2020. A R1 billion interest rate cap matured on 23 November 2020 and the Fund has hedges of R2.7 billion remaining.

At 31 August 2020, 39% (2019: 79%) of the group's debt exposure were hedged with interest rate swaps, cross currency swaps and interest rate caps. It is the group's policy to hedge a minimum of 50% of the interest rate risk at any given time. The average debt maturity profile is 0.7 years and the hedge maturity profile are 0.9 years.

#### STATED CAPITAL

No additional shares were issued during the year.

#### DISTRIBUTABLE INCOME

Distributable income before tax is R62 million excluding capitalised interest on deferred payment liability of R23 million and tax. Due to the company not declaring any distributions in the current financial year, the tax expense is R44 million for the current year and a prior year tax adjustment of R30 million. This lower distributable income figure has been impacted by COVID-19 concessions on the retail portfolio of R157 million including bad debt write-offs and provisions.

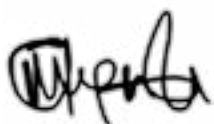
The financial performance of the portfolio overall was negatively impacted by vacancies and lower rental growth on renewals and retailers being under pressure due to COVID-19 impact.

#### RISK MANAGEMENT

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

#### OUTLOOK

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



Asathi Magwentshu  
Chief Financial Officer

31 December 2020



# Corporate Social Responsibility



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# Governance

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# 3.1 CORPORATE GOVERNANCE REPORT 2020

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

## BOARD COMPOSITION

Rebosis has a unitary board structure, comprising:

- five independent non-executive directors (including one lead independent non-executive director);
- four executive directors.

Directors are entitled to seek independent professional advice concerning the affairs of the Company, at the Company's expense, should they believe this to be in the best interest of the Company.

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

At board level there is a clear balance of power and authority to ensure that not one director has unfettered power of decision making.

## THE BOARD AND DIRECTORS

The board operates in accordance with a detailed charter, which defines the board's mission, roles, duties and responsibilities. The board adheres to its fiduciary duties and duty of skill and care codified in the Companies Act. This is reflected in the conflicts of interest policy, which also applies to directors. Declarations of interest are confirmed at each board and committee meeting and are recorded in the minutes. The board members also ensure that they have sufficient time to devote to their responsibilities to Rebosis.

## BOARD FUNCTION

Directors are encouraged to promote rigorous debate with the aim of promoting direction, governance and effective control of the Company. Decisions are usually made by consensus. All Board members are conscious of their obligation to act with integrity. The Board supports the materiality approach, which emphasises integrated reporting based on issues, risks and opportunities that can have a material impact on the sustainable performance of the business over the short, medium and long term. The Company has made progress in identifying and managing significant risks that could have a material impact on the business.

The Board appointed Asathi Magwentshu as the Acting Chief Financial Officer (CFO) on 04 August 2020 following Isabeau King's resignation on 04 August 2020. The acting CFO position became permanent on 18 December 2020.

The CEO is responsible for leading the implementation and execution of approved strategy, policy and operational planning, and serves as the chief link between management and the Board, ensuring that the day-to-day business affairs of the Company are appropriately managed.

## DIRECTOR APPOINTMENT AND ROTATION

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

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

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

# Corporate Governance Report 2020

## EVALUATION OF PERFORMANCE

The Board annually conducts an evaluation of its contribution as a whole, as well as the individual performance of each of its directors. This includes an evaluation of the board as a whole and of each board sub-committee, as well as of the chairman and each director to review their ability to add value. Discussions centre on how the performance and effectiveness of the Board can be improved. Individual feedback is given to each director, and the Chairman gives general feedback to the Board.

In addition, the remuneration committee facilitates the evaluation of executive management. The performance review conducted post year-end indicated that the board is providing sound corporate governance and is working well with executive management. The board is well informed and attentive to key issues. The board continues to focus on ensuring that the profile, skills set, diversification, qualifications and individual qualities of its executive and non-executive directors serve the current and future needs of the business and the ever-changing environment in which it operates

## ANNUAL ASSESSMENT OF INDEPENDENCE

King IV does not consider tenure of non-executive directors as an indication of independence. The Company's policy remains that all independent non-executive directors who have served for more than 9 years have to be assessed annually to determine whether they are still independent and can continue serving.

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

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

All directors submit a declaration of their directorships and commercial interests to the Company Secretary.

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

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

## DIRECTORS' REMUNERATION

Non-executive directors receive a fee for their contribution to the board and the sub-committees on which they serve. Fees are determined by the remuneration committee and approved by the shareholders at the annual general meeting. The remuneration of executive directors is determined by the remuneration committee in accordance with the company's memorandum of incorporation, and approved by the board. Information on directors' remuneration appears on page 62-63.

## BOARD COMMITTEES

The board committees assist the board in executing its duties and authority. The board delegates the required authority to each committee to enable them to fulfil their respective functions through formal board-approved terms of reference. These are reviewed annually. Each committee has a detailed annual workplan to ensure full oversight of all matters within their delegated mandate. Delegating authority to board committees or management does not mitigate or discharge the board and its directors of their duties and responsibilities.

The board has five committees through which it operates:

- Audit and risk committee;
- Social and ethics committee;
- Remuneration committee;
- Nominations committee; and
- Investment committee.

Each committee chairman reports formally to the board after each meeting on all matters within its duties and responsibilities, including recommendations on envisaged actions.

### Audit and risk committee

The committee consists of four independent non-executive directors. The chairman of the board is not the chairman of the audit and risk committee. The external auditors, internal auditors, the group CEO and the group CFO attend these meetings by invitation. The internal and external auditors have unrestricted access to the chairman of the audit and risk committee. The full report from the audit and risk committee is outlined in the consolidated financial statements. These can be found at [www.rebosis.co.za](http://www.rebosis.co.za). Meetings are held quarterly. Five meetings were held in the year under review. Apart from the statutory duties of the audit and risk committee, as set out in the Companies Act and the provisions of the JSE Listings Requirements and King IV principles, the purpose of the committee is to:

- examine and review the group's financial statements and report on interim and final results, the accompanying messages to stakeholders and any other announcements on the company's results or other financial information to be made public;
- oversee co-operation between internal and external auditors, and serve as a link between the board and these functions;
- oversee the external audit function;
- approve the internal audit plan, fees and qualifications of the internal auditors;
- evaluate the qualifications and independence of the external auditor;
- approve external audit fees;
- ensure effective internal financial controls are in place;
- review the integrity of financial risk control systems and policies;
- evaluate the scope and effectiveness of the internal audit function;
- evaluate the competency level of the CFO and finance function; and
- comply with legal and regulatory requirements.

During the year under review, the committee satisfied itself that the acting CFO, Asathi Magwentshu, possesses the appropriate level of expertise and experience to fulfil his responsibilities as CFO to the board and the company.

### Social and ethics committee

The social and ethics committee is constituted as a statutory committee for purposes contained in section 72 of the Companies Act. The committee comprises two independent non-executive directors and two executive directors. The CEO, legal executive, human resources executive, marketing executive and the company secretary attend these meetings as invitees. The chairman of the committee provides a report to the board on its initiatives and mandate. The committee is governed by a charter and monitors group performance in terms of defined social and ethics performance indicators that have been formulated with reference to Regulation 43(5) of the Companies Act. This is further supported by a workplan which guides the committee on its mandate and responsibilities. The committee met three times during the year.

In response to the requirements of the Companies Act, the performance in the following areas was reviewed:

- Group policies (ethics, whistle-blowing, anti-corruption and procurement);
- Broad-based black economic empowerment and employment equity;
- Socio-economic development; and
- Environmental impact.

Whistle-blowing is supported by a procedural framework within Rebosis and communicated to all employees. There were no whistle-blowing incidents reported during the review period. The committee approved a comprehensive socio-economic development responsibility plan, which includes relevant training, learnerships and bursaries. The committee also reviews ESG initiatives, the energy consumption and carbon footprint contributions to all its properties. There were no significant health and safety issues to report for the year under review.

# Corporate Governance Report 2020

## Remuneration committee

The committee ensures that remuneration policies support the strategic aims of the business and enable the recruitment, motivation and retention of senior executives, while complying with regulatory and governance principles.

The remuneration committee comprises two independent non-executive directors. It is chaired by an independent non-executive director. Meetings are attended by the CEO, CFO, CIO and the human resources executive, by invitation when required. The remuneration committee ensures that remuneration practices focus executives on achieving long-term business objectives and growth in shareholder wealth. In satisfying this requirement, the committee reviews incentive arrangements, including key performance indicators and performance hurdles. The chairman of the committee reports to the main board on the activities and recommendations made by the committee. All minutes of the remuneration committee are tabled to the board for noting.

## Nominations committee

The nominations committee is responsible for ensuring that the procedures for appointments to the board are formal and transparent. The committee consists of two non-executive directors as members and is chaired by the chairman of the board. Meetings are attended by the group CEO on invitation. The committee met five times during the year under review.

The purpose of this committee is to:

- provide recommendations on the composition of the board and board committees and ensure that the board comprises individuals equipped to fulfil their role as directors of the company;
- provide comments and suggestions on committee structures of the board, committee operations, member qualifications and member appointments; and
- review and recommend its annual training programme to the board.

## Investment committee

The investment committee assist the board with the investment process of the group. The committee oversees approval processes for investments (acquisitions and disposals). These are designed to ensure they are aligned to Rebosis's agreed strategies and values. Risks are identified and evaluated, investments are fully optimised to produce the maximum shareholder value within an acceptable risk framework and appropriate risk management strategies are pursued.

The main purpose of the committee is to review investments in a structured, formal and transparent manner to ensure:

- each transaction meets the strategic, technical and investment requirements of the company, which includes identifying and managing all project-related risks;
- critical decisions, project parameters, safety, health and environmental impacts and governance processes are followed and addressed prior to committing funds; and
- each transaction enhances the portfolio value of the company.

The investment committee met five times during the year under review.

## APPOINTMENTS TO THE BOARD

The appointment of new directors is approved by the board as a whole on recommendation by the nominations committee. Directors are appointed through a formal and transparent process, which includes the identification of suitable members and performance and background checks prior to nomination. Director appointments are formalised through an agreed contract of service between the company and the director. The company's board-approved gender and race policy is applied by the nominations committee when providing recommendations on the composition of the board and any new appointments.

Mr Lloyd Pengilly was appointed as an independent non-executive director of the Company and member of the Investment committee and Remuneration Committee, respectively.

Mr Francois Froneman and Mr Jaco Odendaal resigned as non-executive directors on the 30<sup>th</sup> June 2020 and 19 August 2020 respectively.

Kameel Keshav was appointed as an independent non-executive director of the Company on the 11 November 2020.

## COMPANY SECRETARY

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

The Company Secretary assists the Board in fulfilling its functions and is empowered by the Board to perform her duties. In managing the Board process, the Company Secretary, directly or indirectly:

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

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

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

## RISK GOVERNANCE

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

To ensure that risk assessment is performed on a continual basis, the risk and opportunity register is monitored by the board on a quarterly basis. Refer to pages 53 to 55 for the key risks. The board has ultimate responsibility for establishing a framework for internal control. Rebosis's controls focus on the critical risk areas identified by operational management and confirmed by the executive management. Controls are designed to provide reasonable assurance of the integrity and reliability of the annual financial statements to safeguard, verify and maintain accountability of its assets and to detect fraud, potential liability, loss and material misstatement, whilst complying with applicable laws and regulations. The board is assisted in its responsibility by the audit and risk committee. Its objective is to monitor and consider the risk management processes. The Company's annual internal audit plan is designed to incorporate the outcomes of the risk management process. Internal audit is based on a risk-based audit approach.

## INFORMATION AND TECHNOLOGY (IT) GOVERNANCE

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

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

## CORPORATE GOVERNANCE STRUCTURE

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

# Corporate Governance Report 2020

Committees	Audit & risk committee	Investment committee
<b>Responsibility</b>	<p>A mandatory committee in terms of the Companies Act, it is responsible for:</p> <ul style="list-style-type: none"> <li>Reviewing the interim and integrated annual report and annual financial statements</li> <li>The internal control framework and procedures</li> <li>Confirming and reviewing the internal audit as well as internal, financial and operational controls, including IT governance functions</li> <li>Reviewing risk management, standards of grievance, reporting and compliance and the integrity of the integrated annual report</li> <li>Approving the appointment of the auditors for non- audit services</li> </ul>	<p>Assisting the board in setting the company's investment policy</p> <ul style="list-style-type: none"> <li>Evaluating transactions in respect of the property portfolio, portfolio management and the review and approval of property budgets and valuations</li> <li>Evaluating proposed unbudgeted capital expenditure which exceed authority limits</li> <li>Reviewing the annual valuations of the property portfolio</li> </ul>

## MEMBERS AND NUMBER OF MEETINGS/ATTENDANCE

	Board	Audit and risk committee	Social and ethics committee	Remuneration committee	Nominations committee	Investment committee
Number of meetings held	9	6	3	3	5	5
<b>Chairman</b>						
Dr Anna Mokgokong	9	N/A	N/A	N/A	5	N/A
<b>Independent non-executive directors</b>						
Mr Jaco Odendaal**	6	N/A	N/A	2	N/A	4
Mr Maurice Mdlolo!	9	2	N/A	N/A	5	5
Mr Thabo Seopa^	9	6	3	N/A	N/A	5
Ms Nomfundo Qangule	9	6	3	3	N/A	N/A
Mr Francois Froneman*	6	5	N/A	N/A	N/A	N/A
Mr Lloyd Pengilly***	2	N/A	N/A	N/A	N/A	N/A
<b>Executive directors</b>						
Dr Sisa Ngebulana (CEO)	9	by invite	by invite	3	5	5
Mr Rob Becker (CIO)	9	by invite	by invite	by invite	by invite	5
Ms Isabeau King (CFO)#	9	by invite	3	by invite	N/A	by invite
Ms Zandile Kogo	9	N/A	3	N/A	N/A	N/A
Ms Asathi Magwentshu CFO##	2	by invite	by invite	by invite	N/A	by invite

\* Francois Froneman resigned on the 30 June 2020

\*\* Jaco Odendaal resigned on the 19 August 2020

\*\*\* Lloyd Pengilly joined the board on 19 August 2020

# Isabeau King resigned on the 04 August 2020

## Asathi Magwentshu was appointed as Acting CFO on 04 August 2020. The acting CFO position became permanent on 18 December 2020.

^ Thabo Seopa took over as Chairperson of the Audit & Risk Committee on 30 June 2020

! Maurice Mdlolo was appointed as an additional member of the Audit & Risk Committee on 30 June 2020

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

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

#### BOARD PROCESSES

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

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

#### ETHICS

ReboSis is committed to achieving the highest standards of ethical behaviour. We have various mechanisms in place to prevent and discourage unethical and fraudulent behaviour in the group. We expect our employees and ReboSis-related stakeholders to conduct themselves with the highest level of honesty and integrity. The Company has an ethics hotline which is independently run by Deloitte Tip-Offs Anonymous. This hotline can be used by all employees, contractors, suppliers or other associates to report any suspected unethical behaviour.

#### RETIREMENT AND RE-ELECTION OF DIRECTORS

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

#### DIRECTORS' REMUNERATION

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

Information on directors' remuneration appears on page 62 -63.

#### COMPLIANCE FRAMEWORK

You can find the compliance framework on our website, [www.reboSis.co.za](http://www.reboSis.co.za)

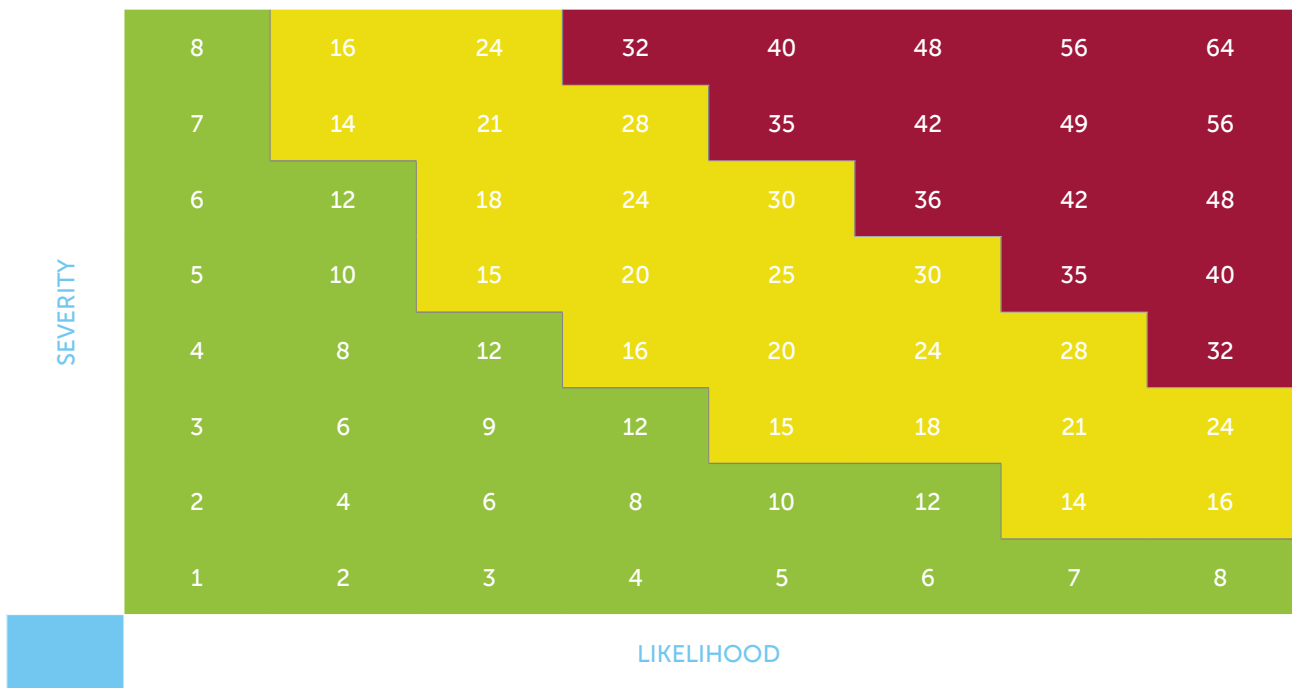
# 3.1.1 Risk report

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

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

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

Risks are rated on the following basis.



RISK	RISK DESCRIPTION	CONSEQUENTIAL EFFECTS	RISK RESPONSE/ MITIGATION	OPPORTUNITIES AND STRATEGIC OBJECTIVES	RATING
LIQUIDITY RISK	<p>Insufficient liquidity to meet obligations.</p> <p>Unable to extend debt facility on maturity.</p> <p>Concentration of capital risk.</p> <p>Risk of adverse interest rate fluctuations on the financial position and performance of the group.</p>	<p>Unable to continue as a going concern.</p> <p>Unable to pay distributions and retain REIT status.</p> <p>Breaching loan covenants such as loan-to-value and interest cover ratio</p>	<p>Secure support for corporate action and capital raise.</p> <p>Covenants are discussed on a regular basis and we meet frequently with our funders.</p> <p>Pursue disposal opportunities at appropriate value.</p>	<p>Recapitalise the business.</p> <p>Refinance debt and spread the capital risk between various capital providers.</p> <p>Stabilise the fund pursue growth off the new base.</p>	
COVID-19	<p>Disruption to business due to COVID-19 closures.</p> <p>Inappropriate social response to the pandemic.</p>	<p>Loss of rental income during closure.</p> <p>Future disruption of income and failure of income.</p> <p>Exacerbated pressure on liquidity.</p> <p>Risk of high infection rate at centres and negative publicity.</p>	<p>In collaboration with industry bodies offered rental relief to tenants</p> <p>Pursuing loss recovery through insurance claim.</p> <p>Implemented hygiene protocols to respond to various risk levels.</p>	<p>Strengthen tenant relationships.</p> <p>Initiated testing stations to support communities and government testing initiatives.</p>	
REIT STATUS	<p>Loss of REIT status.</p>	<p>Loss of shareholders confidence and support.</p> <p>Loss of the Sec 25BB tax deduction resulting in the payment of tax on taxable income.</p> <p>Capital Gains Tax exposure.</p>	<p>Continued engagement with the JSE around the challenges the company face.</p> <p>Execute the corporate strategy to rectify the status.</p>	<p>Possibility of corporate action to improve the current position of the company.</p>	
VALUATIONS	<p>Deterioration in property values.</p>	<p>Pressure on the loan to value levels.</p> <p>Negative impact on investor confidence and possibility of raising capital.</p> <p>Difficulty to successfully dispose or acquire assets.</p>	<p>Improve WALE and ensure properties are well maintained.</p> <p>Obtain credible valuations</p>	<p>Restore investor confidence</p>	

# Risk Report

RISK	RISK DESCRIPTION	CONSEQUENTIAL EFFECTS	RISK RESPONSE/ MITIGATION	OPPORTUNITIES AND STRATEGIC OBJECTIVES	RATING
RETAIL PERFORMANCE	<p>Slowdown in domestic economy increasing the risk of retailers reducing space, defaulting on payments and resulting in increased retail failures or business rescue.</p> <p>COVID-19 has further negatively impacted on economic activity.</p> <p>Negative reversions leading to loss of income and ultimately affecting the value of the property.</p> <p>Over supply of retail centres.</p> <p>Consumers switch to online shopping accelerated by lockdown as a result of COVID-19.</p>	<p>Lower business confidence levels hampering national growth, resulting in an oversupply of retail space.</p> <p>Potential for existing tenants to enter business rescue due to market pressures.</p> <p>Decline in retail sales affecting the sustainability of tenants. Decline in lease renewals, with potentially increased vacancies.</p> <p>Requirement for discounted rentals to maintain occupancies.</p> <p>Reduced valuations due to higher discount and cap rates.</p> <p>Lower foot count and trading densities.</p> <p>Increased requests for turnover rentals.</p>	<p>Quality locations motivating tenants to retain space in malls.</p> <p>Maintain good relationships with tenants and have a view of their financial standings.</p> <p>Endeavour to respond proactively to possible tenant defaults.</p> <p>Ensure centres are attractive to tenants and customers.</p>	<p>Strengthen tenant relationships to improve collaboration and loyalty.</p> <p>Enhance entertainment offering, making it a destination of choice.</p> <p>Increase development of surrounding nodes.</p> <p>Improve the retail experience through use of data and technology.</p>	
STRATEGY EXECUTION	<p>Inability to effectively execute strategic initiatives.</p>	<p>Inability to execute corporate action and resolve liquidity challenges.</p> <p>Unable to achieve the disposal strategy timeously.</p> <p>Negative impact on market confidence regarding ability to execute.</p> <p>Reputational damage to the business due to non-performance.</p> <p>Lack of deleveraging the fund.</p>	<p>Support of funders and advisors to vigorously achieve strategy.</p> <p>Signing of long-term leases to facilitate commercial sales.</p>	<p>Recapitalise and refinance the fund.</p> <p>Successful execution of disposals.</p>	

RISK	RISK DESCRIPTION	CONSEQUENTIAL EFFECTS	RISK RESPONSE/ MITIGATION	OPPORTUNITIES AND STRATEGIC OBJECTIVES	RATING
PEOPLE CAPITAL RISK	<p>Inability to retain management and key staff.</p> <p>Unsuccessful talent acquisition and career progression.</p>	<p>Loss of institutional knowledge and key skills required to execute the turnaround strategy.</p> <p>Poor moral and performance.</p>	<p>Implement appropriate incentives and retention scheme.</p>	<p>Retain and improve talent.</p>	
COMMERCIAL LEASES	<p>Inability to secure long-term leases with Government tenants.</p> <p>Buildings do not comply with regulations.</p> <p>Reduction in demand for space due to work from home philosophy.</p>	<p>Inability to dispose of buildings in the absence of long-term leases.</p> <p>Non-compliance with Occupational Health and Safety regulations leading to tenant vacancies.</p> <p>Difficulty in securing alternative tenants resulting in increased vacancies.</p>	<p>Escalated engagement to resolve policy matters within Government.</p> <p>Monitoring of compliance of buildings to ensure a safe environment for tenants.</p> <p>Continuous maintenance performed to ensure compliance and reduce risk.</p> <p>Continued engagement with key tenant representatives.</p>	<p>Strengthen relationships with key tenants and refresh buildings to quality standards</p>	
GOVERNANCE AND SYSTEM RISK	<p>Risk of inadequate systems and processes being in place supporting the required level of governance.</p> <p>The risk of IT failure and inadequate disaster recovery plans.</p> <p>Risk of cyber-attacks.</p> <p>Lack of response to business requirements.</p>	<p>Inadequate record and information keeping supporting good corporate governance.</p> <p>Loss of tenant information, disruption to data integrity and loss of income due to non-rental recovery/billing.</p>	<p>IT systems are cloud based with effective security in the various IT environments.</p> <p>Staff can access all data remotely.</p> <p>Responsible hacking is done on a periodical basis to check security of IT systems.</p> <p>Documenting of processes and procedures.</p>	<p>Formalise processes and record keeping as support for King IV compliance.</p> <p>Reduced cost of recovery resulting in increased returns to shareholders.</p>	
B-BBEE RATING	<p>Inadequate B-BBEE rating.</p>	<p>Risk of not renewing leases as a result of an unacceptable rating.</p>	<p>Dedicated transformation committee managing processes.</p> <p>Partner with specialists in pursuit of continuous improvement.</p>	<p>Opportunities to enter into long-term leases.</p> <p>Increased social responsibility through enterprise and supplier development.</p>	



# Remuneration committee report

3.2

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# 3.2 Chairman's report



I am pleased to present the report of Rebosis Property Fund's remuneration committee for the year ended 31 August 2020.

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

Governance of the committee

### COMPOSITION OF THE COMMITTEE

Nomfundo Qangule (Chairman)
Profile on page 31
Independent non-executive director

### MEETING ATTENDANCE

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

### TASK UNDERTAKEN BY THE COMMITTEE DURING THE YEAR:

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

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

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

Issues raised by shareholders who have engaged with management are:

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

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

**Nomfundo Qangule**  
Chairman: Remuneration committee

31 December 2020

# Chairman's report

## BACKGROUND STATEMENT:

This report provides an account of the remuneration and people management for 2020. The report provides an overview of the various actions undertaken during the year under review, particularly our remuneration policy and our remuneration implementation policy – which are both subject to non-binding advisory votes at the AGM – and various performance and reward elements.

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

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

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

## REMUNERATION PHILOSOPHY AND POLICY:

Remuneration philosophy:

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

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

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

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

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

## 3.2.1

## Remuneration policy

## OVERVIEW OF GROUP REMUNERATION POLICY

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

## FIXED REMUNERATION AND BENEFITS:

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

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

Reboasis believes that the health of its employees is essential to its success. As such, Reboasis has collaborated with ICAS South Africa Pty Ltd ("ICAS") in order to assisting employees to seek professional help in order to deal with the challenges

that impact on their personal and interpersonal work relationships. ICAS provides life skills and assists with awareness and education programmes to promote healthy lifestyle choices and coping skills while building capacity for managers to use the service as well as identifying distressed employees and referring them to appropriate resources.

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

## VARIABLE REMUNERATION:

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

# Remuneration policy

## SHORT-TERM INCENTIVE SCHEME:

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

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

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

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

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

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

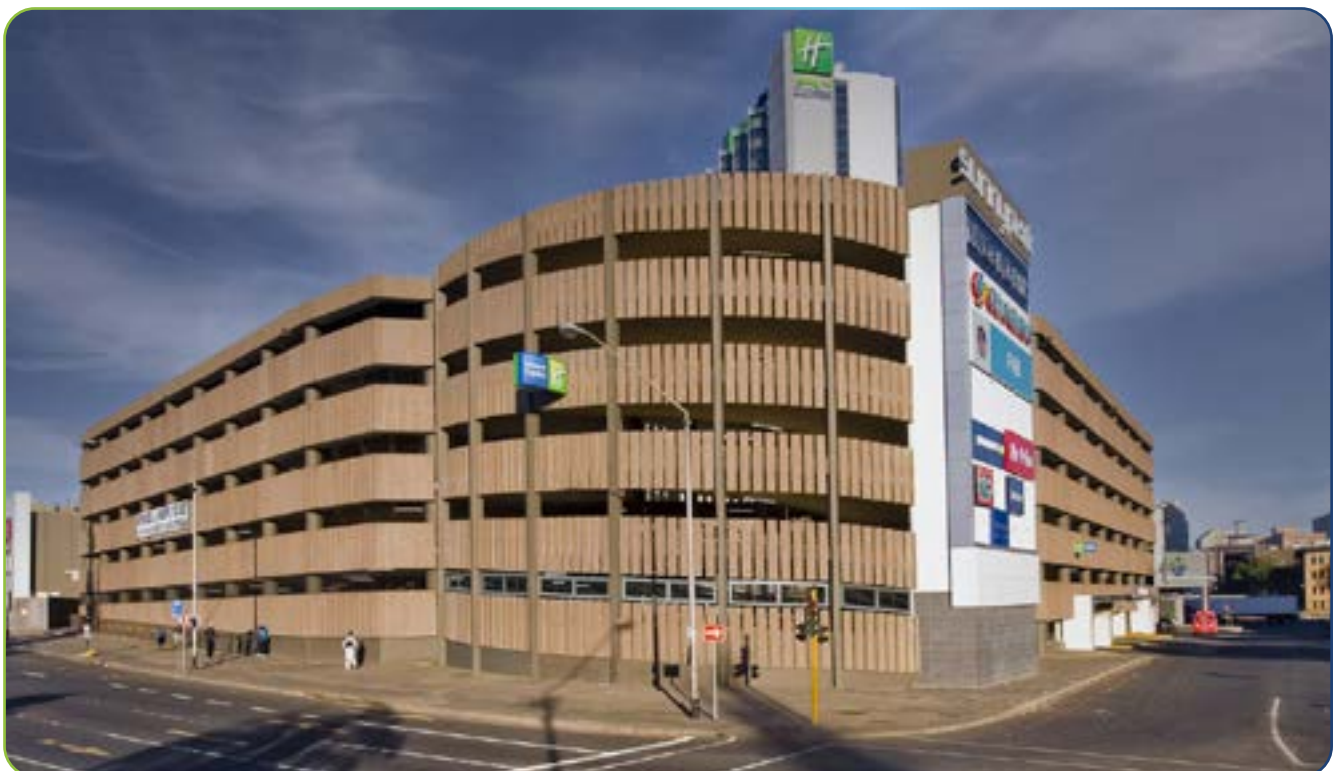
Up to 100% of CTC above 125% of agreed output (exceptional performer).

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

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

## SPECIAL INCENTIVE SCHEME:

In the absence of a long-term incentive scheme, and in order to retain key individuals and drive the achievement of the funds deleverage program, the committee implemented a special incentive scheme during the 2020 year. The scheme participants are rewarded on a linear scale for implementing the asset disposal programme. Participation in the scheme is by invitation from the Remuneration Committee and has been limited to a few key executive and senior managers who are directly involved in delivering the deleverage strategy. Participants can earn up to two times their CTC if the Board objectives are met. This scheme will vest in the event that there is a change in control of the fund.



### PROPOSED NEW LONG-TERM INCENTIVE: CONDITIONAL SHARE PLAN (CSP):

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

<b>Purpose</b>	The purpose of the CSP is to provide eligible employees with a conditional right to receive company shares on vesting. This will promote the continued alignment of management's focus to shareholders' interests and to attract and retain suitably skilled and competent personnel. The CSP will be aligned to Rebosis' business structure and takes into account best practice for long term incentive design.
<b>Participants</b>	The CSP would be used for senior management and upwards, including executives.
<b>Type of instrument</b>	<p>The CSP will provide for the annual award of performance shares which vest after three years subject to the achievement of strategically important performance conditions and the participant remaining employed with Rebosis.</p> <p>The CSP also provides for the award of retention shares. These would not form part of the annual pay mix for any employee and would be used in exceptional circumstances such as where a genuine retention risk exists which cannot be addressed through the use of performance conditions.</p>
<b>Vesting</b>	It is intended that awards will vest in full after three years, subject to performance conditions being met and the participant remaining employed by Rebosis for the duration of the employment period.
<b>Performance conditions and targets</b>	The Remco will consider performance conditions, weightings and targets to be implemented which will be designed to incorporate appropriate financial and non-financial performance measures aligned to the strategic objectives of Rebosis at the time of implementation.
<b>Termination of employment and change of control</b>	<p>Participants are required to remain employed until the expiry of the employment period for their awards to vest. If they leave before the expiry of the employment period, they will be considered to not have fulfilled the employment condition in full. Depending on the circumstances of their termination of employment, they will either forfeit the award in full ('bad leavers' – e.g. dismissal or resignation), or they will have their awards pro-rated ('good leavers' – e.g. retrenchment, retirement, or termination due to ill-health or death). In good leaver instances where awards are pro-rated, they are pro-rated for time and performance, i.e. the performance conditions will be early tested, and the awards will be adjusted accordingly.</p> <p>The CSP will provide for what is termed a 'clean break' principle to be applied in instances where there has been a 'change of control'. This means that good leaver treatment is applied to participant's awards upon the occurrence of a change of control (i.e. pro-rating for time and achievement of performance conditions). In these instances, the remco will need to apply its mind to what happens to the remainder of the award.</p>

#### Non-executive director fees:

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

#### Malus and clawback provisions:

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

# 3.2.2 Remuneration implementation report

## IMPLEMENTATION REPORT:

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

Annual adjustments to fixed remuneration:

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

STI bonus scheme outcomes for 2020

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

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

Despite the difficult trading conditions and inability to pay dividends, in recognition of the tremendous pressure that the executive team has faced over the last year in managing the fund, the board has not awarded short-term bonuses for the 2020 financial year. Executive directors and members of the executive committee received bonuses in 2019. No bonuses were received in 2020.

Special incentives have been paid to executive directors in respect to the Mdantsane disposal.

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

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

	2020	2019
	R'000	R'000
Remuneration of executive directors		
SM Ngebulana	7 332	9 600
Salary and allowance	5 772	5 550
Retirement benefits	468	450
Special incentive	1 092	-
Performance bonus	-	3 600

	2020	2019
	R'000	R'000
<b>Remuneration of executive directors</b>		
AL Magwentshu <sup>^</sup>	167	-
Salary and allowance	157	-
Retirement benefits	10	-
MI King <sup>#</sup>	3 162	4 830
Salary and allowance	2 340	1 693
Retirement benefits	260	187
Sign-on bonus	-	1 500
Leave paid out	107	-
Special incentive	455	-
Performance bonus (225 of the total amount is deferred)	-	1 450
RP Becker <sup>*</sup>	4 888	5 940
Salary and allowance	3 848	3 700
Retirement benefits	312	300
Special incentive	728	-
Performance bonus (120 of the total amount is deferred)	-	1 940
Z Kogo	1 896	2 596
Salary and allowance	1 754	1 686
Retirement benefits	142	137
Performance bonus (73 of the total amount is deferred)	-	773

\* Mr R Becker was appointed as the Chief Investment Officer on 1 August 2018. (Resigned 25 November 2020)

#Mrs I King was appointed as the Chief Financial Officer on 1 December 2018. (Resigned 4 August 2020)

<sup>^</sup> Asathi Magwentshu was appointed as Acting Chief Financial Officer of 4 August 2020. The acting CFO position became permanent on 18 December 2020.

	2020	2019
	R'000	R'000
<b>Remuneration of non-executive directors</b>		
ATM Mokgokong	741	633
WJ Odendaal	308	319
NV Qangule	479	467
TSM Seopa	530	473
MM Mdlolo	484	393
GFvL Froneman	388	388
<b>Total</b>	<b>2 929</b>	<b>2 673</b>

Non-binding advisory vote

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

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



# Social & Ethics committee report

3.3

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# 3.3 Chairman's report



## COMPOSITION OF THE COMMITTEE

The committee comprised of two independent non-executive directors namely Thabo Seopa (Chairman) and Nomfundo Qangule

Profiles on page 31

## MEETING ATTENDANCE

Attended 3/3

Attended 3/3

Attendance by invitation: Chief Executive Officer, Chief Financial Officer, Chief Investment Officer.

## INTRODUCTION

The Rebosis Property Fund Group is committed to being a good corporate citizen while it pursues growth for the benefit of its shareholders. The Rebosis social and ethics committee ("the committee") is a statutory committee derived from section 72 of the Companies Act 71 of 2008 and supports the board in this commitment by monitoring the Groups environmental, social and governance (ESG) performance.

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

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

## RESPONSIBILITIES

The objective and responsibilities of the committee are recorded in the terms of reference as outlined in the charter and is aligned with the committee's statutory functions. The Committees responsibilities are also aligned with the King IV recommendations that it should have oversight of organisational ethics, responsible corporate citizenship, sustainable development and stakeholder relationship. The terms of reference are amended and reviewed whenever the board deems it necessary. The committee has conducted its affairs during this reporting period in accordance to these approved terms of reference. These cover the following areas:

### Social and economic development

- Standing relative to the United Nations Global Compact Principles
- Organisation for Economic Co-operation and Development recommendation regarding combating corruption
- South African Employment Equity and Broad Based Black Economic Empowerment Act

### Environment, health and Safety

- Public health and safety
- Environmental impact

### Labour and employment

- The company's standing in terms of International Labour Organisation Protocols
- Employment equity
- Contribution towards employee education and development
- Protocols on decent work and working conditions
- Prevention of unfair discrimination

### Consumer relationship

- Advertising and public relations
- Compliance with Consumer Protection laws

### Good corporate citizenship

- Efforts in promoting equality
- Preventing unfair discrimination
- Uplift communities where our operations are located
- Record of sponsorship, donations and charitable giving

# Chairman's report

## MEMBERSHIP AND ATTENDANCE

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

## PROMOTING ETHICAL CONDUCT

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

## WHISTLE BLOWING

Rebosis subscribes to the ten Principles in the areas of human rights, labour, environment and anti-corruption. As such, we have a whistleblowing hotline in place that allows employees, internal and external stakeholders a platform to report, in their language, bribery corruption and wrongdoing in the workplace. The Hotline received four reports for 2020 which was investigated and resolved successfully by human resources and management.

## BLACK ECONOMIC EMPOWERMENT

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

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

## HUMAN RIGHTS & LABOUR PRACTICE

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

## SOCIAL ECONOMIC DEVELOPMENT (SED) AND CORPORATE SOCIAL INVESTMENT (CSI)

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

These activities cover the following:

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

## ENVIRONMENT, HEALTH AND SAFETY

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

## COVID-19 GLOBAL PANDEMIC

- The health and safety of our employees, our customers and our community are a key priorities and maintaining a safe environment in all our retail properties, industrial and commercial building has become the integral part of how we operate on a daily basis.
- Strict protocols have been implemented in all our properties in terms of social distancing, wearing of masks and washing hands
- We have implemented an extensive communication programme in all our retail centres. This included prohibiting shoppers from entering our retail centres if they are not wearing masks.

We will continue to monitor the pandemic on a regular basis



Thabo Seopa  
Chairman, Social & Ethics Committee

31 December 2020

# 3.3.1

## Environmental

### THE REBOSIS ENVIRONMENTAL APPROACH

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

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

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

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

### CARBON FOOTPRINT IN CONTEXT

A Carbon Footprint is the total set of greenhouse gas (GHG) emissions caused by an organization, event, product or person. Greenhouse gases are emitted through transport, land use change, the production and consumption of food, fuel combustion, manufactured goods, material consumption, waste disposal and use of services. A carbon footprint is usually reported in CO<sub>2</sub>e (carbon dioxide equivalent) which is the internationally recognised measure of greenhouse gases.

### WHAT NATURAL CAPITAL MEANS TO REBOSIS

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

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

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



# Environmental

## THE 5-R'S PRINCIPLE OF THE WASTE MANAGEMENT HIERARCHY

The Waste Management Hierarchy is a model for effectively reducing the environmental impact and wastage of resources for all residential, commercial and industrial entities in South Africa. The 5 R's of waste management means to rethink, reduce, reuse, recycle and remove all waste.

At Rebosis the recycling concept is expanded to include the environmentally friendly usage of water, electricity, and waste resources. The strategic foundation for natural capital management is based on two simple principles: avoidance and reduction.

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

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

### WASTE MANAGEMENT

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

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

In terms of the global standard, South Africa is generally not competitive in terms of recycling thoroughness and efficiency. Waste generation and removal is not a top priority and we aim to set an example of environmental nurturing through leadership at Rebosis.

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

In order to achieve a holistically sustainable framework for Global Environmental Health we can apply the four principles of sustainability set forth by Terry Gips, an ecologist and sustainability business consultant. The principles are as follows:

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

### Waste management locations:

On-going waste management initiatives is continuing at the following facilities which will be reported on in this report:

- Baywest Mall (Port Elizabeth)
- Forest Hill (Centurion)

### Waste Management Statistics:

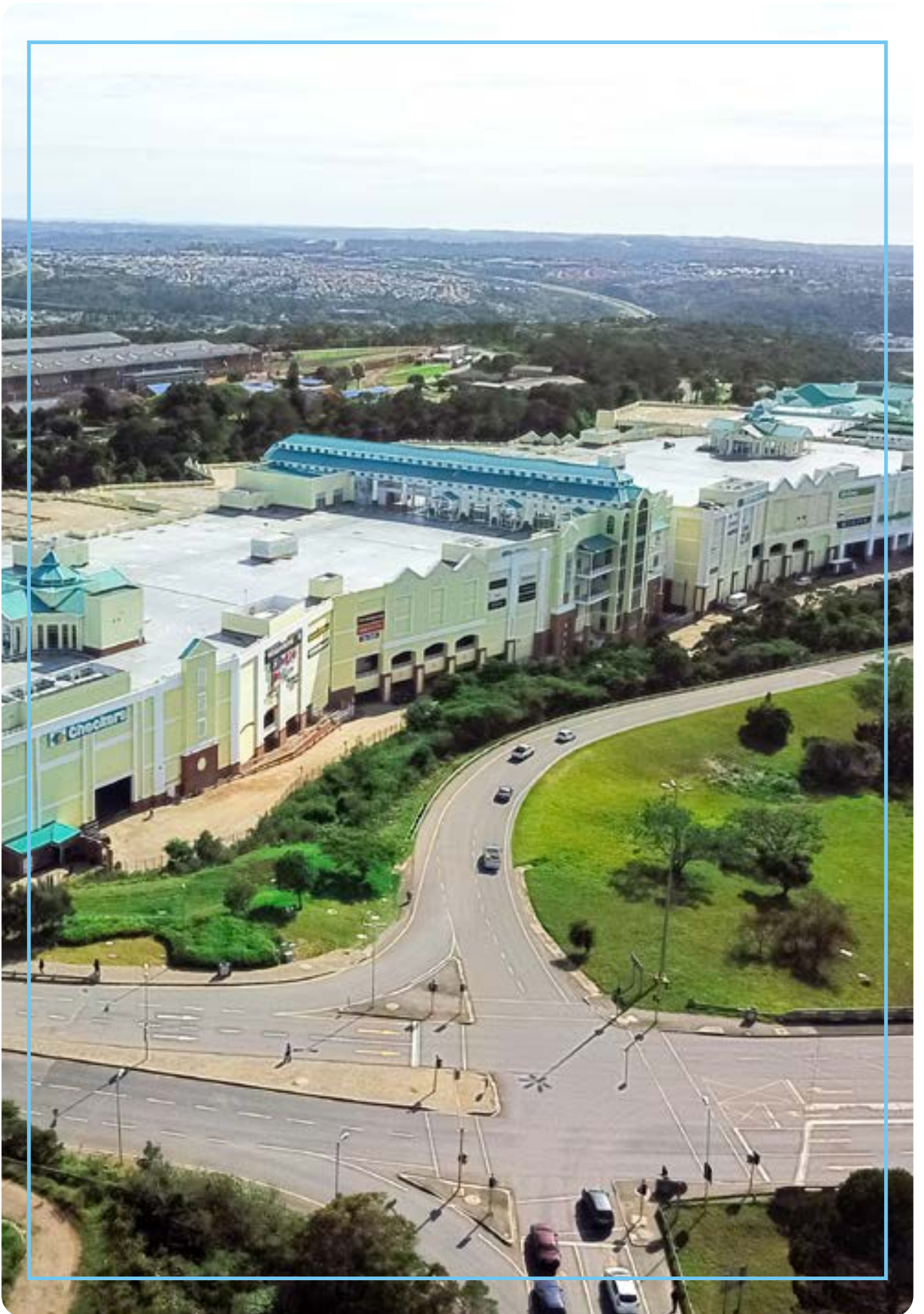
Due to the COVID-19 pandemic the volumes reported will be lower than previous years due to the fact that South Africa was in hard lockdown for a period of time.

Key findings:

Across the two properties where holistic waste management systems have been implemented the following findings have been observed:

1. The percentage of waste recycled dropped to 72%
2. Costs recovered for recycled wastes amounted to R96 698.26 at Baywest Mall and R75 642.23 at Forest Hill Mall.





# Environmental

## ELECTRICITY USAGE

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

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

### Goals and results

1. Rebosis had a focus on reducing the electricity usage by replacing all the fluorescent tube lights with lower energy consumption LED lights in all their premises. Rebosis replaced up to 5000 fluorescent tube lights with LED lights during the 2020 period. The LED lights are 40% more energy efficient than the older fluorescent tube lights.
2. Rebosis also followed the best practice concerning the reporting and measuring of electricity used and will start reporting on the carbon emissions used per property in metric tons. From next year the report will indicate differences year on year in carbon emissions. The carbon emissions factor of 0.96 kg/kWh as per Eskom for generation of coal powered electricity was used to calculate the metric tons per site.

### LED lighting

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

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

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

#### 1. Maximum Efficiency

LED lighting use substantially less power than incandescent or compact fluorescent lamps (CFLs). Replacing existing lighting with LED lighting can save between 50% and 90% of lighting energy costs.

#### 2. Minimum Heat

LEDs generate very little heat, transferring power to light instead of heat. Heat from traditional lighting creates a higher load on air conditioning systems, adding to the energy inefficiencies of non-LED lighting.

#### 3. Minimum Environmental Impact

LEDs are 100% recyclable. In addition, LEDs do not require a Material Safety Data Sheet (MSDS) or hazardous waste disposal. Retrofitting to LEDs creates energy efficiencies, reducing our carbon footprint and minimising the impact of human activities regarding the amount of greenhouse gases produced.



**REBOSIS ENERGY USAGE – CARBON FOOTPRINT**

As part of the fund’s sustainability strategy, Rebois Property Fund is committed to quantifying and reporting the carbon footprint of the portfolio. The fund intends to manage and reduce carbon emissions over time. There have been some key changes compared to the previous report – most notably the COVID19 pandemic and its impact.

This report covers a total of 37 facilities. These 37 facilities include Liberty House – for which we only have diesel data. We have measured kWh data for over the 2020 reporting period (September 2019 to August 2020) for 26 facilities. We performed a data extrapolation based on previous year’s data for the 10 facilities without data.

The 2020 data for the 26 facilities with data was compared to the 2019 data (September 2018 to August 2019) for the same facilities with data for both periods. Of the 26 facilities, 22 had data for both periods. These 22 facilities were compared on a year-to-year basis. As expected, the 2020 consumption figures are lower than the 2019 consumption figures. This is most likely due to the impact of the pandemic (notably lower consumption values were observed between April and July 2020). Retail showed less of a reduction than the office sector (once again, this is as expected). For the office sector an average reduction of around 8.9% was noted, this reduction was 7.8% for the retail sector. We applied these factors (a reduction of 8.9% and 7.8%) to the consumption figures for the 2019 year for those 10 facilities for which data was not available. In our view, this is the most reasonable way of estimating the carbon footprint of the portfolio given the constraints mentioned.

The following figures and data are all taken from the Carbon Footprint Report as supplied by KPM Energy Ltd.

The resulting “Footprint View” is shown in the figure below:

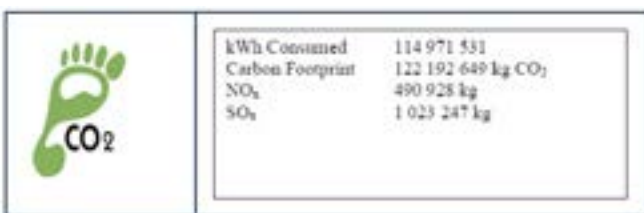
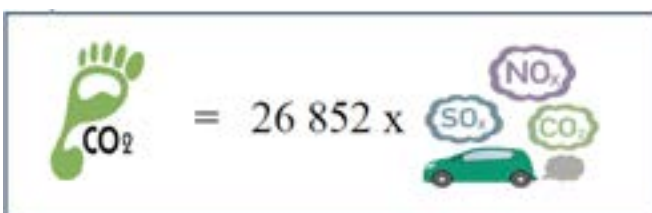


Figure 1 - Rebois Property Fund Carbon Footprint View

What does this mean? The Rebois property fund’s carbon footprint is equivalent to a fleet of 26852 vehicles.

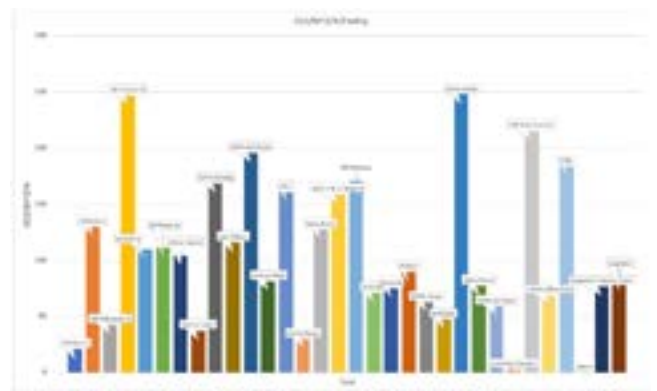


**Intensity Reporting**

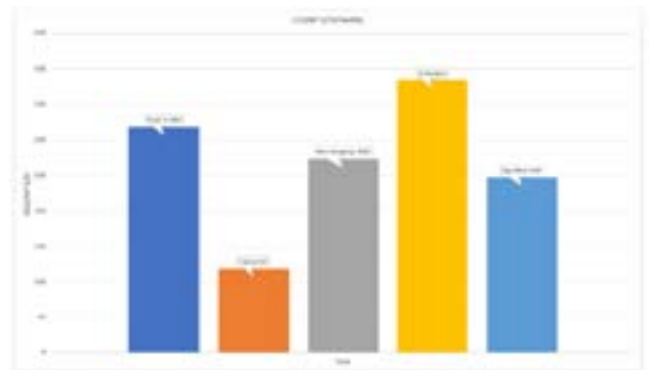
Intensity reporting (i.e. reporting CO<sub>2</sub>/m<sup>2</sup> – and kWh/m<sup>2</sup>) makes it possible to accurately compare one year with the next, and one building with another. It can show reductions in relative emissions in spite of changes in business criteria. Intensity reporting is therefore a crucial tool for benchmarking over time, and for comparing different buildings to each other, and against other similar facilities.

Given the recent changes to the Eskom grid emission factors, this report now contains a section providing the electrical kWh/m<sup>2</sup> in addition to the CO<sub>2</sub>/m<sup>2</sup>. This was done to make it easier to compare one year with the next.

The figure below indicates the intensity values for office buildings:



The figure below indicates the intensity values for retail properties:



# Environmental

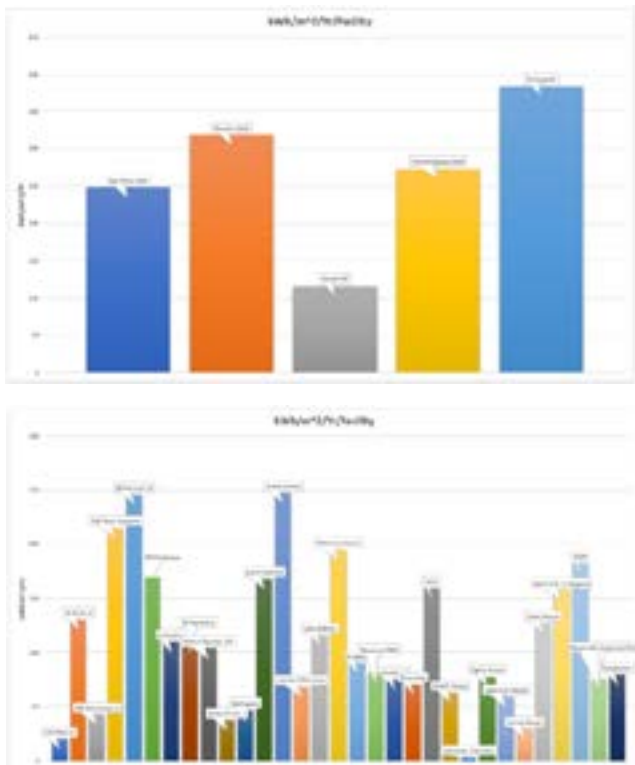
## Carbon intensity – Retail vs Offices

When comparing the average CO<sub>2</sub>/m<sup>2</sup> per building type, it is notable that the retail buildings has a far greater carbon intensity than the office buildings. Figure below shows that the retail sector buildings are on average more than double as emission intensive as the office sector buildings. Why is this? The retail buildings usually have longer operating hours, cold storage and refrigeration facilities and large air-conditioning plants. These areas are typically the best to target to reduce the carbon footprint of this sector.

The following figure illustrates the carbon intensity in retail and office properties (Metric Tons CO<sub>2</sub>):



The figure below will focus on the properties within retail and office portfolios (kWh):



## WATER INITIATIVES

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

During 2017 to 2019 severely diminished rainfall in the Western Cape reduced the available water resources to the bare minimum, creating a constrained supply to all business. This poses the challenge of reducing usage and wastage, while maintaining service and operations standards.

The ongoing drought in the Western Cape serve as an excellent case study in the potential effects of a water supply collapse scenario, providing a much-needed impetus for water saving initiatives.

With unpredictable rainfall across the country, the recent extreme measure needed in the Western Cape provides immediately applicable solutions for buildings across the country.

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

### Goals for 2020/2021

1. Install automated taps in all the properties to limit water use and unattended running of taps.
2. Install and set all toilet flush master system to minimum time to water ratio.

Progress for these goals is at approximately 95%.

### LOOKING AHEAD

Due to the COVID-19 Pandemic proving to be a challenge to the property industry the goals stated below is still in progress for 2020.

### Data tracking

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

### Solar power

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

## 3.3.2

## Health and Safety

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

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

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

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

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

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

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

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



# 3.3.3

## Black Economic Empowerment

### TRANSFORMATION - BEE

Rebosis' empowerment initiatives were independently verified by Honeycomb BEE Ratings (Pty) Ltd during the year under review and the company achieved a Level 4 contributor status with a 100% BEE procurement recognition level. The B-BBEE verification certificate is available on the company's website at: <http://www.rebosis.co.za>

FY2020 verification process commenced in November 2020

The company has remained focused on ensuring that transformation remains a key strategic objective even under the current difficult economic situation and COVID-19 pandemic. We continued to focus on specific strategic initiatives to ensure not only do we meet the targets but also focusing on sustainability.

For the company to remain focused on transformation, we maintain our partnership with the following associates to assist us in realising our goals

- a. BEE123 system – to ensure that we and continuously measure ourselves and our progress.
- b. Enterprise and Supplier Development training company – to manage the development of the SME's.

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

#### 1. Enterprise and supplier development

In the previous year, we had 4 SME's and we have extended their program by another 6 months due to COVID-19 disruption to the training plan. That being said, we saw the gap in the upliftment of the SME's and have increase the number with another 3 SME's. In total we have 7 SME's on the development program. The new SME's were onboarded in August 2020 for a period of 12 months.

#### 2. Skills development:

- a. Bursaries for non- employees - 7
- b. Learnerships - 10 unemployed learners
- c. Bursaries for employees – 5
- d. SAPOA training

#### 3. Employment Equity (EE):

- a. Improved EE level - Appointing EE candidates in all critical positions and levels when a vacancy arises.
- b. Absorption of two graduate trainees and creating position within the company.
- c. Appoint persons with disabilities - 8 appointed in this year which represents a 3,8 % of the total workforce which is an increase from the 2.7 % in the previous year.

#### 4. Preferential procurement

- a. The company has adopted a principle of procuring from companies with BEE level 4 and below.
- b. We have started a new initiative of assisting new entrants in the market by providing them with resources to apply for their company registration, Bank accounts and tax clearance.

# 3.3.4 Social and Human

- 1. Baywest hosted National Cupcake Day for the third year in a row, this year in the Game Exhibition Court. The main objective is to raise funds for charity organisation Cupcakes for Kids with Cancer. All cupcakes are donated and are sold , all funds raised are donated to charity.
- 2. We partnered with the Smile Foundation for the Baywest Trail Run, participants were given the option of adding a donation to this CSI organisation when entering the event. The Smile Foundation is a South African NGO that assists children with any type of facial abnormality, to receive free corrective plastic and reconstructive surgery within South Africa. The funds raised for the Smile Foundation were almost sufficient for two operations.

Mange is one of the beneficiaries who was operated on earlier this year for facial reanimation.

- 3. Baywest hosted the annual national Cansa Shavathon at Baywest Mall, this year Cansa celebrated its 17th year of Shavathon. The theme this year, 'Hope 2020', was apt as participants who had their hair shaved or sprayed in solidarity were seen as a beacon of hope by cancer survivors and loved ones.



# Our response to the global COVID-19 pandemic

## REBOSIS COVID-19 TESTING SITE INITIATIVE

With the COVID-19 pandemic hitting the world and certainly hitting South Africa with severe impact, the poorest of the poor were hit hard because of their vulnerable nature. Screening and testing cost individuals around R850 and an intervention was sought by the government of the republic from private companies to assist poor communities to access these critical services. Rebosis partnered with FaithCare Medicals and the Gauteng Department of Health in rolling out COVID-19 screening and testing stations aligned with shopping centres in the province to try mediating the cost of testing facilities for poor people around the shopping centres.

Our approach was to target the poor communities and informal settlements, specifically Diepsloot, Olivierhoutbosch, Sunnyside and the Pretoria CBD. These sites were specifically identified as they are communities within the areas where Rebosis has its retail shopping centres, namely Forest Hill City Shopping Centre, Sunnypark Shopping Centre and Bloedstreet Mall, has a presence and it was a way in which Rebosis could assist its communities and customers.

The testing sites were established in the 3 identified areas. Demarcated areas outside the Rebosis Malls were set up as testing sites with the target of 150 tests per day, 750 tests per week, which is 3 000 tests per site, working on Monday to Friday schedule.

Diagnosis of COVID-19 relies on a laboratory test, although simple, it is labour intensive. From the time that the sample is taken to when we communicate the test result, there are many stages and pivotal factors which include but are not limited to the following:

- The speed at which the sample reaches the lab
- That labs capacity to run the test
- Access to reagents and test kits
- Number of analysis machine
- Availability of staff
- Errors that may lead to the need for retesting
- Communication process leading up to the issuing of results
- Backlog of results
- Contact tracing

Each party in the proposed partnership had a key and very important role to play in ensuring the successful implementation of the Rebosis COVID-19 Testing Site Initiative.

FaithCare Medicals was responsible for the implementation of the project, daily management of the site and reporting on daily basis to Rebosis and the Department of Health.

Rebosis assisted in providing the testing sites, the infrastructure, provision of nursing staff (with the Gauteng Department of Health and City of Tshwane), contribution towards the PPE and hygiene products (with the Gauteng Department of Health and City of Tshwane) that were required for the testing sites and also assisted in the marketing of the initiative for purposes of highlighting and advertising the initiative, to ensure that the communities were made aware and encouraged to visit and get tested for COVID-19 at the testing sites.

The Gauteng Department of Health (in partnership with the City of Tshwane) assisted with their contribution towards the staff, community workers, screeners, nurses, the provision of the COVID-19 tests and ancillary items, the conducting and actual testing of the individuals, processing of test results, etc, for the people that live in these poor and informal communities, who visited the sites.

The partnership between the role players ensured that would be no double testing, that the process would not be duplicated, and that the valuable resources and other essential products were not wasted. The Gauteng Department of Health adopted a strategy of targeting areas identified as hotspots in order to halt the spread of COVID-19 and our 3 shopping centres fell within the determine hot spots.

The first COVID-19 testing station for public use was launched on 26 May 2020 at Forest Hill City Shopping Centre, the second testing station for public use was launched on 6 July 2020 at Sunnypark Shopping Centre and the final testing station for public use was launched on 11 August 2020 at Bloedstreet Mall.



Over a three-month period, we were able to achieve the following across the three testing stations for public use:

<b>COVID-19 screenings:</b>	<b>45 678</b>
<b>COVID-19 tests:</b>	<b>9 983</b>
<b>Temporary jobs created:</b>	<b>35</b>

Communities that we assisted by this initiative included, Centurion (including Olievenhoutbosch, Laudium, Atteridgeville and surrounds), Sunnyside, Arcadia, Hatfield, Nieuw Muckleneuk and daily workers, commuters and persons residing in Pretoria CBD.

The South African National Defence Force upon hearing of the initiative, joined us at our testing stations to assist with safety and training.

The project was a huge success with the set targets being exceeded. The project further raised awareness on COVID-19 and the importance of screening and testing and more importantly emphasised and showed clearly what impact and reach partnerships between the private and public sector can have and the benefits of such partnerships to the communities that they both serve at large.



NOVEL CORONAVIRUS  
**[COVID-19]**  
 PREVENTATIVE TIPS



Wash your hands regularly with soap or an alcohol-based hand sanitizer





Mandatory to **WEAR A MASK** that covers both the Mouth and Nose





Practice **SOCIAL DISTANCING**  
 Maintain 1.5–2 Meters of space between each person



**REBOSIS**  
 PROPERTY FUND

#StrivingToBeCoronaFree



# Annual Financial Statements



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## Directors' Responsibility and Approval

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

Rebosis is in compliance with the provisions of the Companies Act or relevant laws of establishment, specifically relating to its incorporation; and operating in conformity with its MOI.

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 2021 and, in the light of this review and the current financial position, they are satisfied that the group and company with the continued support of their funders has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

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

The financial statements (Pages 73 to 169) have been examined by the group's external auditor and their report is presented on pages 86 to 90.

### Approval of the Annual Financial Statements

The annual financial statements were approved by the board on 31 December 2020 and are signed on its behalf by:



**Dr Anna Mokgokong**  
Chairman

31 December 2020



**Sisa Ngebulana**  
Chief Executive Officer

31 December 2020

## 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 2020, Reboasis 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

31 December 2020

## 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 by independent non-executive director, Kameel Keshav who was appointed to the board on 11 November 2020 and further comprises independent non-executive directors, Nomfundo Qangule, Thabo Seopa and Maurice Mdlolo. The board of directors are satisfied that these directors act independently for the purpose of the committee. The CEO, CFO, External Auditor, and Internal Auditor are present at meetings by standing invitation.

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

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

### Responsibilities

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

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

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

- nominated and recommended the appointment of the external auditor of the company who is a registered auditor and who, in the opinion of the committee, is independent of the company;
- determined the auditor's terms of engagement and the fees to be paid to the auditor;
- ensured that the appointment of the auditor complies with the Companies Act, 71 of 2008, as amended, and any other legislation relating to the appointment of the auditor;
- determined the nature and extent of any non-audit services that the auditor may provide to the company;
- reviewed and evaluated the quality of the financial information prepared to ensure integrity of reporting;
- reviewed and approved the interim and final financial results, and the related press releases, for recommendation to the board;
- confirmed that the Company has established appropriate financial reporting procedures and that those are operating;
  - (i) considered all entities in the consolidated annual financial statements,
  - (ii) ensured that it has access to all financial information of the Company to effectively prepare and report on the financial statements of the Company.
- confirmed that the audit committee has been provided with all decision letters or explanations issued by IRBA or any other regulator and any summaries relating to monitoring procedures or deficiencies issued by the audit firm;
- prepared this report for inclusion in the annual financial statements;
- performed a comprehensive annual risk assessment exercise with management of the company in identifying new risks exposed to the business as well as tracking those previously raised against mitigative controls proposed;
- received and dealt with any concerns relating to the accounting practices of the company, the content or auditing of the company's annual financial statements, the internal financial controls of the company or any related matter; and
- made submissions to the board on any matter concerning the company's accounting policies, financial controls, records and reporting.
- Key focus areas for the committee during the financial year ending 2020 financial have been:
  - (i) to obtain an understanding to the requirements of the external auditor to report on significant matters impacting on their review;
  - (ii) the potential impacts of IFRS 9 and the valuation of investment properties to the extent applicable to the company;
  - (iii) considerations financially to the business and adequate provisions recorded for the impact of COVID-19;

## Audit and Risk Committee Report

### (Continued)

- (iv) evaluation and tracking of the management points identified and reported in the 2019 financial year by the auditors that led to the qualified opinion expressed;
- (v) liquidity and solvency testing of the company's financial position at each reporting date.

#### External Auditor

The Committee has satisfied itself that the external auditor is independent of the company, which includes consideration of compliance with criteria relating to independence or conflicts of interest as prescribed by the Independent 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 is satisfied of the independence of the external auditor from Rebosis, as set out in section 94(8) of the Companies Act, after considering the following factors:

- Representations made by the external auditor to the committee.
- The criteria specified for independence by the Independent Regulatory Board for Auditors and international regulatory bodies.
- The auditor does not receive any remuneration or other benefit from Rebosis, except as external auditor or as disclosed under non-audit services.
- All non-audit services are evaluated and assessed in terms of total spend to ensure that these are not material and impact independence of the auditors.
- The auditor's independence was not prejudiced as a result of any previous appointment as auditor.
- The Committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and budgeted audit fees for the financial year-ended 31 August 2020.

The external auditor is invited to and attend all the Committee meetings and are required to meet independently with the Committee at least annually. Findings by the external auditor arising from their annual statutory audit are tabled and presented at a Committee meeting following the audit. The Committee endorses action plans for management to mitigate noted concerns. The external auditor has expressed an unqualified opinion with a material uncertainty related to going concern paragraph on the financial statements for the year ended 31 August 2020.

The unqualified opinion resulted in the prior year financial information to be restated and adequate disclosure has been included in the company's financial statements for 2020 as well as any announcements made publicly by the company. The prior year restatements was due to adjustments passed resulting in the prior year being corrected and related flow through into 2020 creating an unqualified position for 2019 and 2020 (however with emphasis of matter on going concern for both these reporting periods).

Refer to pages 86-90 for their full opinion

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

#### Pre-approval of Non-Audit Services

BDO routinely performs non-audit services. The Audit and Risk Committee is required to pre-approve all audit and non-audit services performed by BDO in order to assure that auditor independence is not compromised. The company policy is to ensure that these fees remain under 10% of the total audit fee and this test was passed for the 2020 financial year assessment. Refer to the Corporate Governance section of this report for further details and approval of non-audit services.

#### Internal Auditor

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

# Audit and Risk Committee Report

## (Continued)

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

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

There were no material reportable findings for the year under review.

### Internal Controls

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

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

### Risk Management

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

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

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

The committee performed its annual risk assessment exercise with management. This exercise facilitated understanding any new risks exposed to the company and the related action plan to be delivered by management. The committee also reviewed prior risks and measured the status of these against previous mitigative controls proposed. The committee further obtained an update of the risk profile at the committee meetings. The key new risk raised for the business was the exposure and disruption created to the business due to COVID-19.

### 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. Feedback is provided in the respective committee meetings held by the management team for the committee's consideration.

Refer to the Compliance Framework section of this report of further details on legal compliance.

### Expertise and Experience of CFO and the Finance Function

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

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

### Annual Financial Statements

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

# Audit and Risk Committee Report

## (Continued)

### Going Concern

The committee reviewed a documented assessment of the going concern premise of the group and company before concluding to the board that the group and company will remain a going concern in the foreseeable future with the ongoing support of its funders. These included the following actions performed:

1. Liquidity and Solvency Test;
2. Cash flow position as at 31 August 2020;
3. Forecasted cash flow for the 2021 financial year with thorough assessment of assumptions applied;
4. Debt profile review and consultation with principle senior funder on their support and;
5. Detailed strategic plan by management to reduce debt levels as a function of assets.

The short-term portion of the interest-bearing borrowings is in excess of the current assets of the group and company and as a result the group and company does not pass the liquidity test. This issue does extend from the 2019 financial year as well. The group is actively pursuing three options to try and resolve the short-term debt position which include:

1. Large disposal of commercial assets in one sale which would result in ability to de-gear the business considerably and facilitate long term debt renewal;
2. Consideration of delisting the company and taking it private and;
3. Continuing with its disposal program of the sale of assets.

The group prepares forecast cash flows to ensure the optimal use of available cash and highlighting the areas of risk. In spite of the above plans demonstrating that the group can meet its short term commitments and service its debt obligations, there remains a material uncertainty on the entity's ability to continue as a going concern if it does not have the continued support of its funders. The directors have satisfied themselves that the group and company do have the continued support of its funders and have adequate resources to continue its operations in the foreseeable future allowing the group and company time to execute on the above strategies.

### Investment property valuations

Rebosis obtained independent valuations for all the properties in the current financial period. The valuers used were Quadrant Properties for our Retail portfolio and CBRE for our Commercial portfolio. The prior financial year resulted in the property valuations not being agreed to between management and the auditors and the subsequent qualification of opinion for 2019. The company however have passed material adjustments to its property values in the 2020 financial year which has resulted in the prior year financial statements being restated. These adjustments reconcile to the non-adjusted prior year differences and as such has allowed Rebosis to receive an unqualified opinion for the 2020 financial year.

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

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

### In conclusion

Rebosis has had a promising financial year despite the material impact of COVID-19. The company has adequately provided for related risk caused by this pandemic and continues to monitor and address the financial impact created. The company still however faces exposure to its senior debt position but the committed strategy by management once implemented should ensure that this matter is resolved. The success of implementing any strategy efficiently in 2020 due to the extreme circumstances COVID-19 created is understandable and as such 2021 should allow the strategy to be executed. In doing so, this will allow the going concern matter raised for 2020 financial year to be resolved as this only stems due to the short term nature of the debt facilities exceeding the current assets with all other going concern considerations being passed.

It must be noted that the recent provisional review results opinion expressed to be unqualified and the resulting prior year restatement of the numbers has re-positioned Rebosis with a strong financial audit position and should provide all its stakeholders with comfort in this regard. Commendation must be extended to the management team in their efforts to get the company to this position.



**Kameel Keshav**

Chairman of the Audit and Risk Committee

31 December 2020

# Independent Auditor's Report

## Report on the Audit of the Consolidated and Separate Financial Statements

### Opinion

We have audited the consolidated and separate financial statements of Rebosis Property Fund Limited and its subsidiaries (the group and company) set out on pages 95 to 149, which comprise the consolidated and separate statements of financial position as at 31 August 2020, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Rebosis Property Fund Limited and its subsidiaries as at 31 August 2020, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

### Basis for Opinion

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

### Material Uncertainty Related to Going Concern

We draw attention to note 39 to the consolidated and separate financial statements which indicates that the group's current liabilities exceeded its current assets by R9,8 billion (company's R6 billion). As stated in note 39, the Group and Company's ability to continue as a going concern is dependent on the roll-forward of the debt facilities by their banks. These conditions, along with other matters as set forth in note 39, indicate the existence of a material uncertainty that may cast significant doubt on the group's and company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Emphasis of Matter Related to a Prior Period Error

We draw attention to note 35 to the consolidated and separate financial statements, which indicates that the investment property values recorded in the consolidated and separate statements of financial position as at 31 August 2019 were restated to the valuation amounts determined by an independent valuer (auditor's expert) during the audit for the financial year ended 31 August 2019. The restatement of the investment property valuations had a direct impact on the impairment test performed on the investment in subsidiaries at a company level for the same period. As a result, the investment in subsidiaries values at a company level were also restated as at 31 August 2019. A qualified audit opinion was issued on 23 December 2019 on the consolidated and separate financial statements for the financial year ending 31 August 2019 in respect of these matters. In addition, management also reassessed the carrying value of the group's goodwill and restated the 31 August 2019 figure by R45.8 million. Our opinion is not modified in respect of these matters.

### Key Audit Matters

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

## Independent Auditor's Report

(Continued)

Key audit matter	How our audit addressed the key audit matter
<p><i>Valuation of investment properties (Consolidated and separate financial statements) – note 3</i></p> <p>As at 31 August 2020, the carrying value of investment property amounted to R13 159 680 000 (company R7 013 398).</p> <p>The group uses independent valuers to determine the fair values of the properties on an annual basis.</p> <p>The inputs with the most significant impact on these valuations are disclosed in note 3 to the financial statements, and include rental growth rates, discount rates and capitalisation rates.</p> <p>The significance of the balance as well as the judgement and estimates applied by the independent valuers as well as the estimation uncertainty relating to determining the fair value of investment property, has resulted in the valuation of investment property being identified as a key audit matter.</p>	<p>The audit procedures we performed included, amongst others, the following:</p> <ul style="list-style-type: none"> <li>• We assessed the design and implementation of key controls in the valuation process of the properties;</li> <li>• We assessed the competence, capabilities and objectivity of the independent valuers performing the valuations;</li> <li>• In addition, we discussed the scope of the independent valuers work with management and reviewed their terms of engagement to determine that there were no matters that affected their independence and objectivity or imposed scope limitations upon them;</li> <li>• We critically evaluated the forecasts, discount rates and capitalisation rates used by the independent valuers in the valuation calculation, ensuring these are in line with industry norms and our understanding of the properties;</li> <li>• We evaluated the reliability of the budgeting process by comparing the forecasts to actuals, and assessing the historical accuracy of the budgeting process;</li> <li>• We also used our internal valuations specialist to assist us in evaluating the reasonability and appropriateness of the critical assumptions used and methodologies applied by the group and company in determining the fair value of properties;</li> <li>• We tested the mathematical accuracy of the valuation calculations;</li> <li>• We evaluated the adequacy and completeness of the presentation and disclosure of investment property and the respective key valuation assumption in the consolidated and separate financial statement in accordance with International Financial Reporting Standards.</li> </ul>

# Independent Auditor’s Report

## (Continued)

Key audit matter	How our audit addressed the key audit matter
<p><i>Impairment of goodwill assessment (Consolidated financial statements) – note 10</i></p> <p>At 31 August 2020, the carrying value of goodwill amounted to R238 733 000 arising from two investment in subsidiaries.</p> <p>Goodwill is annually tested for impairment. The fair values in use are assessed using discounted cash flow models. As disclosed in note 10 to the financial statements, there are a number of key sensitive judgements and estimates made in determining the inputs into these models which include growth rates and discount rates. As a result, we have identified the impairment testing of goodwill as a key audit matter.</p>	<p>The audit procedures we performed included, amongst others, the following:</p> <ul style="list-style-type: none"> <li>• We assessed the design and implementation of key controls in the goodwill impairment process performed by management;</li> <li>• We evaluated the determination of the subsidiaries as the relevant CGU’s based on our understanding of how management monitors the group’s operations and makes decisions about groups of assets that generate independent cash flows;</li> <li>• We assessed the mathematical accuracy of the calculations within the impairment models;</li> <li>• We assessed the key growth rate assumptions by comparing them to current and actual lease escalations, margins applied, and assessing the discount rate by reference to the weighted average cost of capital of the group;</li> <li>• We reviewed the impairment models for compliance with IAS 36 Impairment of Assets;</li> <li>• We used our internal valuation experts to assist us in evaluating the reasonability of assumptions and methodologies used in the forecast models. This included the review of the escalations applied to revenue and the discount rate applied to the discounted cash flow valuation;</li> <li>• We evaluated the adequacy and completeness of the presentation and disclosures relating to the impairment assessments of goodwill including the respective key valuation assumption used in the consolidated financial statement in accordance with International Financial Reporting Standards.</li> </ul>

### Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled “Rebosis Property Fund Limited and its subsidiaries Integrated Annual Report for the year ended 31 August 2020”, which includes the Directors’ Report, the Audit Committee’s Report and the Company Secretary’s Certificate as required by the Companies Act of South Africa. The other information does not include the consolidated and separate financial statements and our auditor’s report thereon.

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

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

# Independent Auditor's Report

## (Continued)

### Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

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

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

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

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

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

# Independent Auditor's Report

## (Continued)

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

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

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

### **Report on Other Legal and Regulatory Requirements**

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

### **BDO South Africa Incorporated**

Registered Auditors

#### **Craig Kilian**

Director

Registered Auditor

31 December 2020

106 Park Drive

Port Elizabeth Central

Port Elizabeth, 6001

# Directors' Report

## for the year ended 31 August 2020

The board has pleasure in submitting their directors' report for the year ended 31 August 2020.

### Nature of business

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

The group's portfolio, valued at R13.2 billion, comprises 42 quality grade retail, commercial and industrial properties located in Gauteng, the Eastern Cape, KwaZulu-Natal and Northwest Province.

At 31 August 2020, nine of these properties valued at R1.1 billion (2019: R1.6 billion) were classified as investment property held for sale.

### Year under review

The results of the group and company are addressed in the reports of the Chairman, the Chief Executive Officer and the Chief Financial Officer and are set out in the annual financial statements on pages 34, 36 and 40.

### Share capital (shares in issue)

During the year under review, the share capital of Rebosis has remained unchanged. The company's authorised share capital comprises of 5 billion ordinary shares and 70 million A ordinary shares of no-par value.

### Dividend distributions

In terms of the Companies Act the board is required to perform the solvency and liquidity test when considering payment of a distribution. Based on management's assessment the company is solvent. However, the company's liquidity position was severely strained as a result of the impact of COVID 19. A decision has been made to not declare a dividend during the year under review and rather preserve cash resources in order to strengthen the companies' liquidity position.

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

### Directorate

Independent non-executive directors	Position
ATM Mokgokong	Chairman
NV Qangule	non-executive director
TSM Seopa	non-executive director
MM Mdlolo	non-executive director
GFvL Froneman (resigned 30 June 2020)	non-executive director
WJ Odendaal (resigned 19 August 2020)	non-executive director
L C Pengilly (appointed 19 August 2020)	non-executive director
K Keshav (appointed 11 November 2020)	non-executive director

Executive directors	Position
SM Ngebulana	Deputy Chairman and Chief Executive Officer
IM King (resigned 04 August 2020)	Chief Financial Officer
AL Magwentshu (appointed 04 August 2020)	Chief Financial Officer
RP Becker (resigned 24 November 2020)	Chief Investment Officer
Z Kogo	Executive Director

The number of board and committee meetings attended by each of the directors during the year is tabled in the Corporate Governance Report on pages 45.

# Directors' Report

## for the year ended 31 August 2020 (Continued)

### Directors' interests

The interests of the directors in the REB share of the company at 31 August 2020 were as follows:

	Beneficial		Total
	Direct	Indirect	
<b>Executive directors</b>			
SM Ngebulana	-	40 840 122	<b>40 840 122</b>
RP Becker	225 000	-	<b>225 000</b>
Z Kogo	15 577	-	<b>15 577</b>
	<b>240 577</b>	<b>40 840 122</b>	<b>41 080 699</b>

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

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

Sisa Ngebulana's indirect interest increased on the 31st of August 2020 as a result of the Amatolo Family Trust acquiring a beneficial interest in Rebosis A ordinary shares ("REA Shares") and Rebosis B ordinary shares ("REB Shares"). The Amatolo Family Trust's effective interest in the Rebosis group is 31.26%, which calculation is based on total numbers of shares in issue including treasury shares.

### Directors' interests in contracts

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

Rebosis Property Group Proprietary Limited ("Formally known as Billion Property Group), owned 50% of Baywest City Proprietary Limited ("Baywest"), prior to the acquisition by the group.

### Investment property valuations

As disclosed in Note 3 to the financial statements, Rebosis obtained independent valuations for all the properties in the current financial period. Quadrant Properties, led by Mr. Peter Parfitt, was responsible for the valuation of the retail portfolio and the office and industrial properties were valued by CBRE, led by Mr Carlo Geldenhuys. Both valuers are registered valuers in terms of Section 19 of the Property Valuers Professional Act (Act No 47 of 2000). The valuers work independently of each other and their valuations are combined to arrive at the value of the full portfolio. At 31 August 2020, the investment property portfolio is carried at R13.2 billion in the consolidated statement of financial position, which is a reduction of R1.2 billion on the prior year.

### Disposal of assets

Disposal of assets to the value of R1.1 billion will continue in the new financial year as indicated to shareholders. These assets have been classified as assets held for sale on the statement of financial position.

Shareholders are referred to the Sens announcement dated 1 June 2020 dealing with the disposal of Medscheme building for a consideration of R91 million. Rebosis has accepted an offer to purchase dated 29 May 2020 (the "Offer") the property described as Portion 106 (a portion of portion 27) of the farm Weltevreden No. 202, Registration Division IQ Province Gauteng, measuring approximately 16 846m<sup>2</sup> together with all fixed improvements thereto and the rental enterprise conducted thereon (the "Property") to Old Fort Crescendo Corevision (Pty) Ltd (Reg No 2019/33959/07) (the "Purchaser") (the "Disposal"). Due diligence has been performed and transfer took place in December 2020.

## Directors' Report

### for the year ended 31 August 2020 (Continued)

#### Subsequent events

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections. The nationwide lockdown enacted in terms of the Disaster Management Act, was an emergency protocol that required South Africans to stay at home except those individuals and businesses supplying essential services to the country. This affected economic activity and the group's business in various significant ways:

- All stores at shopping centres in the company's portfolio closed except for those deemed as delivering essential services to the community such as pharmacies, grocery retailers, banks, etc.
- The group's shopping centres were managed according to level 2 of our 5-tier response plan, resulting in only certain shopping centre entrances being open to allow for stricter access control, and the implementation of further robust safety measures for anyone entering the shopping centres.
- Few government departments remained functional in our buildings, however, in line with the provisions of the lockdown, most commercial office tenants were working from home.

This resulted in predominantly retail tenants declining to pay their rentals. As a result of these effects, our revenue to the period ended 31 August 2020 was affected by approximately R100 million with the major negative impact identified in the months of April to July 2020. The company has given rental concessions to tenants of R70 million during this time resulting in improved collections.

Our liquidity has been negatively impacted, which required us to attract additional short-term funding of R40 million from our banks in order to meet interest obligations. This was repaid at the end of August 2020.

During the period ended 31 August 2020, the company has furthermore incurred losses due to the write-off and loss allowance provisions recognised on outstanding receivables of R56.9 million and R53.6 million respectively.

The Company is engaging with its insurers with regards to claims submitted in terms of the business interruption section of the Company's insurance policy to mitigate the impact of the outbreak.

#### Going concern

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

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

## Directors' Report

for the year ended 31 August 2020 (Continued)

### Major shareholders

Beneficial shareholders holding in excess of 5% of the shares in issue are detailed on pages 98 to 149 of the annual report.

### Executive directors' service contracts

The executive directors' have service contracts with the company. A three-month notice period is required from the Chief Executive Officer and Chief Financial Officer.

### Company secretary

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

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

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

#### M Ndema

Office 95 & 95A  
Forest Hill City  
6922 Forest Beech Street, Monavoni  
Centurion, 0157

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

By order of the board



**Sisa Ngebulana**  
Chief Executive Officer

Centurion

31 December 2020

# Consolidated and Separate Statements of Financial Position

As at 31 August 2020

	Note	GROUP		COMPANY	
		2020 R000	2019 Restated R000	2020 R000	2019 Restated R000
<b>ASSETS</b>					
<b>Non-current assets</b>		<b>12 260 124</b>	12 021 691	<b>8 439 733</b>	8 574 482
Investment property		<b>12 009 851</b>	11 691 014	<b>6 864 360</b>	6 614 614
Fair value of property portfolio	3	<b>11 756 667</b>	11 400 600	<b>6 777 827</b>	6 514 059
Straight line rental income accrual	3.1	<b>253 184</b>	290 414	<b>86 533</b>	100 555
Loans to group companies	5	-	-	<b>164 570</b>	434 044
Investment in subsidiaries	6	-	-	<b>1 353 935</b>	1 510 925
Investment in securities	7	-	4 275	-	2 491
Goodwill	10	<b>238 733</b>	312 219	-	-
Derivative instruments	13	-	8 334	-	8 334
Right of use	11	-	-	<b>52 083</b>	-
Property, plant and equipment	12	<b>11 540</b>	5 848	<b>4 785</b>	4 074
<b>Current assets</b>		<b>320 869</b>	291 827	<b>166 588</b>	150 685
Derivative instruments	13	<b>1 431</b>	9	<b>1 431</b>	-
Trade and other receivables	15	<b>260 205</b>	219 661	<b>136 912</b>	93 047
Cash and cash equivalents	16	<b>59 233</b>	72 157	<b>28 245</b>	57 638
Investment property held for sale	4	<b>1 149 829</b>	1 591 986	<b>149 039</b>	702 486
<b>Total assets</b>		<b>13 730 821</b>	<b>13 905 503</b>	<b>8 755 360</b>	<b>9 427 653</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>		<b>3 479 486</b>	3 370 514	<b>1 645 647</b>	2 099 832
Stated capital	14	<b>9 015 068</b>	9 015 068	<b>9 040 200</b>	9 040 200
Reserves		<b>(5 535 582)</b>	(5 644 555)	<b>(7 394 553)</b>	(6 940 368)
<b>Non current liabilities</b>		<b>99 941</b>	-	<b>938 498</b>	656 732
Loans from group companies	5	-	-	<b>792 943</b>	656 732
Lease Liability	11	-	-	<b>45 614</b>	-
Derivative instruments	13	<b>99 941</b>	-	<b>99 941</b>	-
<b>Current liabilities</b>		<b>10 151 395</b>	10 534 990	<b>6 171 215</b>	6 671 088
Interest bearing borrowings	17	<b>9 588 979</b>	10 131 357	<b>5 882 653</b>	6 443 170
Deferred payment liability		<b>146 226</b>	123 471	<b>146 224</b>	123 471
Derivative instruments	13	-	32 010	-	23 833
Lease Liability	11	-	-	<b>6 181</b>	-
Trade and other payables	18	<b>333 030</b>	209 838	<b>136 157</b>	60 497
Tax payable		<b>83 159</b>	38 314	-	20 117
<b>Total equity and liabilities</b>		<b>13 730 821</b>	<b>13 905 503</b>	<b>8 755 360</b>	<b>9 427 653</b>
Number of ordinary A shares in issue		<b>63 266 012</b>	63 266 012	<b>63 266 012</b>	63 266 012
Number of shares less treasury shares		<b>696 844 874</b>	696 844 874	<b>696 844 874</b>	696 844 874
Net asset value per REA share (R) - quoted share price		<b>1.15</b>	13.65	<b>1.15</b>	13.65
Net asset value per REB share (R) - (Total equity less NAV per REA share)/number of REB shares	26	<b>4.89</b>	3.60	<b>2.26</b>	1.77
Loan to value (%)	30	<b>72.4</b>	75.7	<b>83.5</b>	87.2

# Consolidated Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 August 2020

	Note	GROUP		COMPANY	
		2020 R000	2019 Restated R000	2020 R000	2019 Restated R000
Property income		<b>1 704 854</b>	1 842 144	<b>995 228</b>	1 022 316
Investment property income		<b>1 694 269</b>	1 905 109	<b>965 313</b>	1 062 312
Net income from facilities management agreement		<b>29 794</b>	29 557	<b>29 858</b>	29 835
Management fees received		-	-	<b>14 078</b>	16 152
Listed property securities and related income		-	-	-	713
Straight line rental income accrual		<b>(19 209)</b>	(92 522)	<b>(14 021)</b>	(86 696)
Impairment loss on trade receivables		<b>(21 188)</b>	-	<b>(10 877)</b>	-
Property expenses		<b>(600 066)</b>	(605 476)	<b>(258 186)</b>	(267 901)
<b>Net property income</b>		<b>1 083 599</b>	1 236 668	<b>726 165</b>	754 415
Other operating expenses		<b>(175 161)</b>	(142 104)	<b>(160 299)</b>	(136 109)
<b>Operating income</b>	19	<b>908 438</b>	1 094 564	<b>565 866</b>	618 311
Net interest	22	<b>(908 387)</b>	(996 982)	<b>(591 732)</b>	(625 689)
Paid		<b>(912 457)</b>	(999 928)	<b>(595 394)</b>	(628 238)
Received		<b>4 070</b>	2 946	<b>3 662</b>	2 549
<b>Net operating income/(loss)</b>		<b>52</b>	97 582	<b>(25 865)</b>	(7 378)
Other income		<b>3 644</b>	4 992	<b>500</b>	2 377
Changes in fair values and impairments	21	<b>180 603</b>	(6 670 585)	<b>(428 820)</b>	(5 197 158)
Investment property		<b>340 187</b>	(4 067 966)	<b>191 494</b>	(2 120 900)
Investment in subsidiaries - impairment		-	-	<b>(156 989)</b>	(936 949)
Derivative instruments		<b>(68 535)</b>	1 340	<b>(76 703)</b>	7 948
Investment in securities - impairment		<b>(17 562)</b>	(992 774)	<b>(8 191)</b>	-
Intercompany loan - impairment		-	-	<b>(378 430)</b>	-
Investment in securities loan - impairment		-	(1 424 074)	-	(2 051 554)
Goodwill impairment		<b>(73 487)</b>	(187 112)	-	(95 703)
<b>Total profit/(loss) before taxation</b>		<b>184 299</b>	(6 568 011)	<b>(454 184)</b>	(5 202 160)
<b>Taxation</b>	23	<b>(75 327)</b>	(38 314)	-	(20 117)
<b>Total comprehensive income/(loss)</b>		<b>108 972</b>	(6 606 325)	<b>(454 184)</b>	(5 222 276)
<b>Profit/(loss) attributable to:</b>					
Owners of the parent		<b>108 972</b>	(6 606 325)	<b>(454 184)</b>	(5 222 276)
Non-controlling interests		-	-	-	-
<b>Profit/(loss) for the year</b>		<b>108 972</b>	(6 606 325)	<b>(454 184)</b>	(5 222 276)
<b>Total comprehensive profit/(loss) attributable to:</b>					
Owners of the parent		<b>108 972</b>	(6 606 325)	<b>(454 184)</b>	(5 222 276)
Non-controlling interests		-	-	-	-
<b>Total comprehensive profit/(loss) for the year</b>		<b>108 972</b>	(6 606 325)	<b>(454 184)</b>	(5 222 276)
Basic and diluted earnings per REA share (cents)	25	<b>278,78</b>	265,50		
Basic and diluted loss per REB share (cents)	25	<b>(9.67)</b>	(972.14)		

## Consolidated and Separate Statements of Changes in Equity

for the year ended 31 August 2020

GROUP	Attributable to equity holders of the Parent		
	Stated capital R000	Accumulated loss R000	R000
<b>Balance at 31 August 2018</b>	<b>9 015 068</b>	<b>1 248 024</b>	<b>10 263 092</b>
Dividend paid	-	(286 253)	(286 253)
Total comprehensive loss for the year - restated	-	(6 606 324)	(6 606 324)
Total comprehensive loss for the year as previously reported	-	(4 242 138)	(4 242 138)
Total comprehensive loss for the year - restatement	-	(2 364 186)	(2 364 186)
Balance at 31 August 2019 - restated	9 015 068	(5 644 554)	3 370 514
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>108 972</b>	<b>108 972</b>
<b>Balance at 31 August 2020</b>	<b>9 015 068</b>	<b>(5 535 581)</b>	<b>3 479 485</b>

COMPANY	Stated capital	Accumulated loss	Total R000
	R000	R000	
<b>Balance at 31 August 2018</b>	<b>9 040 200</b>	<b>(1 431 839)</b>	<b>7 608 361</b>
Dividend paid	-	(286 253)	(286 253)
Total comprehensive loss for the year - restated	-	(5 222 276)	(5 222 276)
Total comprehensive loss for the year as previously reported	-	(3 341 126)	(3 341 126)
Total comprehensive loss for the year - restatement	-	(1 881 150)	(1 881 150)
Balance at 31 August 2019 restated	9 040 200	(6 940 368)	2 099 832
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(454 184)</b>	<b>(454 184)</b>
<b>Balance at 31 August 2020</b>	<b>9 040 200</b>	<b>(7 394 553)</b>	<b>1 645 647</b>

# Consolidated and Separate Statements of Cash Flows

for the year ended 31 August 2020

	Notes	GROUP		COMPANY	
		2020 R000	2019 R000	2020 R000	2019 R000
<b>Cash flows from operating activities</b>					
Cash generated by operations	24	<b>985 368</b>	1 074 117	<b>591 441</b>	607 011
Finance income		<b>4 070</b>	2 946	<b>3 662</b>	2 549
Finance costs		<b>(863 597)</b>	(955 499)	<b>(552 040)</b>	(598 330)
Dividends received		-	-	-	713
Income tax paid		<b>(35 413)</b>	-	<b>(19 732)</b>	-
<b>Net cash inflow from operating activities</b>		<b>90 427</b>	121 563	<b>23 330</b>	11 943
<b>Cash flow from investing activities</b>					
Acquisition of property, plant and equipment		<b>(374)</b>	(1 713)	<b>(354)</b>	(1 713)
Capital expenditure, tenant installations and lease commissions		<b>(68 411)</b>	(56 786)	<b>(31 536)</b>	(43 696)
Transaction and compliance cost on disposal of investment property		-	(96 611)	-	-
Proceeds from disposal of investment property		<b>516 500</b>	868 000	<b>516 500</b>	-
Repayment of loans to group companies		-	-	<b>220 016</b>	-
Advanced loans to group companies		-	-	<b>(327 500)</b>	(116 236)
<b>Net cash inflow/(outflow) from investing activities</b>		<b>447 715</b>	712 890	<b>377 124</b>	(161 644)
<b>Cash flow from financing activities</b>					
Proceeds from interest bearing borrowings		<b>51 400</b>	-	-	344 544
Repayment of interest bearing borrowings		<b>(598 231)</b>	(642 598)	<b>(561 255)</b>	-
Proceeds of loans from group companies - non-current		-	-	<b>377 900</b>	-
Repayment of loans from group companies - non-current		-	-	<b>(241 237)</b>	-
Repayment of lease liability		-	-	<b>(1 020)</b>	-
Payment on derivative instruments		<b>(4 236)</b>	(13 388)	<b>(4 236)</b>	(8 396)
Dividend paid		-	(286 253)	-	(286 253)
<b>Net cash (outflow)/inflow from financing activities</b>		<b>(551 066)</b>	(942 239)	<b>(429 848)</b>	49 895
<b>Net decrease in cash and cash equivalents</b>		<b>(12 924)</b>	(107 786)	<b>(29 393)</b>	(99 806)
Cash and cash equivalents at the beginning of the year		<b>72 157</b>	179 943	<b>57 638</b>	157 444
<b>Cash and cash equivalents at the end of the year</b>	16	<b>59 233</b>	72 157	<b>28 245</b>	57 638

## 1. Accounting Policies

### 1.1. BASIS OF PREPARATION

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

The financial statements are prepared on the historic cost basis, except for investment properties and certain financial instruments which are carried at fair value or amortised cost and incorporate the principal accounting policies set out below. These accounting policies have been applied consistently with the previous year except for the adoption of IFRS 16.

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 1.4

#### 1.1.1. 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 2020.

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.

##### 1.1.1.1. Investment in subsidiaries

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

##### 1.1.1.2. Loss of control

When the company loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests (NCI) and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

##### 1.1.1.3. Transaction eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated.

##### 1.1.1.4. Goodwill

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 recognises a gain on bargain purchase in 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.

# Accounting Policies

## (Continued)

### 1.2. ASSETS AND LIABILITIES

#### 1.2.1. 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.

Tenants installations costs are capitalised and recognised as investment property. They are measured at cost minus amortisation written off over the period of the lease.

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

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

#### 1.2.2. 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 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 financial assets, or investment property, which continue to be measured in accordance with the group's other accounting policies.

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

#### 1.2.3. Financial instruments

Financial instruments held by the group are classified in accordance with the provisions of Financial instruments: IFRS 9. A financial asset or financial liability is initially measured at fair value plus/minus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

##### 1.2.3.1. Financial assets

###### Measurement

On initial recognition, a financial asset is classified as measured at amortised cost or FVTPL. The group measures a financial asset at its fair value plus transaction costs, except for financial assets classified as at FVTPL where transactions costs are expensed in profit or loss.

Financial assets are not reclassified subsequent to their initial recognition unless the group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

# Accounting Policies

## (Continued)

### 1.2.3.1. Financial assets (Continued)

<b>Loan to group companies and trade and other receivables</b>	recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less expected credit losses. The group holds the loan and trade and other receivables with the objective to collect the contractual cash flows.
<b>Cash and cash equivalents</b>	include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value, and bank overdrafts.

#### Impairment

From 1 September 2018, the group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The group's financial assets are subject to the expected credit loss (ECL) model.

For trade receivables, see key estimates and assumptions.

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

The ECL associated with loans and other receivables carried at amortised cost are assessed on a forward-looking basis using the general model per IFRS 9. Three main parameters are used to measure ECL on loans and other receivables carried at amortised cost. A debtor is considered to be in default when the debt begins to accrue interest. These are the probability of default (PD), loss given default (LGD), and exposure at default (EAD). The group uses four categories (performing, doubtful, in default and write off), which reflect the credit risk and how the loss provision is determined for each of those categories.

#### Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

### 1.2.3.2. Financial liabilities

There are two financial liabilities classification categories that exist under IFRS 9:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost.

Financial liabilities are generally classified and measured at amortised cost, unless they meet the criteria for classification at fair value through profit or loss or are mandatorily classified as FVTPL such as derivatives.

#### Measurement

Financial liabilities measured at fair value through profit or loss are initially recognised at fair value and are thereafter carried at fair value.

Financial liabilities measured at amortised cost are initially recognised at fair value less transaction costs and are thereafter carried at amortised cost using the effective interest method.

## Accounting Policies

(Continued)

### 1.2.3.2. Financial liabilities (continued)

<b>Loan from group companies and trade and other payables</b>	recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. If payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs.
<b>Interest - bearing borrowings</b>	Interest-bearing borrowings are recognised at amortised cost using the effective interest rate method.
<b>Deferred payment liability</b>	Deferred payment liability is a deferral on a sale transaction and it is measured at amortised cost using the effective interest rate method.

Trade and other payables exposed the Company to liquidity risk and possibly to interest rate risk.

#### Derecognition

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

### 1.2.3.3. Derivatives

Derivative financial assets and liabilities are classified as financial assets or liabilities at FVTPL. Derivative financial assets and liabilities comprise mainly interest rate swaps and caps for hedging purposes (economic hedge). Recognition of the derivative financial instruments takes place when the economic hedging contracts are entered into. They are measured initially and subsequently at fair value; transaction costs are included directly in finance costs. Gains or losses on derivatives are recognised in profit or loss in changes in fair values of financial instruments.

### 1.2.4. Property, plant and equipment

Property, plant and equipment is recorded at cost less accumulated depreciation and impairment. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the group.

#### Depreciation

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

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

Depreciation methods, useful lives and residual values are assessed at the end of each reporting period and adjusted if necessary.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

## Accounting Policies

### (Continued)

#### 1.2.5. IFRS 16 Leases

IFRS 16 was adopted 1 September 2019 without restatement of comparative figures. The following policies apply subsequent to the date of initial application, 1 September 2019.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the group if it is reasonable certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised."

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidation).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

When the group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the group to use an identified asset and require services to be provided to the group by the lessor, the group has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract

# Accounting Policies

(Continued)

## 1.2.5. IFRS 16 Leases (continued)

The group applied IFRS 16 with a date of initial application on 1 September 2019. As a result, the group has changed its accounting policy for lease contracts as detailed below. Except for the changes below, the group has consistently applied the accounting policies to all periods presented in the financial statements. The group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application would have been recognised in retained earnings as at 1 September 2019. However, the lease was entered into in the current year and therefore there has been no impact to opening retained earnings.

As a lessee, the group previously classified leases as operating leases as there was no significant transfer of risks and rewards incidental to ownership of the underlying asset to the group. Under IFRS 16, the company recognises a right-of-use asset and a lease liability. No right-of-use asset and lease liability has been recognised at a group level as the lease agreement is with a related party and accordingly has no effect.

### Nature of leasing activity

The group leases a number of properties in a lessor and lessee capacity, some contracts provide for payments to increase by inflation and others the lease is fixed

The group sometimes negotiates break clauses in its property leases. On a case-by-case basis, the group will consider whether the absence of a break clause would expose the group to excessive risk.

Typically factors considered in deciding to negotiate a break clause include:

- the length of the lease term;
- the economic stability of the environment in which the property is located; and
- whether the location represents a new area of operations for the group.

## 1.3. INCOME AND EXPENSES

### 1.3.1. Revenue

The group recognises revenue from the letting of investment property comprising of:

- gross rental income and recoveries of fixed operating costs, net of value added tax
- facilities management income
- asset management income

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

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

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

# Accounting Policies

## (Continued)

### 1.3.1. Revenue (continued)

Revenue is therefore recognised:

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

Revenue is recognised on a straight-line basis over the term of the operating lease. The straight-line rent calculation on leases includes the effects of rent concessions and scheduled rent increases, and the calculated straight-line rent income is recognized over the lives of the individual leases.

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

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

The company assesses the collectability of lease receivables (including future minimum rental payments) both at commencement and throughout the lease term. If the assessment of collectability changes during the lease term, any difference between the revenue that would have been received under the straight-line method and the lease payments that have been collected will be recognized as a current period adjustment to rental revenue.

The group pays lease commissions in order to secure certain contracts; these lease commissions are assessed to be an incremental cost of obtaining a contract. For lease commissions paid in relation to revenue contracts which are for a period greater than one year, the lease commissions are capitalised to investment property and amortised over the period of the revenue contract to which it relates.

### 1.3.2. Finance and other investment income

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

Distributions from listed securities are recognised on date of declaration.

### 1.3.3. 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.

## Accounting Policies

(Continued)

### 1.3.4. Impairment

#### Non-financial assets

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

Goodwill is tested for impairment annually.

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

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

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 1.3.5. Taxation

Taxation for the year comprises current and deferred taxation.

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

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

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

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

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

### 1.3.6. Operating segments

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

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

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

# Accounting Policies

## (Continued)

### 1.4. ESTIMATES AND JUDGEMENTS

#### 1.4.1. 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. In the process of applying the group's accounting policies, the directors have made the following estimates and judgements that have the most significant effects on the amounts recognised and disclosed in the financial statements.

#### 1.4.2. Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

#### 1.4.3. Key sources of estimation uncertainty

##### 1.4.3.1. Fair value estimation

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

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

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

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

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

Refer to note 31 for the fair value hierarchy.

<b>Investment property valuations</b>	Requires judgement in the determination of, inter alia, future cash flows, appropriate discount rates and capitalisation rates.
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##### 1.4.3.2. Impairment testing (including goodwill)

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

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

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

<b>Impairment test of goodwill</b>	Requires key assumptions in the determination of recoverable amounts and terminal values.
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## Accounting Policies

### (Continued)

#### 1.4.3.3. Allowances for expected credit losses: Trade receivables

Trade receivables have been assessed for impairment based on lifetime expected credit losses using the simplified approach permitted by IFRS 9. An estimate is made of credit losses based on a review of all outstanding amounts at year end.

The ECL above includes certain specific impaired financial assets as well as an overlay of appropriately adjusted for forward looking information which has been applied to the population of financial assets at year end to address the risk of default that is inherent in financial assets.

Such forward-looking information would include:

- Changes in the economic, social and political environment;
- Legal status of the receivables; and
- Changes in customer behaviour, requests for payment holidays, credit limit increases
- COVID-19 related restrictions and lock-downs especially in the retail sector

<b>Measurement of ECL allowance for trade receivables</b>	Requires key assumptions in determining the forward looking default rate.
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#### 1.4.3.4. Deferred tax and taxation

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

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

#### 1.4.3.5. Limitation of sensitivity analysis

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

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

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

## Accounting Policies

### (Continued)

#### 2. Changes in accounting policy

The Group adopted IFRS 16 and IFRIC 23 with a transition date of 1 September 2019. The Group has chosen not to restate comparatives on adoption of both standards, and therefore, the revised requirements are not reflected in the prior year financial statements. Rather, these changes have been processed at the date of initial application (i.e. 1 September 2019) and recognised in the opening equity balances. Details of the impact these two standards have had are given below. Other new and amended standards and Interpretations issued by the IASB did not impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

Effective 1 September 2019, IFRS 16 has replaced IAS 17 Leases and IFRIC 4 Determining whether an Arrangement Contains a Lease.

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting IAS 17, with the distinction between operating leases and finance leases being retained. The Group does not have significant leasing activities acting as a lessor.

The Group adopted IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (1 September 2019), without restatement of comparative figures. The Group elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 September 2019.

IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The Group applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- (a) Apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- (b) Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if IFRS 16 had been applied since the commencement date;
- (c) Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under IAS 36 as at the date of initial application; and
- (d) Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

Per IAS 17, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. All lease agreements were classified as operating leases accordingly.

Per IFRS 16, the Group has classified those leases where they are the lessor as operating leases and accounted for them accordingly.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

The following table presents the impact of adopting IFRS 16 on the statement of financial position as at 1 September 2019:

	As at 1 September 2019 R'000
<b>Reconciliation of opening balance</b>	
Minimum operating lease commitment at 31 August 2019	<b>2 971</b>
Less: short - term leases not recognised under IFRS 16	<b>(2 971)</b>
<b>Lease liability as at 1 September 2019</b>	<b>-</b>

# Accounting Policies

(Continued)

## 2 Changes in accounting policy (continued)

### Standards and Interpretations issued not yet effective

At the date of authorisation of these financial statements, certain new accounting standards, amendments and interpretations were in issue but are not yet effective. These have not been early adopted by the group.

Standard	Details of amendments	Annual periods beginning on or after
IFRS 7 <i>Financial Instruments: Disclosures</i>	<ul style="list-style-type: none"> <li>Interest Rate Benchmark Reform: The amendments to IFRS 9, IAS 39 and IFRS 7 amend requirements for hedge accounting to support the provision of useful financial information during the period of uncertainty caused by the phasing out of interest-rate benchmarks such as interbank offered rates (IBORs) on hedge accounting.</li> <li>The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform.</li> </ul> <p>In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.</p>	01 January 2020
IFRS 9 <i>Financial Instruments</i>	<ul style="list-style-type: none"> <li>Interest Rate Benchmark Reform: The amendments to IFRS 9, IAS 39 and IFRS 7 amend requirements for hedge accounting to support the provision of useful financial information during the period of uncertainty caused by the phasing out of interest-rate benchmarks such as interbank offered rates (IBORs) on hedge accounting.</li> <li>The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform.</li> <li>In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.</li> </ul> <p>Annual Improvements to IFRS Standards 2018–2020: The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability.</p>	01 January 2020  01 January 2022
IAS 1 <i>Presentation of Financial Statements</i>	<ul style="list-style-type: none"> <li>Definition of Material: The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.</li> <li>Classification of Liabilities as Current or Non-current: Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current</li> </ul>	01 January 2020  01 January 2022

## 2 Changes in accounting policy (continued)

Standard	Details of amendments	Annual periods beginning on or after
IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	Definition of Material: The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.	01 January 2020
IAS 16 <i>Property, Plant and Equipment</i>	Property, Plant and Equipment: Proceeds before Intended Use: The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.	01 January 2022
IAS 39 <i>Financial Instruments: Recognition and Measurement</i>	<ul style="list-style-type: none"> <li>• Interest Rate Benchmark Reform: The amendments to IFRS 9, IAS 39 and IFRS 7 amend requirements for hedge accounting to support the provision of useful financial information during the period of uncertainty caused by the phasing out of interest-rate benchmarks such as interbank offered rates (IBORs) on hedge accounting.</li> <li>• The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform.</li> </ul> <p>In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.</p>	01 January 2020

# Notes to the Annual Financial Statements

for the year ended 31 August 2020

## 3. Investment property

	GROUP		COMPANY	
	2020 R000	2019 Restated R000	2020 R000	2019 Restated R000
Net carrying value				
Cost	<b>7 478 616</b>	9 878 385	<b>5 712 371</b>	6 302 332
Fair value surplus	<b>4 278 051</b>	1 522 215	<b>1 065 456</b>	211 727
	<b>11 756 667</b>	11 400 600	<b>6 777 827</b>	6 514 059
<b>Movement for the year</b>				
Investment properties at the beginning of year	<b>11 691 014</b>	16 682 000	<b>6 614 614</b>	9 481 000
Straight-line rental adjustment	<b>(19 209)</b>	(92 522)	<b>(14 021)</b>	(86 696)
Unrealised gain/(loss) on revaluation of investment property	<b>287 913</b>	(3 898 264)	<b>237 575</b>	(2 104 577)
Transferred to non-current assets held for sale (net of straight-lining)	<b>(4 195)</b>	(1 056 986)	-	(702 486)
Capital expenditure, tenant installations and lease commissions	<b>54 328</b>	56 786	<b>26 192</b>	27 373
- Capitalised				
- Amortised				
<b>Balance at the end of the year</b>	<b>12 009 851</b>	11 691 014	<b>6 864 360</b>	6 614 614
<b>Reconciliation to independent valuation</b>				
Investment properties at valuation	<b>11 756 667</b>	11 400 600	<b>6 777 827</b>	6 514 059
Straight line lease accrual	<b>253 184</b>	290 415	<b>86 533</b>	100 555
	<b>12 009 851</b>	11 691 014	<b>6 864 360</b>	6 614 614

Group	2020			
	Retail R000	Office R000	Industrial R000	Total R000
Reconciliation of investment property:				
Balance at the beginning of the year	<b>6 503 116</b>	<b>5 066 898</b>	<b>121 000</b>	<b>11 691 014</b>
Straight-line rental adjustment	<b>(4 659)</b>	<b>(13 736)</b>	<b>(814)</b>	<b>(19 209)</b>
Transferred to non-current assets held for sale (net of straight-lining)	-	<b>(4 195)</b>	-	<b>(4 195)</b>
Unrealised (loss)/gain on revaluation of investment property	<b>(369 578)</b>	<b>680 777</b>	<b>(23 286)</b>	<b>287 913</b>
Capital expenditure, tenant installations and lease commissions	<b>27 236</b>	<b>27 092</b>	-	<b>54 328</b>
<b>Balance at the end of the year</b>	<b>6 156 115</b>	<b>5 756 836</b>	<b>96 900</b>	<b>12 009 851</b>

## Notes to the Annual Financial Statements

for the year ended 31 August 2020

### 3. Investment property (Continued)

Company	2020			
	Retail R000	Office R000	Industrial R000	Total R000
Reconciliation of investment property:				
Balance at the beginning of the year	3 080 000	3 413 614	121 000	6 614 614
Straight-line rental adjustment	2 859	(16 066)	(814)	(14 021)
Unrealised gain on revaluation of investment property	(163 672)	424 533	(23 286)	237 575
Capital expenditure, tenant installations and lease commissions	15 813	10 379	-	26 192
<b>Balance at the end of the year</b>	<b>2 934 000</b>	<b>3 832 460</b>	<b>96 900</b>	<b>6 864 360</b>

Group	2019			
	Retail R000	Office R000	Industrial R000	Total R000
Reconciliation of investment property:				
Balance at the beginning of the year	8 080 000	8 417 000	185 000	16 682 000
Straight-line rental adjustment	8 783	(96 202)	(5 103)	(92 522)
Unrealised gain on revaluation of investment property	(1 180 043)	(2 658 324)	(58 897)	(3 898 264)
Transferred to non-current assets held for sale (net of straight-lining)	(430 370)	(626 617)	-	(1 056 986)
Capital expenditure, tenant installations and lease commissions	24 746	32 040	-	56 786
<b>Balance at the end of the year</b>	<b>6 503 116</b>	<b>5 066 898</b>	<b>121 000</b>	<b>11 691 014</b>

Company	2019			
	Retail R000	Office R000	Industrial R000	Total R000
Reconciliation of investment property:				
Balance at the beginning of the year	3 920 000	5 376 000	185 000	9 481 000
Straight-line rental adjustment	(6 733)	(74 861)	(5 103)	(86 696)
Unrealised gain on revaluation of investment property	(284 576)	(1 761 104)	(58 897)	(2 104 577)
Transferred to non-current assets held for sale (net of straight-lining)	(561 486)	(141 000)	-	(702 486)
Capital expenditure, tenant installations and lease commissions	12 795	14 578	-	27 373
<b>Balance at the end of the year</b>	<b>3 080 000</b>	<b>3 414 614</b>	<b>121 000</b>	<b>6 614 614</b>

Please refer to note 35 for the prior period error.

# Notes to the Annual Financial Statements

## for the year ended 31 August 2020 (Continued)

### 3. Investment property (Continued)

#### 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 2020, all properties are reflected at fair value. The portfolio including investment property held for sale was valued at R13.2 billion (2019: R13.3 billion) for the group and R7.0 billion (2019: R7.3 billion) for the company at 31 August 2020.

The company values the investment property on a rotational basis, ensuring that every property is valued by an independent valuer once in every three years. However, in light of current market uncertainty in the sector, the company decided it would be more prudent to obtain independent valuations for all the properties. Independent valuations were obtained for the entire property portfolio.

##### Valuer and qualifications

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

The significant inputs and assumptions in respect of the valuation process are developed in close consultation with management. The valuation process and fair value changes are reviewed by the audit committee and the board of directors at each reporting date. The directors confirm that there have been no material changes to the assumptions applied by the registered valuers.

The 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.

At the reporting date, the key assumptions and unobservable inputs used by the Group in determining fair value were in the following ranges for the Group's portfolio of properties:

# Notes to the Annual Financial Statements

for the year ended 31 August 2020

### 3. Investment property (Continued)

Description	Valuation method	Significant unobservable inputs and range of estimates used			
		Discount rate (%)	Exit capitalisation rate (%)	Capitalisation rate (%)	Rental growth rate (%)
Retail portfolio	Discounted cashflow model	13.00 - 14.25	8.00 - 9.50	8.00 - 9.25	6.46 - 9.77
Office and Industrial portfolio		13.25 - 16.00	9.00 - 11.00	8.25 - 10.75	5.00 - 5.00

As at 31 August 2020, investment properties and related information have been ranked as per the fair value hierarchy set out in note 31. Capital commitments are set out in note 27.1.

#### Investment property pledged as security

Investment properties are valued at R13.2 billion (including investment property held for sale). These have been pledged as security for Nedbank Bank corporate, Investec Limited, Standard Bank Limited, Sanlam and RMB facilities (R9.6 billion).

#### Sensitivity Analysis

The valuations of the investment properties are sensitive to changes in the unobservable inputs used in such valuations. Changes to one of the unobservable inputs, while holding the other inputs constant, would have the following effects on the fair value of investment property and fair value adjustment in profit or loss:

Input	Change %	GROUP	
		2020 R000	2019 R000
Increase in capitalisation rate	0.50	(702 000)	(900 000)
Decrease in capitalisation rate	0.50	742 000	1 000 000
Increase in discount rate	0.50	(239 000)	-
Decrease in discount rate	0.50	243 000	-
Increase in Reversionary Capitalisation Rate	0.50	(523 000)	-
Decrease in Reversionary Capitalisation Rate	0.50	378 000	-

#### 3.1. Straight-line rental income accrual

	GROUP		COMPANY	
	2020 R000	2019 R000	2020 R000	2019 R000
Balance at the beginning of the year	290 415	415 212	100 555	194 164
Movement for the year	(19 209)	(92 522)	(14 021)	(86 696)
Transfer investment property held for sale	(18 022)	(7 622)	-	(6 913)
Sale of investment property	-	(24 653)	-	-
<b>Balance at the end of the year</b>	<b>253 184</b>	<b>290 415</b>	<b>86 534</b>	<b>100 555</b>

## Notes to the Annual Financial Statements

for the year ended 31 August 2020 (Continued)

#### 4. Investment properties held for sale

	GROUP		COMPANY	
	2020 R000	Restated 2019 R000	2020 R000	Restated 2019 R000
<b>Balance at the beginning of the year</b>	<b>1 591 986</b>	1 403 000	<b>702 486</b>	-
Realised loss on disposal of investment property	<b>(48 292)</b>	-	<b>(48 291)</b>	-
Unrealised gain on revaluation of investment property	<b>104 358</b>	-	<b>6 000</b>	-
Capital expenditure, tenant installations and lease commissions	<b>14 081</b>	-	<b>5 344</b>	-
Straight-line rental adjustment	<b>4 195</b>	-	-	-
Transfer from Investment property	-	1 056 986	-	702 486
Sale of investment property	<b>(516 500)</b>	(868 000)	<b>(516 500)</b>	-
<b>Balance at the end of the year</b>	<b>1 149 829</b>	1 591 986	<b>149 039</b>	702 486

#### Investment properties held-for-sale include:

Non-current assets held for sale are properties that are expected to be recovered primarily through sale rather than through continuing use and meets the requirements of the accounting standards.

The following assets are held for sale as at 31 August 2020:

- SASSA campus: sale agreement was signed in November 2019
- Grand central: currently under negotiation with an interested party
- Medscheme: expected to lodge mid-December 2020
- Mishumo house: part of a bulk disposal and negotiations are underway
- Prorom: part of a bulk disposal and negotiations are underway
- Riverpark: part of a bulk disposal and negotiations are underway
- Riverview: part of a bulk disposal and negotiations are underway
- Swiss house: part of a bulk disposal and negotiations are underway

Although these properties were classified as held for sale as at 31 August 2019, efforts to dispose the properties are still continuing. The impact of COVID-19 has slowed the process of concluding these disposals however negotiations are underway to finalise disposals. All non-current assets held for sale are expected to be disposed by 31 August 2021.

On the 26 November 2019 Mdantsane City Shopping Centre was transferred to Vukile Property Fund Limited for a maximum consideration of R516.5 million.

Shareholders are referred to the Sens announcement dated 1 June 2020 dealing with the disposal of Medscheme building for a consideration of R89.1 million. Rebosis has accepted an offer to purchase dated 29 May 2020 (the "Offer") the property described as Portion 106 (a portion of portion 27) of the farm Weltevreden No. 202 of R92.8 million, Registration Division IQ Province Gauteng, measuring approximately 16 846m<sup>2</sup> together with all fixed improvements thereto and the rental enterprise conducted thereon (the "Property") to Old Fort Crescendo Corevision (Pty) Ltd (Reg No 2019/33959/07) (the "Purchaser") (the "Disposal"). All conditions of the sale have been fulfilled and lodgement will take place.

# Notes to the Annual Financial Statements

## for the year ended 31 August 2020

### 5. Group companies loans

	COMPANY	
	2020 R000	2019 R000
<b>Loans to group companies</b>		
<b>Subsidiaries</b>		
Baywest City Proprietary Limited	156 142	138 322
Rebosis Property Developments Proprietary Limited	-	287 295
Dalolex Proprietary Limited	8 428	8 427
	<b>164 570</b>	434 044
<b>Movement in loans to group companies</b>		
Balance at the beginning of the year	434 044	1 310 592
Loans impaired	(378 430)	(992 774)
Loans repaid	(220 016)	-
Non cash expenses	1 472	-
Loans advanced	327 500	116 225
<b>Balance at the end of the year</b>	<b>164 570</b>	434 044
<b>Loans from group companies</b>		
<b>Subsidiaries</b>		
Ascension Properties Limited	(770 822)	(634 158)
Rebosis Asset Managers Proprietary Limited	(2 478)	(2 226)
Rebosis Property Services Proprietary Limited	(19 643)	(20 348)
	<b>(792 943)</b>	(656 732)
<b>Movement in loans from group companies</b>		
Balance at the beginning of the year	(656 732)	(389 186)
Loans advanced	(377 900)	(267 546)
Loans repaid	241 689	-
<b>Balance at the end of the year</b>	<b>(792 943)</b>	(656 732)

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.

#### Exposure to credit risk

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

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

In determining the amount of expected credit losses, the company has taken into account:

- The expected performance of the underlying investments.
- Dalolex holds treasury shares and therefore the amount is carried at costs therefore no negative variation in performance.
- Management expects that Baywest values will increase going forward .

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

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

## Notes to the Annual Financial Statements

### for the year ended 31 August 2020 (Continued)

#### 5. Loans from group companies (continued)

##### Credit rating framework

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

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

Internal credit grade	Description	Basis for recognising expected credit losses
Performing	Low risk of default and no amounts are past due	12-month ECL
Doubtful	There has been a significant increase in credit risk since initial recognition. The increase in credit risk and expected credit losses are based on the assumption that repayment of the loan is not possible when demanded at the reporting date.	Lifetime ECL (Level 2)
In default	There is evidence that the asset is credit impaired when the borrower breaches external covenants or is in financial difficulty and/or has liquidity issues.	Lifetime ECL (Level 3)
Write-off	There is evidence indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery	Write-off

Subsidiary	Balance (R' 000)	Internal credit grade
Baywest City Proprietary Limited	156 142	Performing
Dalolex Proprietary Limited	8 428	Performing
Rebosis Property Developments Proprietary Limited	-	Write-off

The loans are unsecured, bear no interest and are repayable by mutual consent, with payments not expected within 12 months.

The loans are capital in nature and expected to be realised when the underlying properties in the subsidiaries are disposed. Based on the above analysis, grading and as long as the subsidiaries are solvent no 12 month expected loss provision is expected.

Baywest City Proprietary Limited is still able to pay its obligations when they become due and service its finance cost to the banks hence no ECL was applicable.

#### 6. Investment in subsidiaries

	COMPANY	
	2020 R000	2019 Restated R000
Ascension Properties Limited	629 641	629 641
Ascension Property Management Company Proprietary Limited*	41 710	41 710
Baywest City Proprietary Limited**	438 182	523 956
Rebosis Asset Managers Proprietary Limited*	98 272	112 293
Rebosis Property Services Proprietary Limited*	146 130	203 325
	<b>1 353 935</b>	1 510 925
<b>Movement in investment in subsidiaries</b>		
Balance at the beginning of the year	1 510 925	2 447 876
Disposal of investments	-	(5)
Impairment of investments	(156 990)	(936 944)
<b>Balance at the end of the year</b>	<b>1 353 935</b>	1 510 925

\* The impairment of the asset and property management companies is determined by discounting the expected free cash flows at a capitalisation rate of 14,31% (2019: 13.8%). A growth rate of 6,6% (2019: 5.5%) was applied.

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

An assessment was performed of the value of the investment we hold in our subsidiaries. Due to the impact of COVID-19 and the downturn in the property market, the investment was written down.

## Notes to the Annual Financial Statements

for the year ended 31 August 2020

### 7. Investment in securities

	GROUP		COMPANY	
	2020 R000	2019 R000	2020 R000	2019 R000
<b>Edcon</b>	-	4 275	-	2 491
<b>Movement in investment in securities:</b>				
Balance at the beginning of the year	4 275	992 774	2 491	-
Investment in Edcon	13 287	4 275	5 700	2 491
Impairment	(17 562)	(992 774)	(8 191)	-
<b>Balance at the end of the year</b>	-	4 275	-	2 491

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

The directors considered it prudent to adjust the fair value of the investment in the Edcon Equity to zero until there is certainty on any liquidation distribution or other recovery of this investment. The total impairment loss was R17.6 million.

### 8. Loans to related companies

	GROUP	
	2020 R000	2019 R000
<b>New Frontier Properties Limited</b>	-	-
<b>Movement in investment in loans to related companies:</b>		
Balance at the beginning of the year	-	180 472
Loan Impaired	-	(180 472)
<b>Balance at the end of the year</b>	-	-

Rebosis sold its interest and claims in New Frontier Properties.

### 9. Loans Receivable

	GROUP		COMPANY	
	2020 R000	2019 R000	2020 R000	2019 R000
BBBEE Vendor Loan	-	-	-	-
Jiraserve Proprietary Limited	-	-	-	-
Long term portion of other financial assets	-	-	-	-
	-	-	-	-
<b>Movement in loan receivables:</b>				
Balance at the beginning of the year	-	1 246 994	-	1 058 749
Loans advanced	-	-	-	-
Loan repayment	-	-	-	-
Impairment of loan	-	(1 246 994)	-	(1 058 749)
	-	-	-	-

Rebosis sold its interest and claims in New Frontier Properties. The impact in Brexit was only evident in the share price from November 2018 and continued decreasing. The company decided to write down the investment when the liabilities were exceeding the underlying net assets.

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

## Notes to the Annual Financial Statements

for the year ended 31 August 2020 (Continued)

### 10. Goodwill

	GROUP		COMPANY	
	2020 R000	2019 Restated R000	2020 R000	2019 R000
Goodwill arising on business combination	238 733	312 219	-	-
<b>Movement in goodwill:</b>				
Balance at the beginning of the year	312 219	499 331	-	95 703
Impairment	(73 486)	(187 112)	-	(95 703)
<b>Balance at the end of the year</b>	<b>238 733</b>	<b>312 219</b>	<b>-</b>	<b>-</b>
Cost	676 412	676 412	-	95 703
Accumulated impairment	(437 679)	(364 193)	-	(95 703)

For the purposes of impairment testing, goodwill has been allocated to the group's CGUs (operating divisions) as per below:

	GROUP		COMPANY	
	2020 R000	2019 R000	2020 R000	2019 R000
Rebosis Asset Management (RAM) (CGU)	98 274	108 894	-	-
Rebosis Property Services (RPS) (CGU)	140 459	203 325	-	-
<b>Balance at the end of the year</b>	<b>238 733</b>	<b>312 219</b>	<b>-</b>	<b>-</b>

The recoverable amount of these CGUs was based on their value in use, determined by discounting the future cash flows to be generated from their continuing use. The carrying amount of the CGUs was determined to be higher than the recoverable amounts of R239 million and an impairment loss of R73 million during 2020 (2019: R187 million) was recognised. The impairment loss was fully allocated to goodwill and included in changes in fair value adjustments and impairments.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends and have been based on historical data from both external and internal sources.

RAM & RPS CGU	2020 %	2019 %
Discount rate	14,3	13,8
Terminal value growth rate	6.6	5.5

The discount rate was a pre-tax measure based on the rate of 20-year South African government bonds issued in the relevant market and in the same currency as the cash flows, adjusted for a risk premium of 3% to reflect both the enhanced probability of default ("default risk") experienced across the Real estate sector and the systematic risk of the specific CGU.

Three years of cash flows were included in the discounted cash flow model, as the future cashflows can be accurately determined for these years. A long-term growth rate of 6.6% based on average lease escalation has been estimated by management.

Following the impairment loss recognised in the group's CGUs, the recoverable amount was equal to the carrying amount. Therefore, any adverse movement in a key assumption would lead to further impairment.

Sensitivity analysis	Change %	GROUP
		2020 R000
Increase in growth rate	0.5	(13 367)
Decrease in growth rate	0.5	11 740
Increase in discount rate	0.5	(15 311)
Decrease in discount rate	0.5	17 459

# Notes to the Annual Financial Statements

## for the year ended 31 August 2020

### 11. Lease Liability

The group leases its head office facilities from a related party. The lease is for a five year period with an option to renew for a further five years. The lease was entered into in the current financial year.

#### 11.1. Right of use Assets

	Company	
	2020 R'000	2019 R000
<b>Right of use assets - IFRS16</b>	<b>52 083</b>	-
<b>Reconciliation of Right of use assets</b>		
Balance as at 1 September 2019	-	-
Additions	52 520	-
Amortisations	(437)	-
<b>Balance at the end of the year</b>	<b>52 083</b>	-

The group included an extension option in the new lease to provide operational flexibility. The extension option held is exercisable by the group. The group assesses at the lease commencement date whether it is reasonably certain to exercise the extension option. The group reassesses whether it is reasonably certain to exercise the option if there is a significant event or significant changes in circumstances within its control.

#### 11.2. Reconciliation Lease Liabilities

Balance as at 1 September 2019	-	-
Additions	52 520	-
Interest expense	295	-
Less lease payments	(1 020)	-
<b>Balance at the end of the year</b>	<b>51 795</b>	-

#### Short term lease expense

	Up to 3 months	Between 3 and 12 months	Between and 1 and 2 years	Between 2 and 5 years	Over 5 years
<b>At 31 August 2020</b>					
<b>Lease Liabilities</b>	(1 530)	(4 651)	(6 552)	(22 033)	(37 344)

The group has estimated that the potential future lease payments assuming it will exercise the extension option.

## Notes to the Annual Financial Statements

for the year ended 31 August 2020 (Continued)

### 12. Property, plant and equipment

	GROUP		COMPANY	
	2020 R000	2019 R000	2020 R000	2019 R000
Computer equipment	533	730	506	702
Cost	2 237	2 085	1 577	1 384
Accumulated depreciation	(1 704)	(1 355)	(1 071)	(682)
Computer software	57	148	57	149
Cost	1 032	1 025	1 016	1 009
Accumulated depreciation	(975)	(877)	(959)	(860)
Furniture, fittings and equipment	10 290	4 178	3 647	2 608
Cost	21 948	11 271	10 534	6 685
Accumulated depreciation	(11 658)	(7 093)	(6 886)	(4 077)
Motor vehicles	660	793	575	615
Cost	2 614	2 849	1 686	1 530
Accumulated depreciation	(1 954)	(2 056)	(1 112)	(915)
	<b>11 540</b>	5 848	<b>4 785</b>	4 074
<b>Movement for the year</b>				
Balance at the beginning of the year	5 848	8 595	4 074	5 839
Acquisitions	11 096	1 713	4 203	1 713
Computer equipment	215	573	193	573
Computer software	3	51	3	51
Furniture, fittings and equipment	10 721	305	3 849	305
Motor vehicles	157	784	158	784
Depreciation	(5 404)	(4 004)	(3 492)	(3 022)
Computer equipment	(412)	(291)	(390)	(274)
Computer software	(95)	(474)	(94)	(473)
Furniture, fittings and equipment	(4 610)	(2 903)	(2 810)	(2 117)
Motor vehicles	(287)	(336)	(198)	(158)
Derecognition	-	(456)	-	(456)
<b>Balance at the end of the year</b>	<b>11 540</b>	5 848	<b>4 785</b>	4 074

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 2020

## 13. Derivative Instruments

Instrument	Rate (%)	NOMINAL VALUE			GROUP		COMPANY	
		2020 R'000	2019 R'000	Maturity date	2020 R'000	2019 R'000	2020 R'000	2019 R'000
<b>Assets</b>								
<i>Interest rate caps</i>		<b>1 000 000</b>	1 500 000		<b>1 431</b>	8 343	<b>1 431</b>	8 334
Rebosis	7.0	<b>1 000 000</b>	1 000 000	23-Nov-20	<b>1 431</b>	8 334	<b>1 431</b>	8 334
Ascension	7.0	-	500 000	14-Apr-20	-	9	-	-
<b>Total assets</b>		<b>1 000 000</b>	1 500 000		<b>1 431</b>	8 343	<b>1 431</b>	8 334
<b>Less: Current assets</b>		<b>(1 000 000)</b>	(500 000)		<b>(1 431)</b>	(9)	<b>(1 431)</b>	-
<b>Non-current assets</b>		-	1 000 000		-	8 334	-	8 334
<b>Liabilities</b>								
<b>Long-term cancellable interest rate swaps</b>								
		<b>2 700 000</b>	6 310 000		<b>(99 941)</b>	(24 218)	<b>(99 941)</b>	(16 041)
Rebosis	7.4	-	2 000 000	30-Mar-20	-	(9 656)	-	(9 656)
Rebosis	8.4	-	410 000	14-Apr-20	-	(4 879)	-	(4 879)
Rebosis	6.9	-	500 000	28-Jul-20	-	(1 506)	-	(1 506)
Rebosis	6.7	<b>2 700 000</b>	2 700 000	20-Oct-21	<b>(99 941)</b>	-	<b>(99 941)</b>	-
Ascension	8.4	-	700 000	14-Apr-20	-	(8 177)	-	-
<b>Cross currency swaps</b>								
		-	83 333		-	(7 792)	-	(7 792)
Rebosis	2.6	-	41 667	21-Oct-19	-	(3 932)	-	(3 932)
Rebosis	2.6	-	41 667	21-Apr-20	-	(3 860)	-	(3 860)
<b>Total liabilities</b>		<b>2 700 000</b>	3 693 333		<b>(99 941)</b>	(32 010)	<b>(99 941)</b>	(23 833)
<b>Less: Current liabilities</b>		<b>(2 700 000)</b>	(3 693 333)		-	32 010	-	23 833
<b>Non-current liabilities</b>		-	-		<b>(99 941)</b>	-	<b>(99 941)</b>	-

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.

## Notes to the Annual Financial Statements

for the year ended 31 August 2020 (Continued)

### 14. Stated Capital

	GROUP		COMPANY	
	2020 R000	2019 R000	2020 R000	2019 R000
<b>Authorised</b>				
5 000 000 000 ordinary no par value shares				
70 000 000 A ordinary no par value shares				
<b>Issued</b>				
696 844 874 (2019: 696 844 874) ordinary shares, net of treasury shares	<b>7 422 441</b>	7 422 441	<b>7 447 574</b>	7 447 574
63 266 012 (2019: 63 266 012) A ordinary shares	<b>1 592 627</b>	1 592 627	<b>1 592 627</b>	1 592 627
	<b>9 015 068</b>	9 015 068	<b>9 040 201</b>	9 040 201
<b>Movement in stated capital</b>				
Balance at the beginning of the year	<b>9 015 068</b>	9 015 068	<b>9 040 201</b>	9 040 201
Shares issued during the year	-	-	-	-
<b>Balance at the end of the year</b>	<b>9 015 068</b>	9 015 068	<b>9 040 201</b>	9 040 201
<b>Reconciliation of number of ordinary shares in issue:</b>				
Balance at the beginning of the year			<b>699 253 200</b>	699 253 200
Shares issued during the year			-	-
<b>Balance at the end of the year</b>			<b>699 253 200</b>	699 253 200
<b>Reconciliation of number of A ordinary shares in issue:</b>				
Balance at the beginning of the year			<b>63 266 012</b>	63 266 012
Shares issued during the year			-	-
Shares bought back			-	-
<b>Balance at the end of the year</b>			<b>63 266 012</b>	63 266 012
<b>Reconciliation of number of treasury shares in issue:</b>				
Balance at the beginning of the year			<b>(2 408 326)</b>	(2 408 326)
Shares bought back			-	-
<b>Balance at the end of the year</b>			<b>(2 408 326)</b>	(2 408 326)

# Notes to the Annual Financial Statements

## for the year ended 31 August 2020

### 15. Trade and other receivables

	GROUP		COMPANY	
	2020 R000	2019 R000	2020 R000	2019 R000
Trade receivables	204 526	145 209	95 821	60 139
Loss allowance	(53 605)	(22 624)	(22 837)	(5 208)
	150 921	122 584	72 984	54 931
Accrued recoveries	40 283	43 982	22 138	11 884
Municipal deposits	9 886	7 150	7 013	4 360
Deposit – leased premises	-	371	-	371
Prepayments	12 114	3 972	9 254	2 163
Receiver of Revenue - VAT	-	382	-	-
Sundry receivables and accrued income	47 002	41 220	25 523	19 335
	260 206	219 662	136 911	93 047
<b>Movement in loss allowance</b>				
<b>Balance at the beginning of the year</b>	22 624	96 212	5 208	50 976
Increase in allowance	87 859	60 727	26 371	6 596
Receivables written off during the year	(56 878)	(134 315)	(8 742)	(52 363)
<b>Balance at the end of the year</b>	53 605	22 624	22 837	5 208

The allowance for the impairment of tenant receivables increased to R53.6 million (2019: R22.6 million) and Company to R22.8 million (2019: R5.2 million) under the IFRS9 requirements which applies an expected credit loss model to calculate impairment against trade receivables. The model converts a historic expected credit loss into a probability-weighted forward looking expected credit loss value. The allowance is considered to be adequate.

#### Group

Carrying value of debtors with specific credit losses recognised 14 207

Carrying value of debtors with expected credit losses.

	Gross Amount	Expected credit loss rate	Lifetime expected credit loss
Current	79 825	7%	5 951
Due 30 days and less	36 553	11%	4 071
Due 30 to 60 days	18 938	20%	3 831
Due 60 to 90 days	12 083	33%	3 932
Due 90 days to 120 days	7 851	50%	3 951
Due 120 days to 150 days	35 071	50%	17 662
	190 319		39 398

**Total allowance for expected credit loss** 53 605

#### Company

Carrying value of debtors with specific credit losses recognised -

Carrying value of debtors with expected credit losses

	Gross Amount	Expected credit loss rate	Lifetime expected credit loss
Current	43 572	10%	4 269
Due 30 days and less	20 852	13%	2 654
Due 30 to 60 days	7 329	22%	1 592
Due 60 to 90 days	5 491	40%	2 203
Due 90 days to 120 days	4 355	68%	2 961
Due 120 days to 150 days	14 222	68%	9 159
	95 821		22 837

**Total allowance for expected credit loss** 22 837

## Notes to the Annual Financial Statements

for the year ended 31 August 2020 (Continued)

### 15 Trade and other receivables (continued)

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

The ECL includes certain specific impaired financial assets as well as an overlay of appropriately adjusted for forward looking information which has been applied to the population of financial assets at year end to address the risk of default that is inherent in financial assets.

Such forward-looking information would include:

- Changes in the economic, social and political environment;
- Legal status of the receivables; and
- Changes in customer behaviour, requests for payment holidays, credit limit increases
- COVID-19 related restrictions and lock-downs especially in the retail sector

### 16. Cash and cash equivalents

	GROUP		COMPANY	
	2020 R000	2019 R000	2020 R000	2019 R000
For purposes of the statement of cash flows, cash and cash equivalents comprise:				
Bank balances	<b>59 233</b>	72 157	<b>28 245</b>	57 638

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

No loss allowance has been recognised.

The group has credit card facilities with First National Bank a division of First Rand Bank Limited with a limit of R 1 225 000.

# Notes to the Annual Financial Statements

for the year ended 31 August 2020

## 17. Interest bearing borrowings

Interest rate	Entity	Maturity	GROUP		COMPANY	
			2020 R000	2019 R000	2020 R000	2019 R000
<b>Nedbank Corporate (a division of Nedbank Limited)</b>						
1-month JIBAR +3.15%	Rebosis	28-Feb-21	<b>638 280</b>	639 749	<b>638 280</b>	639 749
1-month JIBAR + 2.47%	RPD	07-Oct-21	<b>1 514 460</b>	1 521 808	-	-
1-month JIBAR + 2.47%	BWC	07-Oct-21	<b>1 222 289</b>	1 227 620	-	-
1-month JIBAR +3.15%	Rebosis	28-Feb-21	<b>926 931</b>	929 064	<b>926 931</b>	929 064
1-month JIBAR +3.15%	Ascension	28-Feb-21	<b>45 204</b>	45 684	-	-
1-month JIBAR + 2.34%	Rebosis	28-Feb-21	<b>150 551</b>	150 897	<b>150 551</b>	150 897
1-month JIBAR +3.15%	Ascension	28-Feb-21	<b>50 567</b>	51 104	-	-
1-month JIBAR +3.15%	Ascension	28-Feb-21	<b>34 472</b>	34 838	-	-
1-month JIBAR +3.15%	Ascension	28-Feb-21	<b>26 192</b>	26 470	-	-
1-month JIBAR +3.15%	Ascension	28-Feb-21	<b>152 758</b>	154 379	-	-
1-month JIBAR +3.15%	Rebosis	28-Feb-21	<b>121 233</b>	123 363	<b>121 233</b>	123 363
1-month JIBAR + 2.36%	Rebosis	28-Feb-21	<b>349 251</b>	350 053	<b>349 251</b>	350 053
1-month JIBAR + 2.36%	Rebosis	28-Feb-21	<b>25 464</b>	25 242	<b>25 464</b>	25 242
1-month JIBAR + 2.36%	Rebosis	28-Feb-21	<b>485 585</b>	491 865	<b>485 585</b>	491 865
1-month JIBAR + 2.36%	Rebosis	28-Feb-21	<b>261 962</b>	264 551	<b>261 962</b>	264 551
1-month JIBAR + 2.64%	Ascension	28 Feb 21	<b>41 906</b>	41 997	-	-
1-month JIBAR +3.15%	Rebosis	28-Feb-21	<b>1 116 392</b>	1 118 962	<b>1 116 392</b>	1 118 962
1-month JIBAR +3.15%	Rebosis	28-Feb-21	<b>185 347</b>	562 797	<b>185 347</b>	562 797
1-month JIBAR +3.15%	Rebosis	28-Feb-21	<b>492 540</b>	604 567	<b>492 540</b>	604 567
			<b>7 841 384</b>	8 365 010	<b>4 753 536</b>	5 261 111
<b>DMTN Programme</b>						
3-month Jibar + 1.50%	Rebosis	21-Nov-19	-	19 048	-	19 048
3-month Jibar + 1.20%	Rebosis	21-Nov-19	-	21 051	-	21 051
3-month JIBAR + 0.48%	Rebosis	21-Aug-20	-	-	-	-
			-	40 099	-	-
<b>Investec Private Bank Limited</b>						
Prime - 0.65%	Ascension	15-Apr-23	<b>372 428</b>	321 283	-	-
Prime - 1.00%	Rebosis	12-Feb-21	<b>290 727</b>	291 314	<b>290 726</b>	291 314
			<b>663 155</b>	612 597	<b>290 726</b>	291 314
<b>Standard bank of South Africa</b>						
Prime - 0.5%	Ascension	28-Feb-21	<b>250 232</b>	270 728	-	-
			<b>250 232</b>	270 728	-	-

## Notes to the Annual Financial Statements

for the year ended 31 August 2020 (Continued)

### 17. Interest bearing borrowings (Continued)

Interest rate	Entity	Maturity	GROUP		COMPANY	
			2020 R000	2019 R000	2020 R000	2019 R000
<b>Sanlam Limited</b>						
Prime	Rebosis	28-Feb-21	<b>356 232</b>	356 813	<b>356 232</b>	356 813
Prime	Rebosis	28-Feb-21	<b>141 836</b>	150 960	<b>141 836</b>	150 960
Prime	Rebosis	28-Feb-21	<b>94 557</b>	100 640	<b>94 557</b>	100 640
			<b>592 625</b>	608 413	<b>592 625</b>	608 413
<b>Absa Bank Limited</b>						
Prime	BWC	07-Mar-20	-	173	-	-
<b>Rand Merchant Bank</b>						
3-month JIBAR + 3.1%	Rebosis	28-Feb-21	<b>245 791</b>	244 948	<b>245 791</b>	244 948
<b>Total debt</b>			<b>9 593 187</b>	10 141 968	<b>5 882 678</b>	6 445 884
Less: debt structuring fees			<b>(4 208)</b>	(10 611)	<b>(25)</b>	(2 715)
Balance at the beginning of the year			<b>(10 611)</b>	(12 963)	<b>(2 715)</b>	(1 323)
Settled/incurred during the year			<b>(2 285)</b>	(62 239)	<b>(2 285)</b>	(61 738)
Amortisation for the year			<b>8 688</b>	64 591	<b>4 975</b>	60 347
			<b>9 588 979</b>	10 131 357	<b>5 882 653</b>	6 443 170
Less: short-term portion			<b>(9 588 979)</b>	(10 131 357)	<b>(5 882 653)</b>	(6 443 170)
Non-current portion			-	-	-	-

All interest bearing borrowings have been disclosed as short term portion due to the group breaching its loan covenants.

Weighted average rate of interest	GROUP	
	2020	2019
Nedbank	8.59%	9.24%
DMTN Programme	7.97%	10.34%
Investec	7.39%	8.91%
RMB	9.14%	9.54%
Standard Bank	8.44%	8.73%
Sanlam	8.64%	9.93%

At year-end, the group had no unutilised loan facilities, the loan to debt value was 72.4% (2019: 75.7%), (company: 83.5% (2019: 87.2%)) and the average all-inclusive rate of interest for the year under review was 8.5% (2019: 9.2%).

Facilities of R8.4 billion from Nedbank and Sanlam are secured by mortgage bonds over investment properties valued at R11.0 billion (note 3).

Facilities of R0.9 billion from Investec and Standard Bank are secured by mortgage bonds over investment properties valued at R2.2 billion (note 3).

# Notes to the Annual Financial Statements

for the year ended 31 August 2020

## 18. Trade and other payables

	GROUP		COMPANY	
	2020 R000	2019 R000	2020 R000	2019 R000
Income received in advance	27 551	23 711	6 191	9 200
Trade payables	127 377	89 147	59 874	7 345
Value added taxation	568	4 679	6 528	4 130
Tenant deposits	23 757	27 483	9 326	12 157
Other payables	48 885	-	6 081	-
Accrued expenses	104 891	64 819	48 157	27 666
	<b>333 030</b>	209 838	<b>136 157</b>	60 497

## 19. Operating income

	GROUP		COMPANY	
	2020 R000	2019 R000	2020 R000	2019 R000
<b>Operating income includes the following charges:</b>				
Asset management fees	-	-	22 317	29 167
Salaries	98 236	89 630	98 236	89 630
<b>Audit fees</b>				
<i>Paid to external auditors</i>	3 530	1 733	2 515	841
For the attest function - current year	3 526	1 723	2 511	831
For other services	4	10	4	10
Paid to internal auditors - current year*	-	571	-	571
Depreciation	5 403	4 004	3 492	3 022
Amortisation of margin paid on derivatives	6 309	4 861	6 309	4 861
Property management fees paid	4	-	25 200	28 647

\*Internal audit fees were paid in the prior year for work that was performed in the current year.

## 20. Director's emoluments

	GROUP		COMPANY	
	2020 R000	2019 R000	2020 R000	2019 R000
<b>Executive director remuneration</b>				
<b>SM Ngebulana</b>	7 332	9 600	7 332	9 600
Salary and allowances	5 772	5 550	5 772	5 550
Retirement benefits	468	450	468	450
Special incentive	1 092	-	1 092	-
Performance bonus	-	3 600	-	3 600
<b>Z Kogo</b>	1 896	2 596	1 896	2 596
Salary and allowances	1 754	1 686	1 754	1 686
Retirement benefits	142	137	142	137
Performance bonus	-	773	-	773
<b>R Becker</b>	4 888	5 940	4 888	5 940
Salary and allowances	3 848	3 700	3 848	3 700
Retirement benefits	312	300	312	300
Special incentive	728	-	728	-
Performance bonus	-	1 940	-	1 940
<b>I King #</b>	3 162	4 831	3 162	4 831
Salary and allowances	2 340	1 693	2 340	1 693
Retirement benefits	260	187	260	187
Sign-on bonus	-	1 500	-	1 500
Leave paid out	107	-	107	-
Special incentive	455	-	455	-
Performance bonus	-	1 450	-	1 450

## Notes to the Annual Financial Statements

for the year ended 31 August 2020 (Continued)

### 20. Director's emoluments (continued)

	GROUP		COMPANY	
	2020 R000	2019 R000	2020 R000	2019 R000
<b>Executive director remuneration</b>				
<b>M De Lange !</b>	-	3 229	-	3 229
Salary and allowances	-	627	-	627
Retirement benefits	-	85	-	85
Leave paid out/Severance Pay	-	2 517	-	2 517
<b>AL Magwentshu ^</b>	<b>167</b>	-	<b>167</b>	-
Salary and allowances	<b>157</b>	-	<b>157</b>	-
Retirement benefits	<b>10</b>	-	<b>10</b>	-

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

#Mrs I King was appointed as the Chief Financial Officer on 1 December 2018 and resigned on 04 August 2020

^Asathi Magwentshu was appointed as Acting Chief Financial Officer on 04 August 2020. The acting CFO position became permanent on 18 December 2020.

	GROUP		COMPANY	
	2020 R000	2019 R000	2020 R000	2019 R000
<b>Non-executive directors attendance fees</b>				
ATM Mokgokong	<b>741</b>	633	<b>741</b>	633
WJ Odendaal >	<b>308</b>	319	<b>308</b>	319
NV Qangule	<b>479</b>	467	<b>479</b>	467
TSM Seopa	<b>530</b>	473	<b>530</b>	473
MM Mdlolo	<b>484</b>	393	<b>484</b>	393
GFvL Froneman <	<b>388</b>	388	<b>388</b>	388
LC Pengilly*	-	-	-	-
<b>Total</b>	<b>2 929</b>	2 673	<b>2 929</b>	2 673

<Mr GFvL Froneman resigned as the Chairman of the Audit Committee on 30 June 2020

>Mr WJ Odendaal resigned on 19 August 2020

\*Mr Lloyd Crossland Pengilly was appointed as a non-executive director on 19 August 2020

### 21. Changes in fair values and impairments

	GROUP		COMPANY	
	2020 R000	2019 Restated R000	2020 R000	2019 Restated R000
Unrealised gain/(loss) on revaluation of investment property	<b>392 269</b>	(3 898 264)	<b>243 575</b>	(2 104 577)
Realised loss on disposal of investment property	<b>(48 292)</b>	(169 702)	<b>(48 292)</b>	(16 323)
Unrealised fair value adjustment - Mdantsane capex post disposal	<b>(3 789)</b>		<b>(3 789)</b>	
Investment in subsidiaries - impairment	-	-	<b>(156 989)</b>	(936 949)
Investment in securities - impairment	<b>(17 562)</b>	(992 774)	<b>(8 191)</b>	
Derivative instruments	<b>(68 535)</b>	1 340	<b>(76 703)</b>	7 948
Intercompany loan - impairment	-	-	<b>(378 430)</b>	-
Investment in securities loan - impairment	-	(1 424 074)	-	(2 051 554)
Goodwill impairment	<b>(73 487)</b>	(187 112)	-	(95 703)
	<b>180 604</b>	(6 670 586)	<b>(428 820)</b>	(5 197 158)

# Notes to the Annual Financial Statements

for the year ended 31 August 2020

	GROUP		COMPANY	
	2020	2019	2020	2019
	R000	Restated R000	R000	Restated R000
<b>22. Net interest</b>				
Interest paid - secured loans	(850 473)	(960 475)	(544 542)	(601 145)
Interest received- derivatives	(44 161)	30 064	(37 571)	38 168
Interest paid- other	(1 685)	(65)	(1 393)	(53)
Debt restructuring fee	(16 138)	(69 452)	(11 887)	(65 208)
	<b>(912 457)</b>	(999 928)	<b>(595 394)</b>	(628 238)
Interest received - bank	2 216	2 946	1 808	2 549
Interest received - derivatives	1 854	-	1 854	-
	<b>4 070</b>	2 946	<b>3 662</b>	2 549
	<b>(908 387)</b>	(996 982)	<b>(591 732)</b>	(625 688)
<b>23. Taxation</b>				
South Africa normal taxation				
Current taxation	44 468	(38 314)	-	(20 117)
Deferred tax asset release*	30 859	-	-	-
Total taxation	<b>75 327</b>	(38 314)	-	(20 117)
<b>Reconciliation of taxation rate:</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Tax at the applicable tax rate of 28%</b>	<b>28.00</b>	28.00	<b>28.00</b>	28.00
<b>Tax effect of adjustment on taxable income</b>	<b>40.48</b>	(28.39)	<b>(27.97)</b>	(28.88)
FV adjustment Investment property	36.68	(8.18)	14.70	(11.65)
FV adjustment - Disposal Mdanstane	-	-	(3.20)	-
FV adjustment - Unrealised loss	-	-	-	-
FV adjustment - Financial instruments	(1.24)	-	(4.71)	-
Goodwill impairment	-	(0.81)	(0.97)	(0.94)
Impairment in loans	-	(9.61)	(23.23)	(9.49)
Impairment of security	1.43	(7.67)	(0.50)	(6.61)
Straight line lease accrual	0.79	(0.73)	(0.86)	(0.62)
Investment in subs impairment	-	(1.76)	(8.67)	0.43
Other	2.82	0.37	(0.53)	-
<b>Permanent Difference</b>	<b>0.16</b>	-	-	-
Non deductible expenditure	0.62	-	(0.33)	-
Bursaries	-	-	(0.06)	-
Vat penalties and interest	0.82	-	(0.04)	-
Legal cost	0.01	-	(0.44)	-
Enterprise Development costs	-	-	(0.14)	-
Consulting costs	-	-	-	-
Disposal expenses	0.02	-	(0.01)	-
Temporary Difference	(0.23)	-	0.37	-
Assessed loss utilised	(14.10)	(0.49)	-	(0.41)
Assessed loss carried forward	(14.17)	0.28	0.30	0.39
<b>Effective rate</b>	<b>40.99</b>	(0.60)	-	(0.90)

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

\* This relates to the release of the deferred tax asset that was raised in the prior year .

## Notes to the Annual Financial Statements

for the year ended 31 August 2020 (Continued)

### 24. Note to the statement of cash flows

	GROUP		COMPANY	
	2020 R000	2019 R000	2020 R000	2019 R000
<b>Profit/(Loss) before tax</b>				
Adjusted for:	<b>184 299</b>	(6 568 012)	<b>(454 184)</b>	(5 202 160)
Non cash items				
(Increase)/decrease in fair value adjustment	<b>(392 268)</b>	3 898 264	<b>(243 575)</b>	2 104 577
Loss on sale of Investment Property	<b>48 292</b>	169 702	<b>48 292</b>	16 323
Straightline rental income accrual	<b>15 013</b>	92 522	<b>14 021</b>	86 696
Depreciation	<b>5 403</b>	4 004	<b>3 492</b>	3 022
Depreciation - right of use asset	-	-	<b>438</b>	-
Investment in securities	<b>(13 287)</b>	-	<b>(5 700)</b>	-
Impairment of Investment in securities	<b>17 562</b>	992 774	<b>8 191</b>	-
Impairment in intercompany loan	-	-	<b>378 430</b>	-
Impairment in subsidiaries	-	-	<b>156 989</b>	936 949
Impairment loan	-	1 424 074	-	2 051 554
Non-cash expenses (penalties and fines)	<b>5 487</b>	-	<b>16 374</b>	-
Non cash income- tax write off	<b>(385)</b>	-	<b>(385)</b>	-
Unrealised fair value adjustment	<b>3 789</b>	-	-	-
Decrease in fair value of other financial assets current (derivatives)	<b>603</b>	-	<b>595</b>	-
(Increase) in fair value of other financial liabilities/derivatives (current)	<b>(32 010)</b>	-	<b>(23 833)</b>	-
Decrease/(increase) in fair value of other financial liabilities/derivatives (non-current)	<b>99 941</b>	(1 340)	<b>99 941</b>	(7 948)
Amortisation of margin paid on derivatives	-	4 861	-	4 861
Movement in allowance for expected credit losses	<b>87 859</b>	60 727	<b>26 371</b>	6 596
Debt structuring fees	-	(69 452)	-	(65 208)
Other non cash items	-	2 382	-	427
Goodwill impairment	<b>73 487</b>	187 112	-	95 703
Interest received	<b>(4 070)</b>	-	<b>(3 662)</b>	-
Finance cost	<b>912 457</b>	996 982	<b>595 394</b>	625 689
Dividend income	-	-	-	(713)
Operating income before working capital changes	<b>1 012 174</b>	1 194 602	<b>617 188</b>	656 369
Working capital changes	<b>(26 807)</b>	(120 485)	<b>(25 746)</b>	(49 356)
Trade and other receivables	<b>(140 975)</b>	(55 288)	<b>(91 931)</b>	(16 960)
Increase in operating group loans	-	-	<b>(450)</b>	-
Trade and other payables	<b>114 168</b>	(65 197)	<b>66 636</b>	(32 396)
Cash generated from operations	<b>985 368</b>	1 074 117	<b>591 441</b>	607 012

# Notes to the Annual Financial Statements

for the year ended 31 August 2020

## 25. Earnings and headline earnings

	GROUP	
	2020	2019
Number of REA shares in issue at year end	63 266 012	63 266 012
Weighted average number of REA shares in issue used for the calculation of earnings and headline earnings per share	63 266 012	63 266 012
Number of REB shares in issue at year end	696 844 874	696 844 874
Weighted average number of shares in issue used for the calculation of earnings and headline earnings per share	696 844 874	696 844 874
Profit/(loss) attributable to ordinary equity holders of the parent entity	108 972	(6 606 325)
<i>Adjusted for:</i>		
Change in fair value of investment properties	(340 187)	4 067 966
Goodwill impairment	73 487	187 112
<b>Headline (loss)/earnings attributable to shareholders</b>	<b>(157 728)</b>	<b>(2 351 247)</b>
<b>REA</b>		
Basic and diluted earnings per REA share (cents)	278.78	265.50
Basic and diluted headline earnings per REA share (cents)	278.78	265.50
<b>REB</b>		
Basic and diluted loss per REB share (cents)	(9.67)	(972.14)
Basic and diluted headline loss per REB share (cents)	(47.94)	(361.52)

## 26. Net asset value

Net Asset Value (NAV) per share is calculated by dividing equity and reserves attributable to shareholders (as reflected on the statement of financial position) by the number of ordinary shares in issue at the end of the year less treasury shares.

The following table reflects the net asset and share data used in the NAV per share calculations:

	GROUP		COMPANY	
	2020 R000	2019 R000	2020 R000	2019 R000
<b>Total equity</b>	<b>3 479 486</b>	3 370 514	<b>1 645 647</b>	2 099 832
Less: NAV for REA (Share price @ 1.15)	<b>(72 756)</b>	(863 581)	<b>(72 756)</b>	(863 581)
NAV for REB	<b>3 406 731</b>	2 506 933	<b>1 572 892</b>	1 236 251
Number of REB shares in issue at year end	<b>696 845</b>	696 845	<b>696 845</b>	696 845
<b>Net asset value per REB share</b>	<b>4.89</b>	3.60	<b>2.26</b>	1.77

## 27. Commitments

	GROUP		COMPANY	
	2020 R000	2019 R000	2020 R000	2019 R000
<b>27.1. Capital commitments</b>				
Capital improvements in respect of investment properties				
- Approved and committed	<b>5 944</b>	-	<b>698</b>	
- Approved not yet committed	<b>20 679</b>	132 830	-	75 400
	<b>26 623</b>	132 830	<b>698</b>	75 400

## Notes to the Annual Financial Statements

for the year ended 31 August 2020 (Continued)

	GROUP		COMPANY	
	2020 R000	2019 R000	2020 R000	2019 R000
<b>27.2. Operating expense commitments</b>				
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	41 735	4 054	-	913
- Due two to five years	-	-	-	-
	<b>41 735</b>	4 054	-	913
<b>27.3. Operating minimum lease payments</b>				
Operating lease represents rental payable by the company for its office properties. No contingent rental is payable:				
- Payable within one year	-	2 971	-	2 971
- Payable two to five years	-	-	-	-
	-	2 971	-	2 971

Refer to accounting policy and change in accounting policy

### 28. Minimum lease payments receivable

Minimum lease payments comprise contractual rental income from investment properties and operating lease recoveries due in terms of signed lease agreements. The below table sets out the maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	GROUP		COMPANY	
	2020 R000	2019 R000	2020 R000	2019 R000
Less than one year	728 088	892 796	331 144	518 187
One to two years	598 792	510 555	267 547	236 231
Two to three years	506 028	410 450	229 945	182 999
Three to four years	410 836	336 888	177 415	130 054
Four to five years	200 592	268 064	68 119	78 724
Beyond five years	958 284	1 116 271	209 062	306 896
	<b>3 402 620</b>	3 535 024	<b>1 283 232</b>	1 453 091

### 29. Related parties and related party transactions

#### Relationships

#### Subsidiaries

Rebosis Property Services Proprietary Limited  
 Rebosis Assets Managers Proprietary Limited  
 Ascension Property Management Company Proprietary Limited  
 Ascension Properties Limited  
 Dalolex Proprietary Limited  
 Baywest City Proprietary Limited  
 Rebosis Property Developments Proprietary Limited

# Notes to the Annual Financial Statements

## for the year ended 31 August 2020

### 29. Related parties and related party transactions (Continued)

#### Related companies

##### Billion Group Proprietary Limited

Billion Group Proprietary Limited ("Billion Group"), a company owned by The Amatolo Family Trust and SM Ngebulana is a beneficiary of The Amatolo Family Trust which owns 5.84% (2019: 0.36%) of the shares in Rebosis.

##### Abacus Holdings Proprietary Limited

Abacus Holdings Proprietary Limited ("Abacus") is a limited liability private company of which Jaco Odendaal is chairman. Jaco has resigned as non-executive director of Rebosis effective 19 August 2020.

	GROUP		COMPANY	
	2020 R000	2019 R000	2020 R000	2019 R000
<b>Loans accounts- owing (to) by related parties</b>				
Rebosis Property Services Proprietary Limited	-	-	(19 643)	(20 348)
Rebosis Asset Managers Proprietary Limited	-	-	(2 478)	(2 226)
Ascension Properties Limited	-	-	(770 822)	(634 158)
Dalolex Proprietary Limited	-	-	8 428	8 427
Baywest City Proprietary Limited	-	-	156 142	138 322
Rebosis Property Developments Proprietary Limited	-	-	-	287 295
Abacus Holdings Proprietary Limited	-	70 000	-	70 000
Billion Group Proprietary Limited	2 542	3 471	2 542	3 471
<b>Amounts included in trade and other receivables</b>				
Ascension Property Management Company Proprietary Limited	-	-	5 319	2 872
<b>Administration fee received from related parties</b>				
Rebosis Property Services Proprietary Limited	-	-	62 731	68 613
Rebosis Asset Managers Proprietary Limited	-	-	22 315	29 164
Ascension Property Management Company Proprietary Limited	-	-	14 078	16 152
<b>Administration fee paid to related parties</b>				
Rebosis Property Services Proprietary Limited	-	-	16 414	14 489
<b>Property management fee paid to related parties</b>				
Rebosis Property Services Proprietary Limited	-	-	25 102	28 647
<b>Asset management fee expense to related parties</b>				
Rebosis Asset Managers Proprietary Limited	-	-	22 317	29 167
<b>Consultation fee paid to related parties</b>				
Billion Group Proprietary Limited	6 000	-	6 000	-

## Notes to the Annual Financial Statements

for the year ended 31 August 2020 (Continued)

### 30. Capital management

The group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to ordinary shareholders.

The company's borrowings, are limited to 50% of the valuation of the assets in terms of the existing debt covenants. The company uses loan-to-value, calculated in terms of the REIT best practice recommendations to measure the available borrowing capacity. Loan-to-value is calculated by dividing net debt by the total property assets.

The company is currently in breach of its covenant levels of 50%. The company is working closely with its funders to remedy this, including the continual disposal of assets and possible corporate actions to deleverage the fund.

As at 31 August 2020, the borrowing capacity of the company was as follows:

	GROUP	
	2020 R000	2019 R000
Net debt	9 529 746	10 059 200
Interest bearing borrowings (excluding derivatives)	9 588 979	10 131 357
Less: cash and cash equivalents	(59 233)	(72 157)
Property assets	13 159 679	13 287 275
Investment property	12 009 851	11 691 014
Investment property held for sale	1 149 829	1 591 986
Investment in securities	-	4 275
Loan-to-value (%)	72.4	75.7

As at 31 August 2020, the loan-to-value ratio for the Rebosis Group was 72.2%.

	COMPANY	
	2020 R000	2019 R000
Net debt	5 854 408	6 385 531
Interest bearing borrowings (excluding derivatives)	5 882 653	6 443 170
Less: cash and cash equivalents	(28 245)	(57 638)
Property assets	7 013 398	7 319 591
Investment property	6 864 359	6 614 614
Investment property held for sale	149 039	702 486
Investment in securities	-	2 491
Loan-to-value (%)	83.5	87.2

As at 31 August 2020, the loan-to-value ratio for the Rebosis Company was 83.5%.

# Notes to the Annual Financial Statements

## for the year ended 31 August 2020

### 31. 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 3 for the fair value estimation techniques used.

GROUP	Assets carried at fair value through profit and loss R'000	Level 1 R'000	Level 2 R'000	level 3 R'000
<b>Assets</b>				
<b>31-Aug-20</b>				
<b>RECURRING</b>				
Investment property	12 009 851	-	-	12 009 851
Derivative instruments	1 431	-	1 431	-
Investment properties held for sale	1 149 829	-	-	1 149 829
<b>31-Aug-19</b>				
<b>RECURRING</b>				
Investment property	11 691 014	-	-	11 691 014
Investment in listed securities	4 275	4 275	-	-
Derivative instruments	8 334	-	8 334	-
Investment properties held for sale	1 591 986	-	-	1 591 986
<b>Liabilities</b>				
<b>31-Aug-20</b>				
<b>RECURRING</b>				
Derivative instruments	99 941	-	99 941	-
<b>31-Aug-19</b>				
<b>RECURRING</b>				
Derivative instruments	32 010	-	32 010	-

## Notes to the Annual Financial Statements

for the year ended 31 August 2020 (Continued)

### 31. Fair value hierarchy (Continued)

COMPANY	Assets carried at fair value through profit and loss R'000	Level 1 R'000	Level 2 R'000	level 3 R'000
<b>31-Aug-20</b>				
<b>RECURRING</b>				
Investment property	6 864 360	-	-	6 864 360
Derivative instruments	1 431	-	1 431	-
Investment properties held for sale	149 039	-	-	149 039
	Assets carried at fair value through profit and loss R'000	Level 1 R'000	Level 2 R'000	level 3 R'000
<b>31-Aug-19</b>				
<b>RECURRING</b>				
Investment property	6 614 614	-	-	6 614 614
Investment in securities	2 491	2 491	-	-
Derivative instruments	8 334	-	8 334	-
Investment properties held for sale	702 486	-	-	702 486
	Liabilities designated at fair value through profit and loss R'000	Level 1 R'000	Level 2 R'000	level 3 R'000
<b>31-Aug-20</b>				
<b>RECURRING</b>				
Derivative instruments	99 941	-	99 941	-
<b>31-Aug-19</b>				
Derivative instruments	23 833	-	23 833	-

# Notes to the Annual Financial Statements

## for the year ended 31 August 2020

### 32. Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The audit and risk committee are tasked with assisting the board in determining the company's risk tolerance. Rebois implements a risk management process for identifying, evaluating and monitoring the nature and extent of risks affecting the achievement of its business objectives and for managing and controlling these risks.

"The company's financial instruments consist mainly of deposits with banks, interest bearing liabilities, derivative instruments, trade and other receivables, investment in securities, loans receivables, loans to group companies and trade and other payables. The Group's exposure to the following risks arises in the normal course of business:

- Interest rate risk
- Liquidity risk
- Credit risk

The below table sets out the classification of each class of financial asset and liability and their fair values:

	Financial assets		Financial Liabilities		Total R'000
	At amortised cost R'000	At fair value through profit or loss R'000	At amortised cost R'000	At fair value through profit or loss R'000	
<b>As at 31 August 2020</b>					
<b>GROUP</b>					
<b>Financial assets</b>					
Derivative instruments	-	1 431	-	-	1 431
Trade and other receivables*	238 207	-	-	-	238 207
Cash and cash equivalents	59 233	-	-	-	59 233
<b>Total financial assets</b>	<b>297 440</b>	<b>1 431</b>	<b>-</b>	<b>-</b>	<b>298 870</b>
<b>Financial liabilities</b>					
Deferred payment liability	-	-	146 226	-	146 226
Interest bearing borrowings	-	-	9 588 979	-	9 588 979
Derivative instruments	-	-	-	99 941	99 941
Trade and other payables **	-	-	304 911	-	304 911
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>10 040 117</b>	<b>99 941</b>	<b>10 140 058</b>
<b>COMPANY</b>					
<b>Financial assets</b>					
Loan to group companies	164 570	-	-	-	164 570
Derivative instruments	-	1 431	-	-	1 431
Trade and other receivables*	120 644	-	-	-	120 644
Cash and cash equivalents	28 245	-	-	-	28 245
<b>Total financial assets</b>	<b>313 459</b>	<b>1 431</b>	<b>-</b>	<b>-</b>	<b>314 889</b>
<b>Financial liabilities</b>					
Deferred payment liability	-	-	146 223	-	146 223
Interest bearing borrowings	-	-	5 882 653	-	5 882 653
Derivative instruments	-	-	-	99 941	99 941
Trade and other payables**	-	-	123 438	-	123 438
Loans from group companies	-	-	792 943	-	792 943
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>6 945 258</b>	<b>99 941</b>	<b>7 045 199</b>

\* Excludes pre-payments, VAT, deposits and tax receivable.

\*\* Excludes income received in advance and VAT payables.

# Notes to the Annual Financial Statements

## for the year ended 31 August 2020 (Continued)

### 32. Financial risk management (continued)

	Financial assets		Financial Liabilities		Total R'000
	Loans and receivables R'000	At fair value through profit or loss R'000	At amortised cost R'000	At fair value through profit or loss R'000	
<b>As at 31 August 2019</b>					
<b>GROUP</b>					
<b>Financial assets</b>					
Derivative instruments	-	8 343	-	-	8 343
Trade and other receivables*	207 787	-	-	-	207 787
Cash and cash equivalents	72 157	-	-	-	72 157
<b>Total financial assets</b>	<b>279 944</b>	<b>8 343</b>	<b>-</b>	<b>-</b>	<b>288 287</b>
<b>Financial liabilities</b>					
Deferred payment liability	-	-	123 471	-	123 471
Interest bearing borrowings	-	-	10 131 357	-	10 131 357
Derivative instruments	-	-	-	32 011	32 011
Trade and other payables **	-	-	181 449	-	181 449
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>10 436 277</b>	<b>32 011</b>	<b>10 468 288</b>
<b>COMPANY</b>					
<b>Financial assets</b>					
Loan to group companies	434 044	-	-	-	434 044
Derivative instruments	-	8 334	-	-	8 334
Trade and other receivables*	86 151	-	-	-	86 151
Cash and cash equivalents	57 638	-	-	-	57 638
<b>Total financial assets</b>	<b>577 836</b>	<b>8 334</b>	<b>-</b>	<b>-</b>	<b>586 171</b>
<b>Financial liabilities</b>					
Deferred payment liability	-	-	123 471	-	123 471
Interest bearing borrowings	-	-	6 443 170	-	6 443 170
Derivative instruments	-	-	-	23 833	23 833
Loans from group companies	-	-	656 732	-	656 732
Trade and other payables**	-	-	47 167	-	47 167
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>7 270 542</b>	<b>23 833</b>	<b>7 294 375</b>

\* Excludes pre-payments, VAT, deposits and tax receivable.

\*\* Excludes income received in advance and VAT payables.

#### Interest rate risk

The group manages its exposure to changes in interest rates by fixing interest rates by way of interest rate swap arrangements in respect of borrowings. At year end, hedged interest rates in respect of the group 38.6% (2019: 77.8%) (company: 62.9% (2019: 114%)) of borrowings were hedged in terms of interest rate swap, interest rate cap and cross currency arrangements. The weighted average cost of borrowings for the group was 8.5% (2019: 9.8%) and company: 8.6% (2019: 9.7%). An increase of 1% in the prime interest rate will result in an increased interest cost for the group of R95.8 million (2019: R101.4 million) and company: R58.8 million (2019: R64.5 million) per annum in respect of the floating portion of the debt at year end rates.

#### Sensitivity Analysis

The below shows what the the impact of an increase in interest rates, while holding the other inputs constant, would have to the profit before and after taxation:

Input	Change %	GROUP		COMPANY	
		2020 R000	2019 R000	2020 R000	2019 R000
Increase in the prime interest rate	1.00	(106 800)	(101 400)	(68 800)	(64 500)

# Notes to the Annual Financial Statements

## for the year ended 31 August 2020

### 32. 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 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 liquidity risk at year end are set out in the table below:

	Weighted average effective interest rate %	Less than one year R'000	One to five years R'000	More than five years R'000	Total
<b>As at 31 August 2020</b>					
<b>GROUP</b>					
<b>Financial assets</b>					
Derivative instruments	7.0	1 431	-	-	1 431
Trade and other receivables*		238 207	-	-	238 207
Cash and cash equivalents	6.4	59 233	-	-	59 233
<b>Total financial assets</b>		<b>298 870</b>	<b>-</b>	<b>-</b>	<b>298 870</b>
<b>Financial liabilities</b>					
Deferred payment liability		146 226	-	-	146 226
Interest bearing borrowings	8.5	9 588 979	-	-	9 588 979
Derivative instruments	6.7	-	99 941	-	99 941
Trade and other payables**		304 912	-	-	304 912
<b>Total financial liabilities</b>		<b>10 040 117</b>	<b>99 941</b>	<b>-</b>	<b>10 140 058</b>

\* Excludes pre-payments, VAT, deposits and tax receivable.

\*\* Excludes income received in advance and VAT payables.

	Weighted average effective interest rate %	Less than one year R'000	One to five years R'000	More than five years R'000	Total
<b>As at 31 August 2020</b>					
<b>COMPANY</b>					
<b>Financial assets</b>					
Derivative instruments	7.0	1 431	-	-	1 431
Trade and other receivables*		120 644	-	-	120 644
Cash and cash equivalents	6.4	28 245	-	-	28 245
<b>Total financial assets</b>		<b>150 319</b>	<b>-</b>	<b>-</b>	<b>150 319</b>
<b>Financial liabilities</b>					
Deferred payment liability		146 223	-	-	146 223
Interest bearing borrowings	8.6	5 882 653	-	-	5 882 653
Derivative instruments	6.7	-	99 941	-	99 941
Trade and other payables**		123 438	-	-	123 438
<b>Total financial liabilities</b>		<b>6 152 314</b>	<b>99 941</b>	<b>-</b>	<b>6 252 256</b>

\* Excludes pre-payments, VAT, deposits and tax receivable.

\*\* Excludes income received in advance and VAT payables.

## Notes to the Annual Financial Statements

for the year ended 31 August 2020 (Continued)

### 32. Financial risk management (continued)

	Weighted average effective interest rate %	Less than one year R'000	One to five years R'000	More than five years R'000	Total
<b>As at 31 August 2019</b>					
<b>GROUP</b>					
<b>Financial assets</b>					
Derivative instruments	0.04	9	8 334	-	8 343
Trade and other receivables*		207 787	-	-	207 787
Cash and cash equivalents		72 157	-	-	72 157
<b>Total financial assets</b>		279 954	8 334	-	288 288
<b>Financial liabilities</b>					
Deferred payment liability		123 471	-	-	123 471
Interest bearing borrowings	9.7	10 131 357	-	-	10 131 357
Derivative instruments	0.04	32 010	-	-	32 010
Trade and other payables **		181 449	-	-	181 449
<b>Total financial liabilities</b>		10 468 287	-	-	10 468 287

\* Excludes pre-payments, VAT, deposits and tax receivable.

\*\* Excludes income received in advance and VAT payables.

	Weighted average effective interest rate %	Less than one year R'000	One to five years R'000	More than five years R'000	Total
<b>As at 31 August 2019</b>					
<b>COMPANY</b>					
<b>Financial assets</b>					
Derivative instruments	0.04	-	8 334	-	8 334
Trade and other receivables*		86 152	-	-	86 152
Cash and cash equivalents		57 638	-	-	57 638
<b>Total financial assets</b>		143 790	8 334	-	152 124
<b>Financial liabilities</b>					
Deferred payment liability		123 471	-	-	123 471
Interest bearing borrowings	9.7	6 443 170	-	-	6 443 170
Trade and other payables **		47 167	-	-	47 167
<b>Total financial liabilities</b>		6 613 808	-	-	6 613 808

\* Excludes pre-payments, VAT, deposits and tax receivable.

\*\* Excludes income received in advance and VAT payables.

#### Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The group is exposed to credit risk on loans receivable, trade and other receivables and cash and cash equivalents. Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The group prefers to only deal with reputable counterparties with consistent payment histories. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

# Notes to the Annual Financial Statements

## for the year ended 31 August 2020

### 32. Financial risk management (continued)

#### Credit risk

The maximum exposure to credit risk is presented in the table below:

	Notes	Gross carrying amount R'000	2020 Credit loss allowance R'000	Amortised cost R'000
<b>GROUP</b>				
Trade and other receivables	15	313 810	(53 605)	260 205
Cash and cash equivalents	16	59 233	-	59 233
<b>COMPANY</b>				
Trade and other receivables	15	159 749	(22 837)	136 912
Cash and cash equivalents	16	28 245	-	28 245
		<b>2020</b>		
		Gross carrying amount	Impairment	Amortised cost
<b>COMPANY</b>				
Loans to group companies	5	543 000	(378 430)	164 570
		<b>2019</b>		
		Gross carrying amount R'000	Credit loss allowance R'000	Amortised cost R'000
<b>GROUP</b>				
Trade and other receivables	15	242 285	(22 624)	219 661
Cash and cash equivalents	16	72 157	-	72 157
Loans to related companies	8	180 472	(180 472)	-
Loans receivable	9	1 246 994	(1 246 994)	-
<b>COMPANY</b>				
Trade and other receivables	15	98 255	(5 208)	93 047
Cash and cash equivalents	16	57 638	-	57 638
Loans to group companies	5	1 426 818	(992 774)	434 044
Loans receivable	9	1 058 749	(1 058 749)	-

#### Cash and cash equivalents

The group does not consider credit risk with respect to cash and cash equivalents to be significant as it holds cash accounts with reputable institutions.

The fair value of cash and cash equivalents as at 31 August 2020 approximates the carrying value.

#### Trade and other receivables

The impact of COVID 19 has resulted in predominantly retail tenants being unable to pay their rental obligations. The group team negotiated rental concessions with retailers in an effort to reduce the shortfall. A summary of the group's exposure to ECLs for trade receivables as at 31 August 2020 is disclosed in Note 15.

## Notes to the Annual Financial Statements

for the year ended 31 August 2020 (Continued)

### 33. Segment report

2020	Property portfolio				Head office R'000	Total R'000
	Retail R'000	Office R'000	Industrial R'000	Total R'000		
Property portfolio	618 342	1 075 509	11 004	1 704 855	-	1 704 855
Investment property income	623 002	1 059 450	11 818	1 694 269	-	1 694 269
Net income from facilities management	-	29 794	-	29 794	-	29 794
Management fees received	-	-	-	-	-	-
Straight line rental income accrual	(4 659)	(13 736)	(814)	(19 209)	-	(19 209)
Impairment loss on trade receivables	(9 530)	(11 658)	-	(21 188)	-	(21 188)
Property expenses	(320 855)	(278 871)	(340)	(600 066)	-	(600 066)
Net property income	287 957	784 979	10 664	1 083 600	-	1 083 600
Other operating expenses	-	-	-	-	(175 161)	(175 161)
Operating income/(loss)	287 957	784 979	10 664	1 083 600	(175 161)	908 439
Net interest	-	-	-	-	(908 387)	(908 387)
Net operating income/(loss)	287 957	784 979	10 664	1 083 600	(1 083 548)	52
Other income	-	-	-	-	3 644	3 644
Changes in fair values	(369 578)	785 135	(23 286)	392 271	(211 668)	180 603
<b>Segment profit/(loss) before taxation</b>	<b>(81 622)</b>	<b>1 570 114</b>	<b>(12 622)</b>	<b>1 475 870</b>	<b>(1 291 572)</b>	<b>184 299</b>
Investment property	6 024 999	5 882 952	101 900	12 009 851	-	12 009 851
Investment property held for sale	-	1 149 829	-	1 149 829	-	1 149 829
Other assets	77 242	200 035	30	277 306	293 837	571 143
<b>Total assets</b>	<b>6 102 241</b>	<b>7 232 815</b>	<b>101 930</b>	<b>13 436 987</b>	<b>293 837</b>	<b>13 730 822</b>
<b>Total liabilities</b>	<b>68 857</b>	<b>41 425</b>	<b>-</b>	<b>110 282</b>	<b>10 141 052</b>	<b>10 251 335</b>

## Notes to the Annual Financial Statements

for the year ended 31 August 2020

### 33. Segment report (continued)

2019	Property portfolio			Total R'000	Head office R'000	Total R'000
	Retail R'000	Office R'000	Industrial R'000			
Property portfolio	797 452	1 031 306	13 386	1 842 144	-	1 842 144
Investment property income	788 669	1 097 951	18 489	1 905 109	-	1 905 109
Net income from facilities management	-	29 557	-	29 557	-	29 557
Management fees received	-	-	-	-	-	-
Straight line rental income accrual	8 783	(96 202)	(5 103)	(92 522)	-	(92 522)
Property expenses	(386 249)	(218 696)	(531)	(605 476)	-	(605 476)
Net property income	411 203	812 610	12 855	1 236 668	-	1 236 668
Other operating expenses	-	-	-	-	(142 104)	(142 104)
Operating income/(loss)	411 203	812 610	12 855	1 236 668	(142 104)	1 094 564
Net interest	-	-	-	-	(996 982)	(996 982)
Net operating income/(loss)	411 203	812 610	12 855	1 236 668	(1 139 086)	97 582
Other income	-	-	-	-	4 992	4 992
Changes in fair values	(1 180 043)	(2 659 323)	(58 897)	(3 898 264)	(2 772 321)	(6 670 585)
<b>Segment profit/(loss) before taxation</b>	(768 840)	(1 846 713)	(46 042)	(2 661 596)	(3 906 415)	(6 568 011)
Investment property	6 372 000	5 193 014	126 000	11 691 014	-	11 691 014
Investment property held for sale	561 486	1 030 500	-	1 591 986	-	1 591 986
Other assets	77 242	146 265	30	223 537	398 966	622 503
<b>Total assets</b>	<b>7 010 727</b>	<b>6 369 780</b>	<b>126 030</b>	<b>13 506 537</b>	<b>398 966</b>	<b>13 905 502</b>
<b>Total liabilities</b>	<b>68 857</b>	<b>41 425</b>	<b>-</b>	<b>110 282</b>	<b>10 424 708</b>	<b>10 534 990</b>

# Notes to the Annual Financial Statements

## for the year ended 31 August 2020 (Continued)

### 34. Group entities

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

	Country of incorporation	2020 %	2019 %
Ascension Properties Limited	South Africa	100	100
Ascension Property Management Company Proprietary Limited	South Africa	100	100
Bay West City Proprietary Limited	South Africa	100	100
Rebosis Asset Managers Proprietary Limited	South Africa	100	100
Rebosis Property Developments Proprietary Limited	South Africa	100	100
Rebosis Property Services Proprietary Limited	South Africa	100	100
Dalolex Proprietary Limited	South Africa	100	100
Hemingways Shopping Centre Proprietary Limited #	South Africa	100	100
Phomella Property Investments Proprietary Limited #	South Africa	100	100

# These entities are dormant

### 35. Prior period error

As disclosed in the financial statements, Rebosis obtained valuations for all the properties for the prior financial year ending 31 August 2019 which totalled R15.6 billion in the consolidated statement of financial position. Due to the significant risk associated with the judgements and estimates applied in the inputs and assumptions used in valuing investment properties, our auditor BDO appointed their own valuer (auditors expert) to perform their own independent valuations. Their values were R2.3 billion below those determined by the Fund's experts and as a result BDO have therefore qualified their audit opinion for the financial year ending 31 August 2019. Management subsequently decided to align the investment property values to the values arrived at by the auditors expert and have restated the 2019 figures.

Management also reassessed the carrying value of goodwill and restated the 31 August 2019 figure by R45.8 million.

#### Impact of assessment on group

The group has estimated that the net financial impact of the restatement is a reduction in opening retained earnings of R2.4 billion.

	As previously reported 2019 R'000	Adjustments 2019 R'000	Restated 2019 R'000
<b>Group statements of financial position - 2019</b>			
Investment property	13 878 200	(2 187 186)	11 691 014
Investment property held for sale	1 723 102	(131 116)	1 591 986
Goodwill	358 104	(45 885)	312 219
Total assets	16 269 690	2 364 186	18 633 876
Total equity	5 734 701	(2 364 186)	3 370 515
Closing retained income - 2019	(3 280 367)	(2 364 186)	(5 644 554)

	As previously reported 2019 R'000	Adjustments 2019 R'000	Restated 2019 R'000
<b>Group statement of profit or loss and other comprehensive income - 2019</b>			
Changes in fair values and impairments - Investment property	1 579 962	2 318 302	3 898 264
Changes in fair values and impairments - Goodwill	141 227	45 885	187 112
Loss for the year	4 242 138	2 364 186	6 606 325
Total comprehensive loss	4 242 138	2 364 186	6 606 325
Basic and diluted loss per REB share (cents)	(632.87)	(339.27)	(972.14)
Net asset value per REB share (R)	6.99	(3.39)	3.60
Loan to value (%)	64.5	11.2	75.7

# Notes to the Annual Financial Statements

## for the year ended 31 August 2020

### 35. Prior period error (continued)"

#### Impact of assessment on company

As a result of the material misstatement determined by BDO relating to the investment properties, this has a direct impact on the impairment test performed on the investment in subsidiaries at a company level for Rebois. This is due to the impairment test being performed on the net asset value of the entity, which includes the property valuations, for the Baywest and Forest Hill shopping centres. The auditors value was R613 million below those determined by management prior to the restatement of the investment properties. Management subsequently decided to align the investment in subsidiaries values to the values arrived at by the auditors and have restated the 2019 figures by R729 million. The restatement value has been updated to take into account the restated investment property values when performing the impairment test.

The company has estimated that the net financial impact of the restatement is a reduction in opening retained earnings of R1.9 billion.

	As previously reported 2019 R'000	Adjustments 2019 R'000	Restated 2019 R'000
<b>Company statements of financial position - 2019</b>			
Investment property	7 761 000	(1 146 386)	6 614 614
Investment property held for sale	708 486	(6 000)	702 486
Investment in subsidiaries	2 239 689	(728 764)	1 510 926
Total assets	11 308 803	(1 881 150)	9 427 653
Total equity	3 980 983	(1 881 150)	2 099 832
Closing retained income - 2019	(5 059 218)	(1 881 150)	(6 940 368)
<b>Company statement of profit or loss and other comprehensive income - 2019</b>			
Changes in fair values and impairments -Investment property	952 191	1 152 386	2 104 577
Changes in fair values and impairments -Investment in subsidiaries	303 888	728 764	1 032 652
Loss for the year	3 341 126	1 881 150	5 222 276
Total comprehensive loss	3 341 126	1 881 150	5 222 276
Net asset value per REB share (R)	4.47	(2.70)	1.77
Loan to value (%)	75.4	11.9	87.2

# Notes to the Annual Financial Statements

## for the year ended 31 August 2020 (Continued)

### 36. Subsequent events

Ms Asathi Magwentshu was appointed as the permanent Chief Financial Officer of Rebosis with effect from 18 December 2020.

Shareholders are referred to the Sens announcement dated 1 June 2020 dealing with the disposal of Medscheme building for a consideration of R89.1 million. Rebosis accepted an offer to purchase dated 29 May 2020 (the "Offer") the property described as Portion 106 (a portion of portion 27) of the farm Weltevreden No. 202, Registration Division IQ Province Gauteng, measuring approximately 16 846m<sup>2</sup> together with all fixed improvements thereto and the rental enterprise conducted thereon (the "Property") to Old Fort Crescendo Corevision (Pty) Ltd (Reg No 2019/33959/07) (the "Purchaser") (the "Disposal"). Disposal conditions were fulfilled on 18 December 2020 and Medscheme building has transferred.

Mr Kameel Keshav has been appointed as an independent non-executive director and Chairperson of the Audit and risk committee effective 11 November 2020.

Following a process the company started with Mr Becker he tendered his resignation as Chief Investment Officer and director on 24 November 2020. The company accepted it with immediate effect.

### 37. Impact of COVID-19 on the Financial Statements

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

As only essential services tenants could trade, retail collections in April were 39%. From 1 May when the country moved to level 4 and additional stores could trade, collections increased to 50%. The collection rate for June under level 3 increased to 78%. Our collection rate in August had improved to 95%. The company negotiated concessions with tenants during the period of the pandemic. The impact of the concessions was R148 million including bad debt write-offs and changes in expected credit loss allowances. The outcome of the negotiations was recognised in the results. The company is pursuing an insurance claim for these losses however insurers are yet to respond to the claim. The long-term impact of the pandemic is still uncertain and is being closely monitored.

### 38. Contingent liability

The company is engaged in dispute resolution process with regards to a possible amount owing to the Billion Group relating to the original purchase of the Forest Hill and Baywest properties.

It was agreed that an adjustment account would be kept and reconciled between the entities. These amounts are not recognised in the statement of financial position as no reliable estimate of these liabilities can be made.

In the event that the Group is found to be liable, the independent directors are of the opinion that the amount is not material.

The application by the City of Cape Town is for the eviction of Ascension on certain parts of the City's property at the Grand Central building.

The City alleges that when the property was purchased by Ascension, there was no proper Cession of the lease agreement between the parties. Ascension and the City sought to negotiate the cession, the lease and the rental thereof but couldn't get an amicable solution.

The City has brought an application which Ascension is opposing.

Our Counsel had proposed that Ascension buy the portions in dispute, but this process would take long as the City an Organ of State will be required to follow the procurement process to deal with the sale. Counsel on consultation with Ascension has proposed to the City in an attempt to have the matter settled, for the City to advise of a possible compensation on the encroaching parts but the City has not responded thus far.

The matter is still in the beginning stage and we are unable to quantify as to the possible compensation amount. The matter might be referred for Mediation/ Arbitration.

# Notes to the Annual Financial Statements

## for the year ended 31 August 2020

### 39. Going concern

The short term portion of the interest bearing borrowings is in excess of the current assets of the group by R9.3 billion and the company by R6.0 billion and as a result the group does not pass the liquidity test. The group is actively seeking alternatives which would give rise to raising additional capital. In addition to this the group is continuing with its disposal program to create some liquidity. The group performs forecast cash flows to ensure the optimal use of available cash and highlighting the areas of risk. In spite of the above plans and best efforts there is a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business without the continued support of our funders. The group and the company's ability to continue as a going concern is dependent on the roll forward of the debt facilities by the banks (refer to note 17 for the list of banks)

Provision for credit losses The provision for credit losses and write-off of unrecoverable amounts may increase as tenants' businesses are impacted by the pandemic globally.

The directors' response to the pandemic included:

- The Board has mandated a task team led by Reboasis' executive management to monitor and provide an operational response to the pandemic
- Reboasis has implemented domestic and international travel restrictions and remote working policies where applicable across all its operations
- As a preventative measure, Reboasis has increased the number of cleaning hours and also escalated our cleaning protocol using high-grade disinfectants across the portfolio
- The group has implemented a 5-tier response plan for our shopping centres, depending on the severity of the pandemic
- Rental concessions were given to tenants. The company has seen improved collections in June and July 2020
- Engaging with debt funding providers regarding financial covenants and liquidity considerations, as such, we continue to receive support from them
- The group has submitted a claims the business interruption section of the insurance policy
- The Group's liquidity position is being monitored on a regular basis
- Considering the deferral of a dividend declaration

The group is actively pursuing three options to try and resolve the short-term debt position which include:

- Large disposal of commercial assets in one sale which would result in ability to de-gear the business considerably and facilitate long term debt renewal;
- Consideration of delisting the company and taking it private and;
- Continuing with its disposal program of the sale of assets.



# Shareholders Information



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# 5 Shareholders Information

We ask our shareholders to please familiarise themselves with the following dates found in the shareholders’ diary.

Financial year end	31 August
Integrated report posted	Thursday, 31 December 2020
Annual general meeting	Thursday, 28 January 2021
Announcement of interim results	April 2021
Announcement of annual results	November 2021

## DIVIDEND DETAILS

for the year ended 31 August 2018

REA dividend	Dividend number	Cents per share
Six months ended 28 February 2018	3	126.43
Six months ended 31 August 2018	4	126.43
<b>Total</b>		<b>252.86</b>

REB dividend	Dividend number	Cents per share
Six months ended 28 February 2018	15	63.23
Six months ended 31 August 2018	16	29.60
<b>Total</b>		<b>92.83</b>



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## Shareholders Analysis

Rebosis A Ordinary Share (REA)

SHAREHOLDER SPREAD	No of Shareholders	%	No of Shares	%
shares 000 1 - 1	470	56,29	27 066	0,04
shares 000 10 001- 1	106	12,69	504 128	0,80
shares 000 100 001- 10	165	19,76	6 649 589	10,51
shares 000 000 1 001- 100	78	9,34	24 577 446	38,85
shares and over 001 000 1	16	1,92	31 507 783	49,80
<b>Totals</b>	<b>831</b>	<b>100,00</b>	<b>63 266 012</b>	<b>100,00</b>

DISTRIBUTION OF SHAREHOLDERS	No of Shareholders	%	No of Shares	%
Banks/Brokers	14	1,68	854 913	1,35
Close Corporation	4	0,48	66 556	0,11
Endowment Fund	19	2,28	1 993 135	3,15
Individuals	519	62,16	381 044	0,60
Insurance Companies	16	1,92	4 195 528	6,63
Investment Company	1	0,12	35 435	0,06
Medical Schemes	8	0,96	568 810	0,90
Mutual Funds	89	10,66	37 744 588	59,66
Private Companies	15	1,80	327 021	0,52
Retirement Funds	116	13,89	16 330 006	25,81
Stock Lending	4	0,48	162 378	0,26
Trusts	30	3,59	606 598	0,96
<b>Totals</b>	<b>835</b>	<b>100,00</b>	<b>63 266 012</b>	<b>100,00</b>

PUBLIC / NON - PUBLIC SHAREHOLDERS	No of Shareholders	%	No of Shares	%
<b>Non - Public Shareholders</b>	<b>1</b>	<b>0,12</b>	<b>6 326 601</b>	<b>10,00</b>
Strategic Holdings more than 10%	1	0,12	6 326 601	10,00
<b>Public Shareholders</b>	<b>834</b>	<b>99,88</b>	<b>56 939 411</b>	<b>90,00</b>
<b>Totals</b>	<b>835</b>	<b>100,00</b>	<b>63 266 012</b>	<b>100,00</b>

Beneficial shareholders holding 5% or more	No of Shares	%
Coronation Fund Managers	18 252 618	28,85
Sanlam	6 931 457	10,96
Alexander Forbes Investments	2 268 526	3,59
Nedbank Group	2 252 673	3,56
Government Employees Pension Fund	2 220 047	3,51
Old Mutual	2 070 507	3,27
<b>Totals</b>	<b>36 064 080</b>	<b>57,00</b>

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## Shareholders Analysis

Rebosis Ordinary Share (REB)

SHAREHOLDER SPREAD	No of Shareholders	%	No of Shares	%
shares 000 1 - 1	1 617	48,43	234 994	0,03
shares 000 10 001- 1	752	22,52	3 428 526	0,49
shares 000 100 001- 10	696	20,84	23 694 902	3,39
shares 000 000 1 001- 100	200	5,99	64 185 555	9,18
shares and over 001 000 1	74	2,22	607 709 223	86,91
<b>Totals</b>	<b>831</b>	<b>100,00</b>	<b>63 266 012</b>	<b>100,00</b>

DISTRIBUTION OF SHAREHOLDERS	No of Shareholders	%	No of Shares	%
Banks/Brokers	58	1,74	28 900 945	4,13
Close Corporations	41	1,23	3 550 681	0,51
Endowment Funds	19	0,57	1 639 966	0,23
Individuals	2 685	80,41	49 421 876	7,07
Insurance Companies	28	0,84	15 856 794	2,27
Investment Companies	4	0,12	1 272 096	0,18
Medical Schemes	3	0,09	254 018	0,04
Mutual Funds	111	3,32	200 798 784	28,72
Other Corporations	13	0,39	105 559	0,02
Own Holdings	1	0,03	2 408 326	0,34
Private Companies	90	2,70	45 465 105	6,50
Public Companies	2	0,06	148 591	0,02
Retirement Funds	70	2,10	197 518 275	28,25
Strategic Investor	1	0,03	125 194 254	17,90
Trusts	213	6,38	26 717 930	3,82
<b>Totals</b>	<b>3 339</b>	<b>100,00</b>	<b>699 253 200</b>	<b>100,00</b>

<b>Non - Public Shareholders</b>	<b>14</b>	<b>0,42</b>	<b>314 592 721</b>	<b>44,99</b>
<b>Directors and Associates of the Company holdings</b>	<b>10</b>	<b>0,30</b>	<b>41 080 699</b>	<b>5,87</b>
Strategic Holdings more than 10%	3	0,09	271 103 696	38,77
Own Holdings / Treasury Stock	1	0,03	2 408 326	0,34
<b>Public Shareholders</b>	<b>3 325</b>	<b>99,58</b>	<b>384 660 479</b>	<b>55,01</b>
<b>Totals</b>	<b>3 339</b>	<b>100,00</b>	<b>699 253 200</b>	<b>100,00</b>

Beneficial shareholders holding 5% or more	No of Shares	%
Coronation Fund Managers	145 909 442	20,87
Sanlam	125 194 254	17,90
Alexander Forbes Investments	59 523 934	8,51
Nedbank Group	40 899 051	5,85
Government Employees Pension Fund	40 840 122	5,84
<b>Totals</b>	<b>412 366 803</b>	<b>58,97</b>

# Shareholders Analysis

## Rebosis Ordinary Share (REB)

Beneficial shareholders holding 5% or more	No of Shares	%
Government Employees Pension Fund	142 465 892	20.37
Arrowhead Properties Limited	125 194 254	17.90
Nedbank Group	56 666 418	8.10
Coronation Fund Managers	44 193 304	6.32
SM Ngebulana	40 470 122	5.79
<b>Totals</b>	<b>408 989 990</b>	<b>58.49</b>
<b>Non-IFRS information</b>	<b>2020</b>	<b>2019</b>
<b>Reconciliation of loss before tax to distributable earnings:</b>	<b>R000</b>	<b>R000</b>
Total segment loss before taxation		(4 203 825)
Taxation		(38 314)
<b>Loss for the year</b>		<b>(4 242 139)</b>
Adjusted for:		
Changes in fair value		4 306 399
Straight line rental accrual		92 522
Amortisation of structuring fees		69 452
Corporate transaction costs		-
Antecedent interest		-
Dividend income distributed in previous periods		-
Rates refund from Council		-
<b>Distributable earnings attributable to shareholders/owners of the parent</b>		<b>226 234</b>
Less: Dividend paid in first 6 months		
Dividend REA		-
Dividend REB		-
<b>Distributable income available for distribution at year end</b>		<b>226 234</b>
Dividend per REA share (cents)		265.50
Dividend per REB share (cents)		8.60
Year-on-year distribution growth REA (%)		5%
Year-on-year distribution growth REB (%)		-90.7%

\* In terms of the South African REIT Association Best Practice Recommendations, Rebosis has become entitled at period-end to the anticipated distributions of its listed REIT subsidiaries. Accordingly an adjustment is made at period-end to match the anticipated income of the distribution with the period to which the distribution relates.

*Forest Hill*  
CITY



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# NOTICE OF ANNUAL GENERAL MEETING

**REBOSIS**  
PROPERTY FUND

**REBOSIS PROPERTY FUND LIMITED**

(Incorporated in the Republic of South Africa)

(Registration number 2010/003468/06)

JSE share codes:

REA ISIN: ZAE000240552

REB ISIN: ZAE000201687

(Approved as a REIT by the JSE)

("Rebosis" or "the company")

Notice is hereby given that the annual general meeting (or "AGM") of shareholders of Rebosis will be held at the offices of the company at Office 95 and 95A Forest Hill City, 6922 Forest Beech Street, Monavoni, Centurion 0157 and via electronic participation at 10h00 on Tuesday 23 February 2021 for the purposes of:

- presenting the audited annual financial statements of the company as well as the directors' report and the audit and risk committee report for the year ended 31 August 2020 contained in the integrated annual report to which this notice of annual general meeting is attached;
- transacting any other business as may be transacted at an annual general meeting of shareholders of a company; and
- considering and, if deemed fit, approving with or without modification, the special and ordinary resolutions set out below.

**Important dates to note**

**2020/2021**

Record date to receive this notice of annual general meeting	Thursday, 24 December 2020
Last day to trade in order to be eligible to participate in and vote at the annual general meeting	Tuesday 9 February 2021
Record date for voting purposes ("voting record date")	Friday 12 February 2021
Last day to lodge forms of proxy, for administrative purposes, by 10h00 on	Friday 19 February 2021
Annual general meeting held at 10h00 on	Tuesday 23 February 2021
Results of annual general meeting released on the Stock Exchange News Service	Tuesday 23 February 2021

In terms of section 62(3)(e) of the Companies Act, 71 of 2008 ("the Companies Act"):

- a shareholder who is entitled to attend and vote at the annual general meeting is entitled to appoint a proxy or two or more proxies to attend and participate in and vote at the annual general meeting in the place of the Rebosis shareholder, by completing the proxy in accordance with the instructions set out herein;
- a proxy need not be a shareholder of the company; and
- meeting participants (including shareholders and proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in the shareholder meeting. In this regard, all meeting participants will be required to provide identification satisfactory to the chairman of the meeting. Satisfactory forms of identification include valid identity documents, driver's licenses and passports.

# NOTICE OF ANNUAL GENERAL MEETING

## (Continued)

### 1. SPECIAL RESOLUTION NUMBER 1: APPROVAL OF NON-EXECUTIVE DIRECTORS' REMUNERATION FOR THEIR SERVICES AS DIRECTORS

"Resolved that the fees payable by the company to the non-executive directors for their services as directors (in terms of section 66 of the Companies Act 71 of 2008, as amended) remain unchanged for the 3rd consecutive year for a period of one year from the passing of this resolution, or until its renewal, whichever is the earliest, as follows:

	2021	2020	%
Board fee (per meeting)	R12 084	R12 084	0
Sub-Committee fee (per meeting)	R18 126	R18 126	0
Basic Annual Fee (Board)	R144 955	R144 955	0
Board Chair (Annual fee)	R422 781	R422 781	0
Audit & Risk Committee Chair (per meeting)	R18 126	R18 126	0
Other Sub-Committee Chair (per meeting)	R12 084	R12 084	0

The reason for and effect of special resolution number 1:

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 special resolution number 1 will require the support of at least 75% of the total number of voting rights exercised by shareholders, present in person or by proxy in order for it to be adopted.

### 2. SPECIAL RESOLUTION NUMBER 2: APPROVAL OF NON-EXECUTIVE DIRECTORS' REMUNERATION FOR AD HOC ATTENDANCES AND ADDITIONAL WORK

"Resolved that the company may, until the next annual general meeting of the company, pay additional fees to any of its non-executive directors in addition to the fees that are referred to in special resolution 1 above, if any ad hoc attendances and additional work are undertaken by such directors on behalf of the company, at a rate of R2,500 per hour in respect of each such non-executive director who carries out the additional services."

The reason for and effect of special resolution number 2:

The company's non-executive directors are from time to time called upon to undertake substantial additional and ad hoc work and engagements on behalf of the company, such as accompanying management to meetings with the company's banks and funders, which are over and above the non-executive directors' ordinary course functions. The Board deems it fair and appropriate that such directors be remunerated for their additional time and efforts. In terms of sections 66(8) and (9) of the Companies Act payment of remuneration to directors for their services as such must be approved in terms of a prior special resolution of shareholders, and accordingly the company hereby seeks approval from its shareholders in advance for these special fees to be paid to its non-executive directors, if and should the circumstances therefor arise.

# NOTICE OF ANNUAL GENERAL MEETING

## (Continued)

### 3. ORDINARY RESOLUTION NUMBER 1: ADOPTION OF ANNUAL FINANCIAL STATEMENTS

"Resolved that the annual financial statements of the company for the year ended 31 August 2020, including the director's report and the report of the audit and risk committee and the report of the social and ethics committee, be and are received and adopted."

This ordinary resolution number 1 will require the support of more than 50% of the voting rights exercised by shareholders, present in person or by proxy in order for it to be adopted.

### 4. ORDINARY RESOLUTION NUMBER 2: CONFIRMATION OF THE APPOINTMENT OF LLOYD PENGILLY

"Resolved that the appointment of Mr Lloyd Pengilly as an executive director of the company (effective 19 August 2020) be confirmed."

An abridged curriculum vitae is included in the integrated annual report of which this notice forms part.

This ordinary resolution number 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.

### 5. ORDINARY RESOLUTION NUMBER 3: CONFIRMATION OF THE APPOINTMENT OF KAMEEL KESHAV

"Resolved that the appointment of Mr Kameel Keshav as an independent non-executive director of the company (effective 11 November 2020) be confirmed."

An abridged curriculum vitae is included in the integrated annual report of which this notice forms part.

This ordinary resolution number 3 will require the support of more than 50% of the voting rights exercised by shareholders, present in person or by proxy in order for it to be adopted.

### 6. ORDINARY RESOLUTION NUMBER 4: CONFIRMATION OF THE APPOINTMENT OF ASATHI MAGWENTSHU

"Resolved that the appointment of Ms Asathi Magwentshu as an executive director of the company (effective 4 August 2020) be confirmed."

An abridged curriculum vitae is included in the integrated annual report of which this notice forms part.

This ordinary resolution number 4 will require the support of more than 50% of the voting rights exercised by shareholders, present in person or by proxy in order for it to be adopted.

### 7. ORDINARY RESOLUTION NUMBER 5: RE-ELECTION OF DIRECTOR

"Resolved that Mr Nomfundo Qangule who retires by rotation in terms of the company's MOI and who, being eligible, offers himself for re-election, be re-elected as an independent non-executive director of the company."

An abridged curriculum vitae is included in the integrated annual report of which this notice forms part.

The nomination committee has considered Mr Qangule's past performance and contribution to the company and recommends that Mr Qangule is re-elected as a director of the company.

This ordinary resolution number 5 will require the support of more than 50% of the voting rights exercised by shareholders, present in person or by proxy in order for it to be adopted.

### 8. ORDINARY RESOLUTION NUMBER 6: RE-ELECTION OF DIRECTOR

"Resolved that Mr Maurice Mdlolo who retires by rotation in terms of the company's MOI and who, being eligible, offers herself for re-election, be re-elected as an independent non-executive director of the company."

An abridged curriculum vitae is included in the integrated annual report of which this notice forms part.

The nomination committee has considered Mr Mdlolo's past performance and contribution to the company and recommends that Mr Mdlolo is re-elected as a director of the company.

This ordinary resolution number 6 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)

### 9. ORDINARY RESOLUTION NUMBER 7: RE-APPOINTMENT AND APPOINTMENT OF MEMBERS OF THE AUDIT AND RISK COMMITTEE

"Resolved that the members of the company's audit and risk committee set out below be and are hereby appointed and/or re-appointed, each by way of a separate vote and, in the case of M Mdlolo, subject to the passing of ordinary resolution number 5, 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:

- 9.1. Mr Kameel Keshav (chairperson)
- 9.2. Mr TS Seopa ;
- 9.3. Mr M Mdlolo; and
- 9.4. Mr N Qangule,

all of whom are independent non-executive directors."

An abridged curriculum vitae for each member is included in the integrated annual report of which this notice forms part.

This ordinary resolution number 7 will require the support of more than 50% of the voting rights exercised by shareholders, present in person or by proxy in order for it to be adopted.

### 10. ORDINARY RESOLUTION NUMBER 8: APPOINTMENT OF MEMBERS OF THE SOCIAL AND ETHICS COMMITTEE

"RESOLVED that a social and ethics committee, as provided in section 72(4) of the Act, and Regulation 43 of the Companies Regulations, 2011 ("the Regulations"), set out below, be and is hereby appointed, each by way of a separate vote, in terms of regulation 43(2) of the Regulations to hold office until the next annual general meeting and to perform the duties and responsibilities stipulated in Regulation 43(5) of the Regulations and to perform such other duties and responsibilities as may from time to time be delegated by the board of directors of the company and all subsidiary companies.

The board of directors has assessed the performance of the group social and ethics committee members standing for re-election and has found them suitable for reappointment. Brief CVs for these members appear on the website.

Mr TS Seopa (chairman);

Mr N Qangule (member);

Ms Z Kogo (member); and

Ms A Magwentshu (member)."

This ordinary resolution number 8 will require the support of more than 50% of the voting rights exercised by shareholders, present in person or by proxy in order for it to be adopted.

### 11. ORDINARY RESOLUTION NUMBER 9: RE-APPOINTMENT OF AUDITORS

"Resolved that BDO South Africa Incorporated be and are hereby re-appointed as the independent external auditors of the company. It is noted that Craig Kilian will be the individual and designated auditor who will undertake the audit of the company for the financial year ending 31 August 2021."

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, BDO South Africa Incorporated.

In accordance with paragraph 3.84 (h)(iii) of the JSE Listings Requirements, the company's audit and risk committee (committee) assessed the suitability of BDO South Africa Incorporated

and Craig Kilian for re-appointment as the company's independent external auditors and designated individual auditor for the 2021 financial year. In conducting this assessment, the committee considered the continuity, real estate experience and technical expertise of the BDO South Africa Incorporated team in arriving at their decision.

This ordinary resolution number 9 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)

### 12. ORDINARY RESOLUTION NUMBER 10 – REMUNERATION POLICY

"Resolved that the shareholders endorse, by way of a non-binding advisory vote, the company's remuneration policy (excluding the remuneration of the non-executive directors and the members of board committees for their services as directors and members of committees)."

For details of the remuneration policy – refer to page 59 - 63 of this Integrated Annual Report.

### 13. ORDINARY RESOLUTION NUMBER 11 – REMUNERATION IMPLEMENTATION REPORT

"Resolved that the shareholders endorse, by way of a non-binding advisory vote, the company's remuneration implementation report."

For details of the remuneration implementation report – refer to page 59 - 63 of this Integrated Annual Report.

Explanatory note for Ordinary Resolutions Number 10 and 11

Principle 14 of the King IV Report on Corporate Governance for South Africa, 2016 dealing with remuneration requires companies to every year table their remuneration policy and implementation report to shareholders for a non-binding advisory vote at the AGM. This vote enables shareholders to express their views on the remuneration policies adopted and on their implementation.

These ordinary resolutions 10 and 11 are of an advisory nature only and failure to pass these resolutions will therefore not have any legal consequences relating to existing arrangements. However, the board will take the outcome of the votes into consideration when considering the company's remuneration policy and implementation report.

The remuneration policy also contains the measures that the Company will take if 25% or more of votes are cast against the policy at the AGM. In the event that the remuneration policy and remuneration implementation report is voted against by 25% or more of votes cast, details of such measures will be released in the voting results announcement.

### 14. ORDINARY RESOLUTION 12: SIGNATURE OF DOCUMENTATION

"Resolved that a director of the company or the company secretary be and is hereby authorised to sign all such documentation and do all such things as may be necessary for or incidental to the implementation of the ordinary resolutions and special resolutions which are passed by the shareholders with and subject to the terms thereof."

This ordinary resolution number 12 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 AGM 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 AGM 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 AGM 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 AGM, 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.

# NOTICE OF ANNUAL GENERAL MEETING

## (Continued)

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 emailed to the transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (Private Bag X9000, Saxonwold, 2132), email: proxy@computershare.co.za to be received at least 48 hours prior to the AGM, for administrative purposes. Alternatively, the form of proxy may be handed to the Chairman of the AGM at any time prior to the commencement of voting at the AGM. Any shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the AGM should the shareholder subsequently decide to do so.

Equity securities held by a share trust or scheme, and unlisted securities will not have their votes taken into account at the AGM for the purposes of resolutions proposed in terms of the JSE Listings Requirements.

### Quorum

A quorum for the purposes of considering the resolutions above shall consist of three shareholders of the company personally present (and if the shareholder is a body corporate, the representative of the body corporate) and entitled to vote at the AGM. In addition, a quorum shall comprise 25% of all voting rights entitled to be exercised by shareholders in respect of the resolutions above.

The voting record date on which shareholders must be recorded as such in the register maintained by the transfer secretaries, Computershare Investor Services Proprietary Limited for the purposes of being entitled to attend, participate in and vote at the AGM is Friday 12 February 2021.

### Electronic participation

The company has made provision for its shareholders or their proxies to participate electronically in the AGM by way of telephone conferencing. Shareholders who wish to participate in the AGM by telephone conference call as aforesaid, will be required to advise the company thereof by no later than 10h00 on Tuesday 16 February 2021 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  
Office 95 & 95A  
Forest Hill City  
6922 Forest Beech Street, Monavoni  
Centurion, 0157

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

Telephone: +27 (0)11 575 4835

### Transfer Secretaries

Computershare Investor Services Proprietary Limited

Rosebank Towers  
15 Biermann Avenue  
Rosebank 2196  
Private Bag X9000  
Saxonwold, 2132

Email: proxy@computershare.co.za

## 5

# Form of Proxy of Shareholders

## REBOSIS

PROPERTY FUND

### REBOSIS PROPERTY FUND LIMITED

Incorporated in the Republic of South Africa  
 Registration number 2010/003468/06  
 Ordinary A share code: REA and ISIN: ZAE000240552  
 Ordinary B share code: REB and ISIN: ZAE000201687  
 (Approved as a REIT by the JSE)  
 ("Rebosis" or "the company" or "the Group")

This form of proxy is for use by the holders of the company's certificated shares ("certificated shareholders") and/or dematerialised shares held through a Central Securities Depository Participant ("CSDP") or broker who have selected own-name registration and who cannot attend but wish to be represented at the annual general meeting of the company at Office 95 and 95A Forest Hill City, 6922 Forest Beech Street, Monavoni, Centurion 0157 and via electronic participation at 10h00 on Tuesday 23 February 2021 or any adjournment if required. Additional forms of proxy are available at the company's registered office.

Not for the use by holders of the company's dematerialised shares who have not selected own-name registration. Such shareholders must contact their CSDP or broker timeously if they wish to attend and vote at the annual general meeting and request that they be issued with the necessary authorisation to do so, or provide the CSDP or broker timeously with their voting instructions should they not wish to attend the annual general meeting but wish to be represented thereat, in order for the CSDP or broker to vote in accordance with their instructions.

I/We \_\_\_\_\_ (NAME IN BLOCK LETTERS)  
 of \_\_\_\_\_ (Address)  
 Contact number \_\_\_\_\_

being the registered holder of  shares  
 hereby appoint \_\_\_\_\_ or failing him/her,  
 \_\_\_\_\_ or failing him/her,

the chairman of the annual general meeting as my/our proxy to vote for me/us on my/our behalf at the annual general meeting of the company to and at any adjournment thereof.

Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast. Unless this is done the proxy will vote as he/she thinks fit.

	In favour of	Against	Abstain
1. Special Resolution 1: Approval of non-executive directors' remuneration for their services as directors			
2. Special Resolution 2: Approval of non-executive directors' remuneration for ad hoc attendances and additional work			
3. Ordinary Resolution 1: Adoption of annual financial statements of the company			
4. Ordinary Resolution 2: Confirmation of the appointment of Mr Llyod Pengilly			
5. Ordinary Resolution 3: Confirmation of the appointment of Mr Kameel Keshav			
6. Ordinary Resolution 4: Confirmation of the appointment of Ms Asathi Magwentshu			
7. Ordinary Resolution 5: Re-election of director - Mr Nomfundo Qangule			
8. Ordinary Resolution 6: Re-election of director - Mr Maurice Mdlolo			
9. Ordinary Resolution 7: Re-appointment and appointment of members of the audit and risk committee			

# NOTICE OF ANNUAL GENERAL MEETING

(Continued)

	In favour of	Against	Abstain
10. To re-appoint K Keshav as a member and chairman of the audit and risk committee			
To re-appoint Mr TS Seopa as a member of the audit and risk committee			
To re-appoint Mr M Mdlolo as a member of the audit and risk committee			
To re-appoint Mr N Qangule as a member of the audit and risk committee			
11. Ordinary Resolution 8: Appointment of members of the social and ethics committee			
To appoint Mr TS Seopa as a member and the chairman of the social and ethics committee			
To appoint Mr N Qangule as a member of the social and ethics committee			
To appoint Mr Z Kogo as a member of the social and ethics committee			
To appoint Ms A Magwentshu as a member of the social and ethics committee			
12. Ordinary Resolution 9: Re-appointment of auditors			
13. Ordinary Resolution 10: Remuneration policy			
14. Ordinary Resolution 11: Remuneration implementation report			
15. Ordinary Resolution 12: Signature of documentation			

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2020/2021

Signature \_\_\_\_\_

Assisted by \_\_\_\_\_ (if applicable)

Please read the notes on the reverse.

## NOTICE OF ANNUAL GENERAL MEETING (Continued)

This form of proxy is to be completed only by those members who are:

- holding shares in certificated form; or
- recorded in the sub register in electronic form in their own name.

Each shareholder is entitled to appoint one or more proxies (none of whom need to be a shareholder of the company) to attend, speak and vote in place of that shareholder at the annual general meeting.

Shareholders that are certificated or own-name dematerialised shareholders may insert the name of a proxy or the names of two alternate proxies of the shareholder's choice in the space/s provided, with or without deleting "the chairman of the general meeting", but any such deletion must be initialled by the shareholders. The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow. If no proxy is named on a lodged form of proxy, the chairman of the annual general meeting shall be deemed to be appointed as the proxy.

A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy, in the case of any proxy other than the chairman of the annual general meeting, to vote or abstain from voting as deemed fit and in the case of the chairman of the annual general meeting to vote in favour of the resolution.

A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder, but the total of the votes cast or abstained from may not exceed the total of the votes exercisable in respect of the shares held by the shareholder.

Forms of proxy must be lodged at, posted or emailed to the transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (Private Bag X9000, Saxonwold, 2132), email: proxy@computershare.co.za to be received at least 48 hours prior to the annual general meeting.

The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so. Where there are joint holders of shares, the vote of the first joint holder who tenders a vote as determined by the order in which the names stand in the register of shareholders, will be accepted.

Where there are joint holders of any shares, only that holder whose name appears first in the register in respect of such shares needs to sign this form of proxy.

The chairman of the annual general meeting may reject or accept any form of proxy which is completed and/or received otherwise than in accordance with these notes, provided that, in respect of acceptances, the chairman of the annual general meeting is satisfied as to the manner in which the shareholder concerned wishes to vote.

Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company or Computershare Investor Services Proprietary Limited or waived by the chairman of the annual general meeting.

Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.

A minor must be assisted by his/her parent/guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by Computershare Investor Services Proprietary Limited.

# 5 Corporate Information

Ordinary A share code: REA and ISIN: ZAE000240552  
 Ordinary B share code: REB and ISIN: ZAE000201687  
 JSE sector: Real Estate – Real Estate holdings and development  
 Listing date: 17 May 2011  
 Number of shares  
 A ordinary shares: 63 266 012 (2019: 63 266 012)  
 Ordinary shares: 699 253 200 (2019: 642 316 328)  
 Company registration number: 2010/003468/06  
 Country of incorporation: South Africa  
 Website: www.rebosis.co.za

## DIRECTORS

ATM Mokgokong (Chairman) \*  
 SM Ngebulana (Chief Executive Officer) @  
 RP Becker (Chief Investment Officer) @  
 AL Magwentshu (Chief Financial Officer) @  
 Z Kogo (Director: Retail) @  
 NV Qangule \*  
 TSM Seopa \*  
 MM Mdlolo \*  
 WJ Odendaal \*

@ Executive

\*Independent non-executive

## REGISTERED OFFICE AND COMPANY SECRETARY

M Ndema  
 Office 95 & 95A  
 Forest Hill City  
 6922 Forest Beech Street, Monavoni  
 Centurion, 0157  
 (Postnet Suite 158, Private Bag x21, Bryanston, 2021)  
 Telephone: +27 (0)11 575 4835

## BANKERS

First National Bank  
 (a division of FirstRand Bank Limited)  
 6th Floor, First Place  
 Corner Simmonds and Pritchard Streets  
 Johannesburg  
 2001  
 (PO Box 1153, Johannesburg, 2000)

## INDEPENDENT AUDITORS

BDO South Africa Incorporated  
 106 Park Drive  
 Port Elizabeth  
 6001

## TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited  
 Rosebank Towers,  
 15 Biermann Avenue,  
 Rosebank, 2196  
 (PO Box 61051, Marshalltown, 2107)

## SPONSOR

Nedbank Corporate and Investment Banking

## 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

Asathi Magwentshu, CFO  
 asathi@rebosis.co.za



