

REBOSIS
PROPERTY FUND

**INTEGRATED
ANNUAL REPORT**



REBOSIS

PROPERTY FUND



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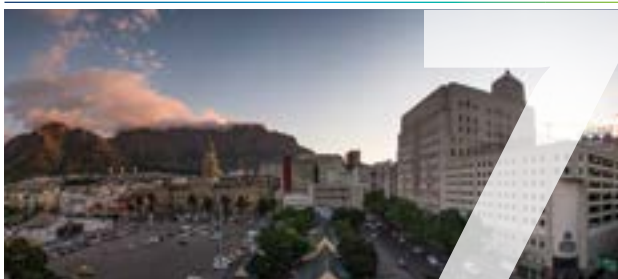
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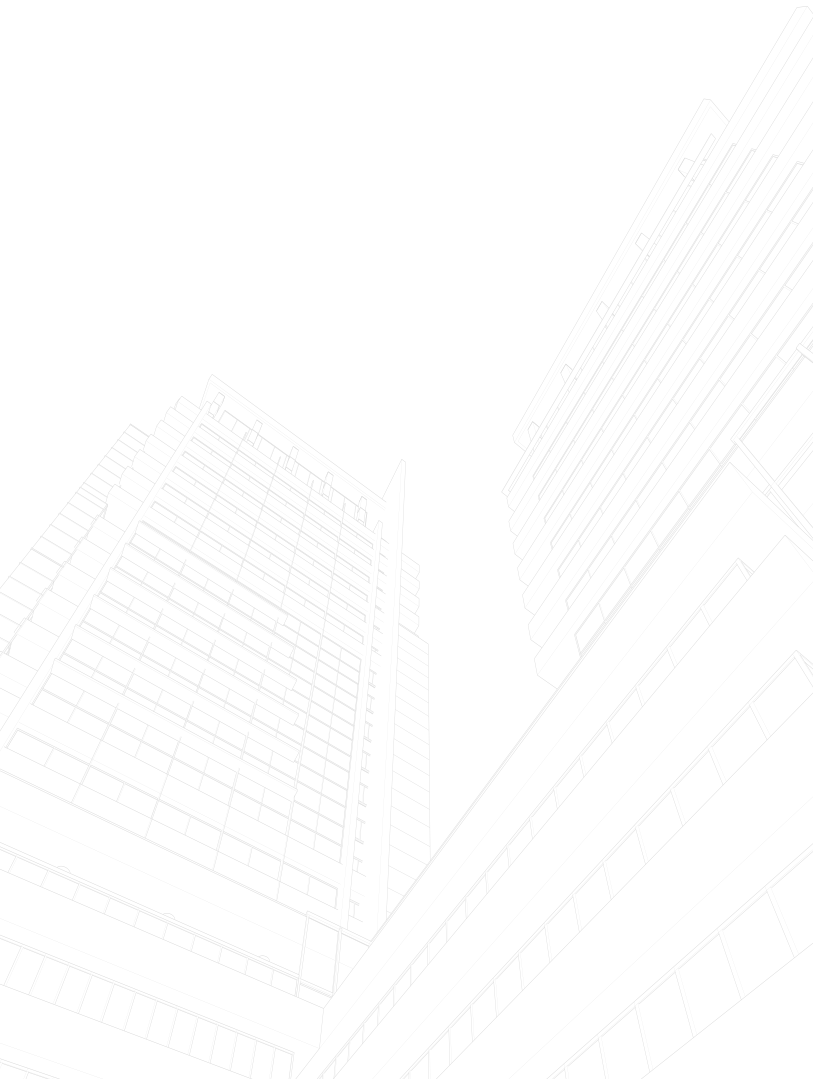


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ABOUT OUR REPORT





About our report

This is the integrated report of Rebasis (the company; the group), a black real estate investment trust (REIT) listed on the main board of the JSE in the Real Estate Investment Trusts: Diversified REITS Sector. It is our primary report to stakeholders and covers the period 1 September 2020 to 31 August 2021.

Our aim is to communicate content that is useful and relevant in an open and balanced manner, and this report therefore addresses the activities, sustainable integrated performance and the relationships of the company. It is intended to provide the relevant information and balanced insight required by our shareholders and all other stakeholders as to the ability of the company to create value over the short-, medium- and long-term which we define as periods of one year, two to three years, and three to five years respectively.

Scope and boundary

The board of directors (the board) acknowledges that integrated reporting is a journey and is committed to continued improvement in reporting.

The scope of this report includes the company's operations and the key functions over which we exercise control. With respect to comparability, all significant items are reported on a like-for-like basis, with no major restatements.

The report provides information relating to our strategy, structure, business model, risks and opportunities, governance, and material issues, including our stakeholders' interests and sustainability, with regard to the context within which we operate.

Applicable reporting requirements

In preparing and compiling the content of this report we have been guided by the principles and requirements of the International integrated reporting Framework (<IR> Framework), issued in December 2013.

Rebasis complies in all material respects with the principles contained in the King IV Code on Corporate Governance (King IV), as encapsulated in the applicable regulations. Any King IV principles which have not been complied with are explained.

A copy of the King IV application register is available on our website: <https://rebasis.co.za> under the governance section.

Financial statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Johannesburg Stock Exchange (JSE) Listings Requirements, and the requirements of the Companies Act.

Materiality and material matters

We apply the principles of materiality in assessing what information is to be included in our integrated report. This report focuses particularly on those issues, opportunities and challenges that impact materially on the company and its ability to be sustainable, as it continuously strives to create value for shareholders and key stakeholders.

Forward-looking statements

Certain forward-looking statements are made in this report. Such statements involve both known and unknown risks, uncertainties and other factors that may cause the actual results, performance, objectives or achievements of the company, as well as the sector in which it operates, to be materially different from future results, performance, objectives or achievements expressed or implied by these forward-looking statements.

The company's performance is subject to the effects of macro-economic conditions, including, but not limited to the prevalence and impact of COVID-19 and regulations and laws relating to the pandemic, as well as the risks involved in the property sector. The company undertakes no obligation to update publicly, or to release any revisions to these forward-looking statements, to reflect events or circumstances after the date of publication of this report, or to reflect the occurrence of unanticipated events. (For more on our operating context and our risk management, and our performance, see pages 21, 37 and 50 respectively.)



Assurance

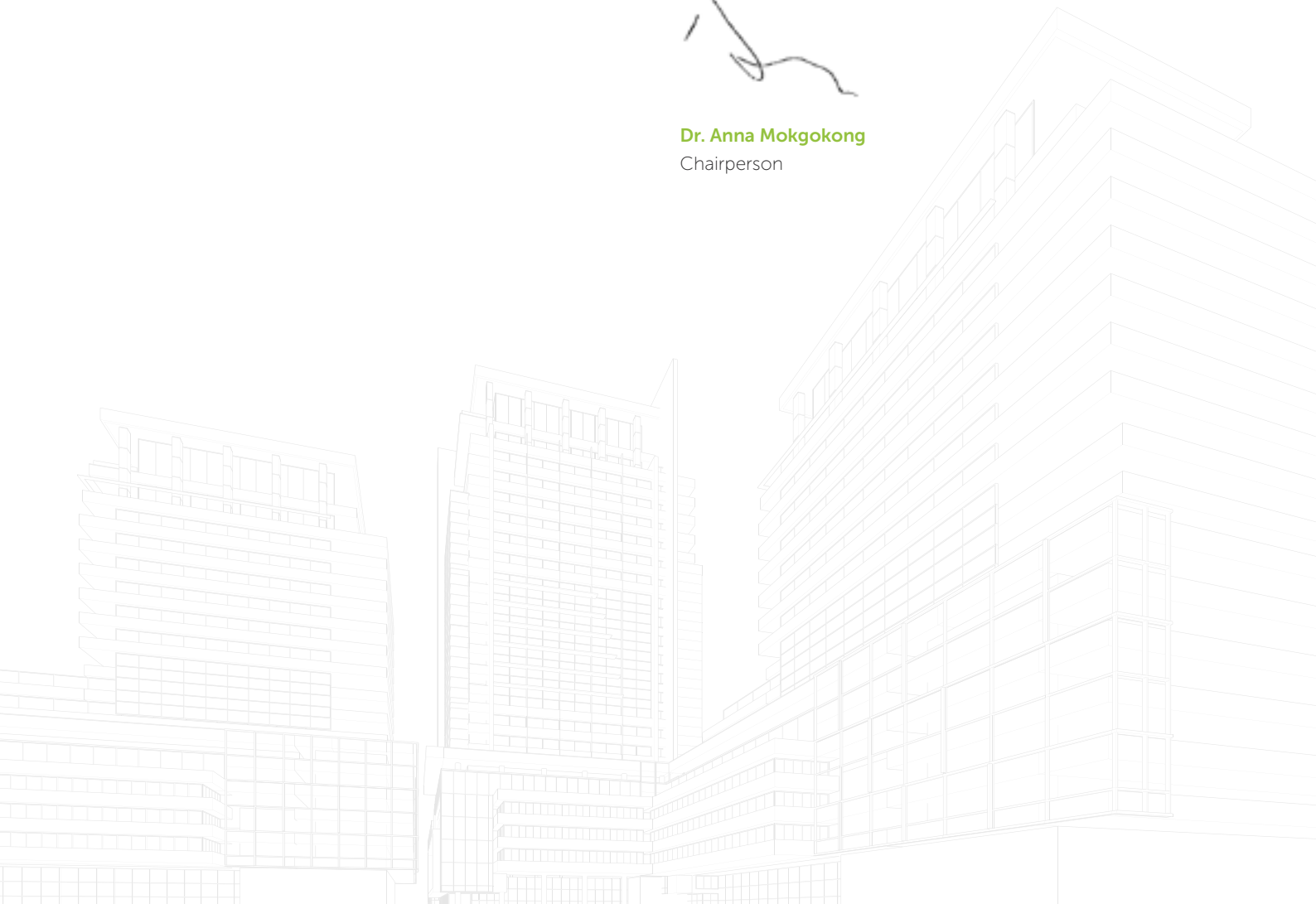
The company's external auditor, BDO South Africa Inc, has independently audited the annual financial statements for the year ended 31 August 2021. Their unqualified audit report with a material uncertainty related to the "going concern" paragraph, is set out on pages 110 to 114. The scope of their audit is limited to the information set out in the annual financial statements on pages 102 to 188.

Board approval

The directors confirm that this report represents the integrated performance of the group. The Audit and Risk Committee, which has oversight responsibility for our integrated reporting, recommended the report for approval by the board. The Audit and Risk Committee and the board acknowledge their responsibility in ensuring the integrity of this integrated annual report, which the board approved for release to shareholders and relevant stakeholders on 30 November 2021.



Dr. Anna Mokgokong
Chairperson



Five-year review

Corporate information

The group's executive directors are Otis Tshabalala (Chief Executive Officer – CEO), Asathi Magwentshu (Chief Financial Officer – CFO) and Zandile Kogo (Executive director). They can be contacted at the registered office of the company. For additional contact details please see page 209.

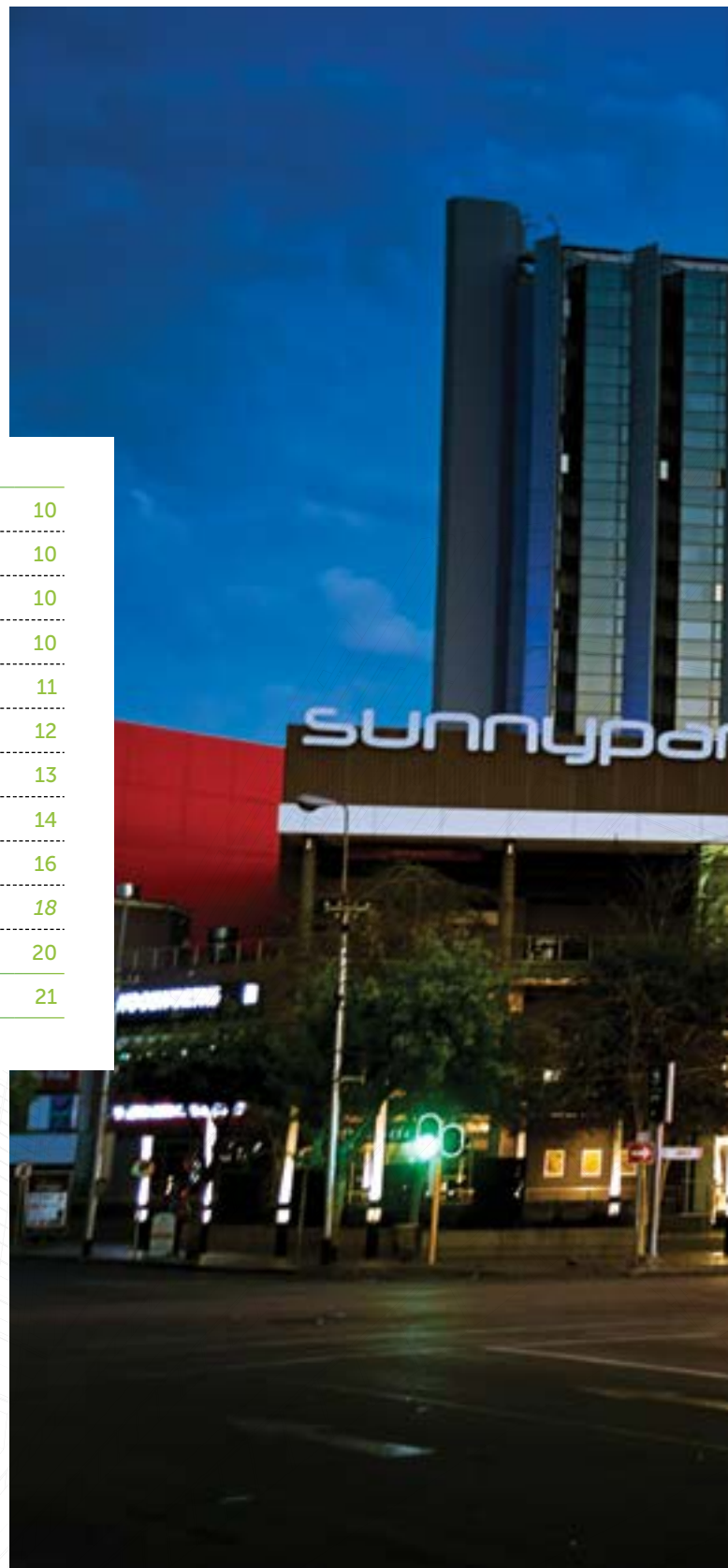
We welcome your feedback and any suggestions for our future reports. Please forward any comments to the CFO.

	2021 R'000	2020 R'000	2019 R'000	2018 R'000	2017 R'000
Revenue					
Property income	1 666 660	1 704 854	1 842 144	2 261 439	1 883 818
Investment property income	1 612 712	1 694 269	1 905 109	2 087 179	1 949 509
Net income from facilities management agreement	29 906	29 794	29 557	22 488	21 951
Management fees received	–	–	–	4 668	5 416
Listed property securities and related income	–	–	–	62 348	–
Straight-line rental income accrual	24 042	(19 209)	(92 522)	84 756	(93 058)
Property expenses	(721 224)	(600 066)	(605 476)	(539 006)	(416 276)
Net property income	945 436	1 083 599	1 236 668	1 722 433	1 467 542
Other operating expenses	(244 111)	(175 161)	(142 104)	(127 428)	(142 457)
Operating income	701 325	908 438	1 094 564	1 595 005	1 325 085
Net interest	(833 462)	(908 387)	(996 982)	(755 278)	(758 101)
Paid	(834 521)	(912 457)	(999 928)	(902 952)	(845 143)
Received	1 059	4 070	2 946	147 674	87 042
Net operating (loss)/income	(132 137)	52	97 582	839 727	566 984
Gain on bargain purchase	–	–	–	–	237 121
Other income	12 921	3 644	4 992	4 621	37 444
Changes in fair values and impairments	(127 404)	180 603	(6 670 586)	(1 768 329)	1 144 032
Investment property	13 442	340 187	(4 067 966)	(1 013 622)	1 269 631
Reversal investment impairment/(impairment)	18 220	(17 562)	(992 774)	(484 949)	–
Loss on disposal of investment in listed securities	–	–	–	–	(26 705)
Derivative instruments	79 667	(68 535)	1 340	(92 677)	(98 894)
Investment in securities loan – impairment	–	–	(1 424 074)	–	–
Goodwill impairment	(238 733)	(73 487)	(187 112)	(177 081)	–
Total (loss)/profit before taxation	(246 619)	184 299	(6 568 012)	(923 981)	1 985 581
Taxation	(44 736)	(75 327)	(38 314)	–	–
Total (loss)/profit from continuing operations	(291 355)	108 972	(6 606 326)	(923 981)	1 985 581
Net result from discontinued operations	–	–	–	–	651 853
Total (loss)/profit for the year	(291 355)	108 972	(6 606 326)	(923 981)	2 637 434
Investment property at fair value (note 3)	7 126 000	12 009 351	11 691 014	16 682 000	18 608 490
Investment property held for sale (note 4)	6 018 500	1 149 829	1 591 986	1 403 000	212 689
Distribution/dividend per share (cents)	–	–	–	92.83	128.35



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Who we are

Our vision

To be the best property fund

Our mission

To lead through People, Innovation, Optimisation of Capital, Quality Assets and Relationship

Our values



Trust



Honesty



Excellence



Teamwork



Compassion



Respect



Accountability

Our Capitals

FC

Financial

Our pool of available funds

IC

Intellectual

Our expertise, systems, procedures, policies and the value of our reputation

HC

Human

Our people, their commitment, capacities, experience and training

SRC

Social and Relationship

The relationships we have established with all those tenants, organisations, bodies, communities and individuals whose interests are impacted by what we do

MC

Manufactured

Our diverse properties and buildings, together with their physical systems and equipment which constitute the purpose of our operations

NC

Natural

The actions we take to manage our built environment sustainably

Our business structure

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Our property portfolio FY2021

RETAIL



- » **5** high quality dominant malls
 - Baywest
 - Hemingways
 - Forest Hill
 - Sunnypark
 - Bloed Street
- » Strong national tenant profile
- » Weighted average lease expiry of **3.5 years**
- » Average contractual escalation of **5.7%**
- » Portfolio by value **45.7%**

COMMERCIAL



- » **35** 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 **1.3 years**
- » Average contractual escalation of **7.2%**
- » Portfolio by value **53.5%**

Group portfolio summary

The company has enjoyed its tenth year on the JSE and has grown its assets sixfold in that time.



Number of properties

5

GLA %



291 073

Contracted revenue – R'000



439 186



35



489 820



838 976



1



18 954



10 804

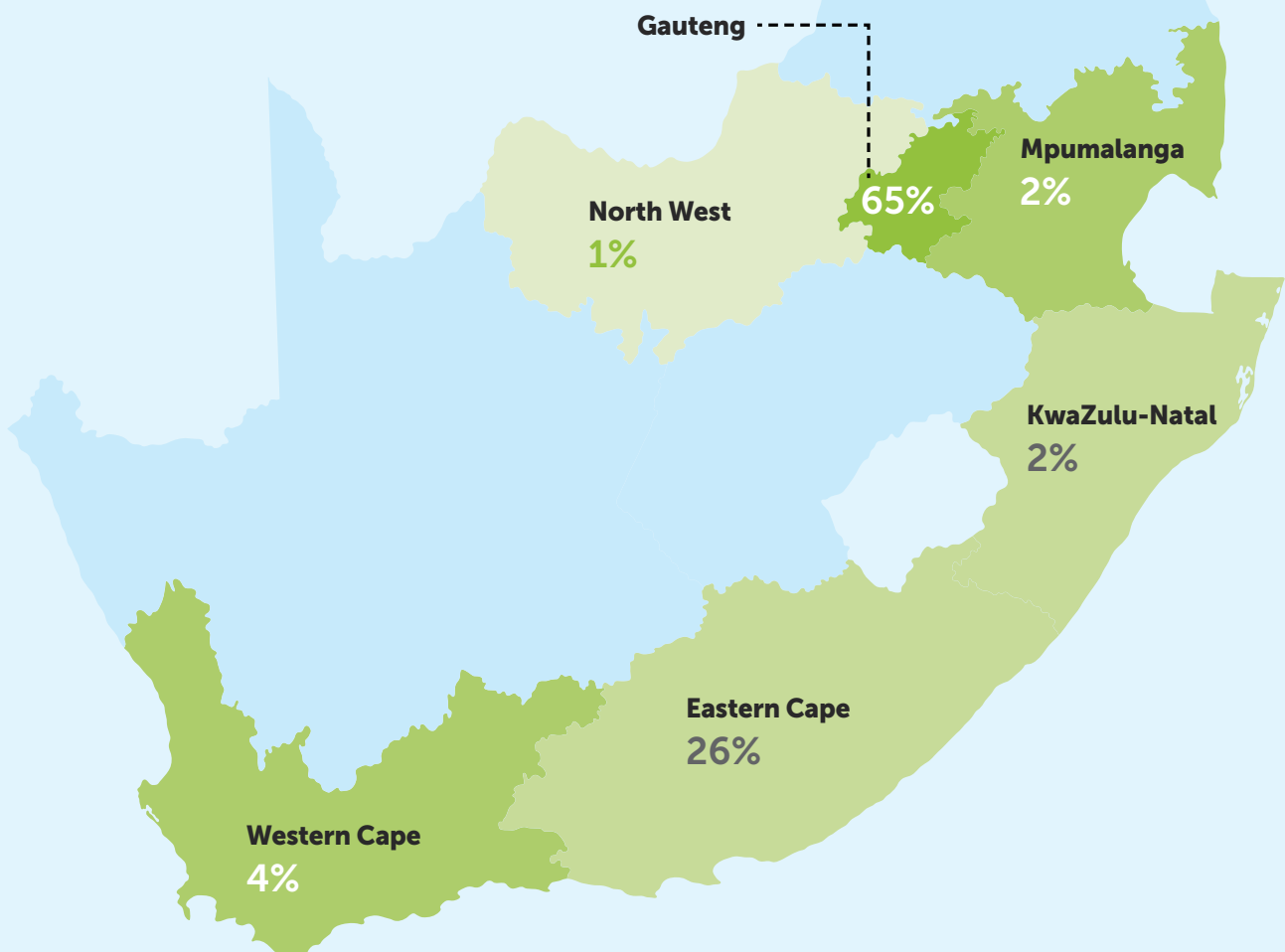
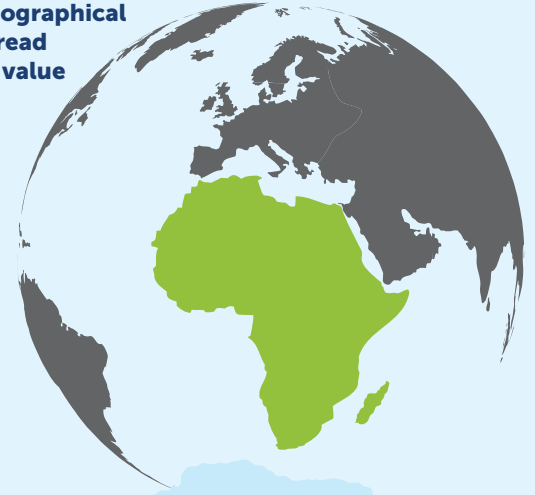
Our footprint

INDUSTRIAL









- » Single-tenanted industrial warehouse in Johannesburg
- » Lease underpinned by international listed parent company
- » Weighted average lease expiry of **4.2 years**
- » Average contractual escalation of **7.0%**
- » Portfolio by value **0.8%**

Geographical spread by value



Our property portfolio in numbers

	GLA	Contracted revenue R'000
Gauteng		
	547 136 68.4%	885 849 68.7%
Eastern Cape		
	162 449 20.3%	257 920 20.0%
KwaZulu-Natal		
	18 768 2.3%	27 197 2.1%
North West		
	11 665 1.5%	12 388 1.0%
Western Cape		
	44 878 5.6%	83 281 6.5%
Mpumalanga		
	14 950 1.9%	22 330 1.7%
Total	799 847 100%	1 288 965 100%

	Retail	Commercial	Industrial	Total
Number of properties	5	35	1	41
Valuation	6 007 000	7 029 500	108 000	13 144 500
GLA m ² of properties	291 073	489 820	18 954	799 847
Value per m ²	20 637	14 351	5 698	16 434
Average contractual escalation	5.7%	7.2%	7.0%	6.6%
Vacancy	9.8%	22.5%	0.0%	17.3%
Annualised property yield	5.2%	10.8%	8.6%	8.0%

Occupancy profile by sector by rentable area

	Retail	Commercial	Industrial	Total
Vacancy profile	9.89%	22.54%	0.00%	17.33%
Weighted average rental	R127.83	R139.15	R47.50	R132.03
Weighted average escalation	5.71%	7.17%	7.00%	6.64%
Average annualised yield	5.15%	10.77%	8.60%	7.97%

Lease expiry profile

	Retail		Commercial		Industrial		Total Portfolio	
	By rental %	By GLA %	By rental %	By GLA %	By rental %	By GLA %	By rental %	By GLA %
Monthly	9.3%	5.9%	52.6%	34.4%	0.0%	0.0	36.6%	23.3%
Vacant	0.0%	9.9%	0.0%	22.5%	0.0%	0.0	0.0%	17.3%
31 Aug 2022	14.2%	10.6%	12.0%	9.0%	0.0%	0.0	12.7%	9.4%
31 Aug 2023	17.1%	12.5%	2.9%	2.4%	0.0%	0.0	8.0%	6.0%
31 Aug 2024	21.0%	20.1%	10.9%	10.3%	0.0%	0.0	14.4%	13.6%
31 Aug 2025	24.6%	23.3%	5.9%	6.9%	0.0%	0.0	12.5%	12.6%
31 Aug 2026	4.8%	4.9%	15.0%	13.9%	100.0%	100.0%	12.1%	12.7%
31 Aug 2027	9.0%	12.9%	0.7%	0.6%	0.0%	0.0%	3.7%	5.0%

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

		GLA %	Rental %	Number of Tenants
A	Industrial	2.9%	1.1%	1
	Commercial	49.9%	48.9%	81
	Retail	31.3%	32.8%	398
Total A grade		84%	82.8%	480
B	Commercial	2.8%	3.0%	10
	Retail	2.7%	4.1%	159
Total B grade		5.5%	7.1%	169
C	Commercial	4.9%	5.5%	320
	Retail	5.4%	4.6%	234
Total C grade		10.3%	10.1%	574
Grand Total		656 932	88 868 235	1 223



Investment property profile



Property	Asset class	Region	Total GLA	Retail GLA
BAYWEST MALL	RETAIL	EASTERN CAPE	88 620	88 620
HEMINGWAYS SHOPPING CENTRE	RETAIL	EASTERN CAPE	73 829	73 829
FOREST HILL CITY	RETAIL	GAUTENG	73 294	73 294
SUNNYPARK	RETAIL	GAUTENG	28 930	27 507
BLOED STREET MALL	RETAIL	GAUTENG	26 400	26 400
RETAIL PORTFOLIO			291 073	289 650
11 DIAGONAL STREET	COMMERCIAL	GAUTENG	37 160	2 091
VICTORIA MXENGE	COMMERCIAL	GAUTENG	24 720	–
LIBERTY BUILDING	COMMERCIAL	GAUTENG	33 885	–
SALU BUILDING	COMMERCIAL	GAUTENG	30 354	–
124 MAIN STREET	COMMERCIAL	GAUTENG	20 818	–
GRAND CENTRAL	COMMERCIAL	WESTERN CAPE	33 577	13 413
GAME BUILDING	COMMERCIAL	GAUTENG	21 438	7 231
VWL BUILDING	COMMERCIAL	GAUTENG	17 989	–
189 SCHOEMAN STREET	COMMERCIAL	GAUTENG	19 332	164
174 VISAGIE STREET	COMMERCIAL	GAUTENG	13 537	–
SCHREINER CHAMBERS	COMMERCIAL	GAUTENG	18 815	1 767
INFINITY OFFICE PARK	COMMERCIAL	GAUTENG	12 681	–
SURREY HOUSE	COMMERCIAL	GAUTENG	11 840	932
18 RISSIK STREET	COMMERCIAL	GAUTENG	11 204	–
28 HARRISON STREET	COMMERCIAL	GAUTENG	20 984	844
373 PRETORIUS STREET	COMMERCIAL	GAUTENG	13 340	–
SASSA CAMPUS	COMMERCIAL	NORTH WEST	11 665	–
BANK OF LISBON	COMMERCIAL	GAUTENG	14 599	546
JABU NDLOVU	COMMERCIAL	KWAZULU-NATAL	11 455	–
NBC	COMMERCIAL	GAUTENG	10 000	–
SPECTRUM	COMMERCIAL	WESTERN CAPE	7 550	258
SWISS HOUSE	COMMERCIAL	GAUTENG	8 008	1 106
238 ROAN CRESCENT	COMMERCIAL	GAUTENG	9 035	–
99 MARKET STREET	COMMERCIAL	GAUTENG	11 659	–
REVENUE BUILDING	COMMERCIAL	KWAZULU-NATAL	7 314	–
ARBOUR SQUARE	COMMERCIAL	GAUTENG	9 206	3 255
RIVERPARK	COMMERCIAL	MPUMALANGA	4 216	–
PROROM	COMMERCIAL	MPUMALANGA	6 431	957
BATHOPELE BUILDING	COMMERCIAL	GAUTENG	11 500	–
MISHUMO HOUSE	COMMERCIAL	GAUTENG	6 154	–
64 ELOFF STREET	COMMERCIAL	GAUTENG	4 938	523
MEYERSDAL	COMMERCIAL	GAUTENG	4 957	–
SIGMA BUILDING	COMMERCIAL	WESTERN CAPE	3 751	446
RIVERVIEW	COMMERCIAL	MPUMALANGA	4 303	–
KINGFISHER	COMMERCIAL	GAUTENG	1 405	–
OFFICE PORTFOLIO			489 820	33 533
ANTALIS	INDUSTRIAL	GAUTENG	18 954	–
INDUSTRIAL PORTFOLIO			18 954	–
TOTAL PORTFOLIO			799 847	323 183



Commercial GLA	Industrial GLA	Valuation	Valuation m ²	Vacancy	Actual average rental per m ² excl. vacancy
–	–	1 810 000 000	20 424	8 856	R127.55
–	–	1 686 000 000	22 837	4 880	R137.27
–	–	1 135 000 000	15 486	11 741	R92.57
1 423	–	746 000 000	25 786	1 656	R158.88
–	–	630 000 000	23 864	1 314	R155.54
1 423	–	6 007 000 000	20 637	28 447	R127.83
35 069	–	745 000 000	20 048	3 767	R143.77
24 720	–	570 000 000	23 058	–	R98.21
33 885	–	540 000 000	15 936	–	R153.49
30 354	–	492 000 000	16 209	–	R148.77
20 818	–	338 000 000	16 236	–	R102.56
20 164	–	325 000 000	9 679	23 082	R424.99
14 207	–	275 000 000	12 828	3 753	R158.36
17 989	–	263 000 000	14 620	–	R81.48
19 168	–	254 000 000	13 139	545	R147.40
13 537	–	253 000 000	18 690	13 376	R6 431.92
17 048	–	252 000 000	13 394	7 865	R152.41
12 681	–	229 000 000	18 059	716	R172.35
10 908	–	202 000 000	17 061	364	R101.65
11 204	–	196 000 000	17 494	–	R95.95
20 140	–	180 000 000	8 578	8 714	R159.14
13 340	–	165 000 000	12 369	13 340	–
11 665	–	160 000 000	13 716	–	–
14 053	–	152 000 000	10 412	–	R89.88
11 455	–	145 000 000	12 659	–	R122.48
10 000	–	130 000 000	13 000	10 000	–
7 292	–	119 000 000	15 762	608	R114.87
6 902	–	118 000 000	14 735	665	R144.60
9 035	–	113 000 000	12 507	–	R85.80
11 659	–	100 000 000	8 577	4 718	R106.25
7 314	–	92 200 000	12 606	–	R91.04
5 951	–	89 000 000	9 667	2 957	R106.30
4 216	–	87 000 000	20 636	564	R163.52
5 474	–	84 000 000	13 062	–	R102.06
11 500	–	73 000 000	6 348	11 500	–
6 154	–	66 500 000	10 806	375	R131.55
4 415	–	65 000 000	13 163	–	R100.80
4 957	–	56 000 000	11 297	1 409	R106.39
3 305	–	46 000 000	12 263	–	R106.85
4 303	–	41 000 000	9 528	1 688	R175.67
1 405	–	13 800 000	9 822	185	R72.02
456 287	–	7 029 500 000	477 963	110 193	R139.15
–	18 954	108 000 000	5 698	–	R47.50
–	18 954	108 000 000	5 698	–	R47.50
457 710	18 954	13 144 500 000	16 434	138 639	R132.03

Our retail properties

Hemingways Mall	
Size in m ²	73 829
Valuation R'000	1 686 000
Value per m ²	22 837
Footfall (million)*	6 260 449
Number of stores	210
Weighted average rental/m ²	R137.3
	<p>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 highway between Gqeberha and Mthatha.</p> <p>This 73 000m² super regional mall features an array of entertainment including:</p> <ul style="list-style-type: none"> » A six-theatre cinema with a 3D offering » Electric Avenue family entertainment centre comprising a ten-pin bowling alley, 4D simulator, various arcade games, children's rides, bumper cars and arcade gaming » Over 160 stores, with anchor tenants such as Dis-Chem, Woolworths, Pick n Pay, Checkers and Edgars » Restaurant anchors including John Dory's, Spur, KFC, Panarottis, Wimpy and OHMI Gin Bar » International and national brands such as Lacoste, Spitz, Guess, Forever New, Fabiani, G-Star Raw, Soviet, Timberland, Cotton On, YDE, Keedo, and Levisons » Over 50 stores unique to Hemingways Mall » New stores recently introduced, including Panda, Tammy Taylor, UR Italian and Bientino Milano boutique stores » Gallery Art Versatile and Beauty with a Purpose to be opening soon » A football offering on the rooftop of the centre
	

Baywest Mall	
Size in m ²	88 620
Valuation R'000	1 810 000
Value per m ²	20 424
Footfall (million)*	5 568 110
Number of stores	305
Weighted average rental/m ²	R127.6
	<p>Baywest Mall is 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 Gqeberha's western suburbs, the mall combines firm family favourites with some never-before-seen brands.</p> <p>Baywest has close to 200 stores with a more diverse offering than any other retail destination in Nelson Mandela Bay, including:</p> <ul style="list-style-type: none"> » Entertainment at the Fun Factory, an Olympic-sized ice rink, Ster-Kinekor IMAX and Cine Prestige, Nitro Park games arcade, tenpin bowling and dodgem cars, as well as a playpark for children » Food Court eateries » Streaming entertainment on one of the largest TV screens in South Africa, and a hub for all sports events » Fashion offerings » The highest quality and most diverse mall restaurant offering in Nelson Mandela Bay » One of the largest fast-moving consumer goods (FMCG) offerings in the country, through Checkers Hyper, Pick n Pay, Woolworths and Game Stores
	

Forest Hill City		<p>Located at the corner of the R55 and N14 in Monavani, Pretoria West, Forest Hill City has high visibility from the N14 highway. The mall offers a unique shopping and entertainment experience for the entire family, including:</p> <ul style="list-style-type: none"> » Anchors by national outlets Woolworths, Checkers Hyper, Pick n Pay, TFG Stores group, Truworths and Clicks » Boutique fashion retailers, including popular brands such as Timberland, Fabiani, Bientino, Adidas, Soviet, and Earth Child » An array of fast food outlets and restaurants » State-of-the-art digitally projected entertainment from Ster-Kinekor » Self-service catering terminals » An Olympic-sized ice rink which regularly hosts national events and the Gauteng National Figure Skating Championships, and also home to both an Ice Academy and an ice hockey team » A games arcade offering ten-pin bowling, a 4D simulator, bumper cars and a variety of games for children of all ages » A unique heated wave pool, the first in Gauteng » The Officezone – office suites comprising permanent as well as serviced offices available for short- or long-term rental » Soon-to-be-launched lifestyle offerings and experiences 	
Size in m ²	73 294		
Valuation R'000	1 135 000		
Value per m ²	15 486		
Footfall (million)*	3 879 051		
Number of stores	185		
Weighted average rental/m ²		R92.6	
			

Bloed Street Mall		<p>Centrally situated in the heart of Pretoria, Bloed Street Mall is a landmark shopping centre that provides an all-in-one retail experience, easily accessible to all commuters. The centre is surrounded by government departments including those of Health, Education, Justice, Home Affairs, Water Affairs, as well as the SA Army, SARS and the National Zoo. Established more than two decades ago, the mall continues to provide both local and international shoppers with an exceptional shopping experience. Its unique offering includes:</p> <ul style="list-style-type: none"> » A gym with a spa » National anchors and fashion outlets such as Game, Super Spar, Spitz, Truworths, Levis, Sportscene, Uzzi, Footgear, Markhams and Mr Price » The City of Tshwane's largest taxi rank is situated in the basement 	
Size in m ²	26 400		
Valuation R'000	630 000		
Value per m ²	23 864		
Footfall (million)*	7 794 807		
Number of stores	125		
Weighted average rental/m ²		R155.5	
			

Sunnypark Shopping Centre		<p>The legendary Sunnypark Shopping Centre is situated in the heart of the Pretoria suburb of Sunnyside, positioned close to local and national government buildings, embassies, and tourist attractions, including the National Department of Health, Tshwane University of Technology – Faculty of Science, the Department of Basic Education and the Gauteng High Court.</p> <p>The mall provides shoppers with a superior contemporary shopping experience, from convenience items to fashion, footwear, and banking, including:</p> <ul style="list-style-type: none"> » A wide range of stores, anchored by Woolworths, Checkers, Mr Price and Foschini » A food court featuring popular South African brands such as Nando's, Wimpy, Debonairs, Steers, Fishaways, Spur and Chicken Licken » An exclusive Virgin Active Red gym » A nightlife experience at Rhapsody's and the Ayoba Cafe 	
Size in m ²	28 930		
Valuation R'000	746 000		
Value per m ²	25 786		
Footfall (million)*	6 441 312		
Number of stores	124		
Weighted average rental/m ²		R158.9	
			

Our stakeholders



Employees



Investors



Funders



Tenants



Suppliers



Visitors and shoppers



Local communities and civil society



Government and regulators

For more on our stakeholders, see page 42.



Our operating environment

In assessing our risk priorities and our ability to conduct our business successfully while maximising the creation of value through our asset portfolios in the short-, medium- and long-term, we take into account the broader socio-economic context in which we operate.

The global context

As with the prior year, the global coronavirus pandemic dominated the social and economic landscapes. Against this background, the year under review continued to be characterised by the same constraints and ongoing economic underperformance and growth in the shadow of COVID-19.

We saw bottlenecks in the supply chain of materials and goods worldwide, with entire industries such as transport and tourism weakening even further, and many developing countries struggling to obtain and distribute vaccines, the only key to relieving the pressure and opening up their societies.

Global trade was down, with whole industries having to find new ways of working, and it was not until the calendar year of 2021 that the first signs of a global rebound became apparent. Trade costs remained high, however, with on average those in emerging economies 50% higher than those in developed countries. Despite the return of volumes in some areas starting to return to normal, the ongoing vaccination issues in developing economies continued to exert a heavy constraint.

As the global economy began to emerge from the depths of the worldwide lockdown in the early part of 2020, many countries were still slow in reopening, with multiple instances of reimposed partial lockdowns. While recovery in China appears to have been faster than expected, the expressed hope of an ascent by the global economy to pre-pandemic levels remains subject, not just to pandemic setbacks and impacts, but to the fear of them.

The domestic context

The recession that characterised the advent of COVID-19 globally also impacted South Africa and the region, with supply chains disrupted, and whole sectors such as hospitality, tourism, entertainment and sport virtually coming to a standstill in the wake of the COVID-19-related lockdowns.

With a severely impacted GDP in 2020, many jobs remained directly threatened as businesses and services were forced to downsize or close, and the knock-on effect was felt particularly hard in the retail sector. With less spending power, and lockdowns in any event compelling people to stay home, footfall in shopping centres was significantly affected. This in turn caused economic and financial hardships that fed back into the cycle of less work, less spending power and a struggling business and real-estate sector. However, with our portfolios during the year retaining their spread across retail, industrial and commercial properties, the government-dominated tenancy of our commercial office space has acted as a buffer against the inroads of the pandemic in our retail sites.

The property market

Conditions thus fostered negative sentiment in 2020, with occupier and investment sentiment indices, which are composite measures of market momentum, declining to -48 and -42 respectively – a clear indication of a contraction in the market.

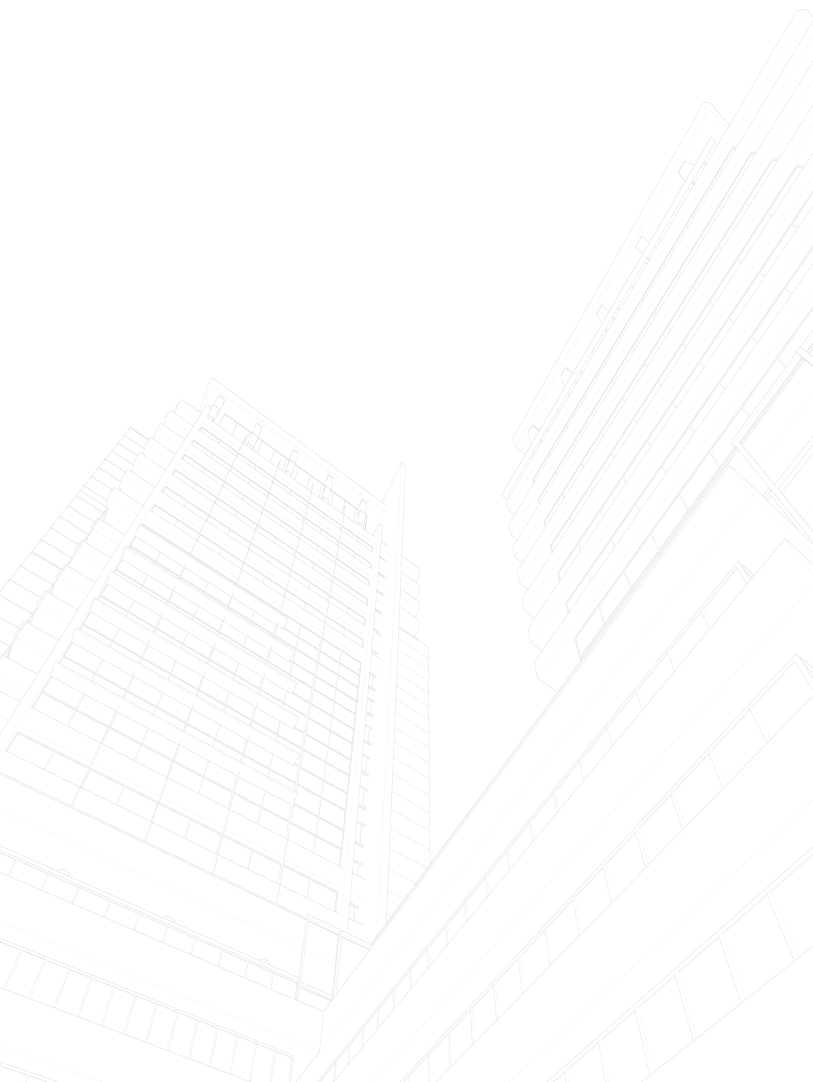
Supply and demand fundamentals also continued to exert a drag on rents and capital values.

With an ongoing decline in demand from both occupiers and investors, the supply of properties to rent and purchase showed a continuing increase.

Political uncertainty

Political uncertainty continued to be a feature of the South African social environment during the year under review, with the effect not only of undermining general economic confidence, but with the direct impact of the unrest experienced in July having a bearing on the ability of retail property to continue to trade safely, particularly in KwaZulu-Natal and Gauteng.

MESSAGE FROM THE CHAIRPERSON





Message from the Chairperson

In the second year of the new pandemic reality with which every sector has had to grapple globally, the headwinds that have challenged the South African economy have continued to make an impact. The lockdowns and their implications have been particularly strongly felt in areas which we, as a REIT, have a direct interest. The domestic property sector faced cyclical and structural shifts which were exacerbated by these challenges, making property the worst-performing asset class on the JSE between 2018 and 2020.

With less footfall in retail spaces, and the work-from-home regime imposed and, in some cases, voluntarily maintained, landlords have seen the businesses of many of their tenants severely challenged – specifically in the hospitality and liquor-trading segments. Reduced demand for office space has had its own impact, while global supply-chain disruptions have affected both important service aspects such as maintenance and upgrades, and the supply of goods to stock shelves. (For more on our operating environment and procurement, see pages 21 and 60 respectively.)

In addition to this, the property environment has been impacted by unfilled vacancies and property valuations unsupported by revenue to an ever-widening degree. Moreover, rent rebates and concessions instituted in an effort to assist tenants in withstanding the tough conditions, contributed to the challenges we faced.

Having said that, we have managed, despite the difficult outlook at the start of the financial year, to weather the storm. We achieved this through a combination of a government-weighted office-tenant base, agile and effective collections, and careful nurturing of our retail centres and their tenants. (For more on our finance, portfolios, and operations, see pages 52, 12 and 56 respectively.)

The reliability of our strong government-weighted office tenancy was definitively borne out during the year under review, and once more justified our confidence in marketing our offering to the shareholder universe. Our position as a well-established vendor to government at various levels has enabled us to ensure prompt and regular payments with strong recoverability.

Attaining our strategic goal

Our strategic focus during the year continued to be on addressing our high loan-to-value (LTV) rate by pursuing our goal of disposals, and I am very gratified to be able to say that we have indeed been successful in this. In a critical deal initiated during the year under review, we effectively negotiated the sale of the bulk of our commercial portfolio. This transaction, once completed in the new financial year, will bring in a substantial sum which will enable us to significantly reduce our gearing and attain the lower LTV rate that we have been pursuing.

In de-leveraging our balance sheet in this way, we anticipate a far stronger, more investor-friendly and operationally-focused future for the company, which we envisage as re-asserting the true value of its substantial assets.

Shareholder dispute

While there was a dispute with a single shareholder that drew significant public attention, and while this was not directly a matter for the board, it was nevertheless necessary to devote a great deal of unscheduled time to the matters arising from it, until the issue was satisfactorily resolved.

Board matters

The extremely busy nature of the year for the board is evidenced by the number of meetings scheduled and attended. The exceptional circumstances in which we were operating necessitated prompt and agile decision-making, and I am pleased to say that the board's performance in this regard was of an exceptionally high standard.

Our Audit and Risk Committee appointed Mazars as the new internal auditor for the company. Their brief is to focus on internal controls and the consideration of risk. This appointment marks a fundamental change in providing us with a strong, reputable firm to add value to the audit process, and to work closely with the external auditors to create efficiencies in our overall audit exposure. (For more on finance and risk, see pages 52 and 37 respectively.)



Dr. Anna Mokgokong

Chairperson

30 November 2021

Our board committees also worked within specific mandates on two important issues:

- » A long-outstanding matter arising from the Billion transaction completed in 2016.
- » Oversight of the complex disposal process, for which a special sub-committee was established to assist management when required as the negotiations progressed.

Board performance

I am very pleased to note that the board's collective abilities and dedication resulted in an outstanding performance during the year under review. The board and its committees were exceptionally agile in supporting and guiding the company's response to a fluid and uncertain environment. Among other duties and demands, there was:

- » A focus on finalising a revamped short-term incentive (STI) and a new long-term incentive (LTI) structure which was introduced into our remuneration framework for the first time, and which will have an important role in fostering the retention of key employees.
- » Consideration of shareholders' views on our remuneration policy, with productive interaction with them on this issue.
- » The maintenance of the unqualified audit opinion attained in the prior year.
- » A re-initiation of our risk management process to be implemented in the new financial year.
- » IT migration to a new accounting system, which successfully passed the evaluation of the internal auditors.
- » The development of a succession-planning process.

(For more on our governance, see page 82.)

Corporate governance and CSI

Mindful of the sanction placed on the company by the JSE as a result of an occurrence some years ago, we continued to work consistently on our levels of compliance. We have made significant investments in ensuring this compliance, and the appointment of MCP Managerial Services (Pty) Ltd, represented by Joel Naidoo as the new Company Secretary, included a mandate to ensure effective governance.

I am, however, proud to point out that our Gauteng shopping centres continue to play a significant role in the testing and prevention of the spread of COVID-19 by providing testing stations in partnership with government. During the year more than 45 600 screenings and 9 980 tests were performed at Forest Hill City, Bloed Street Mall and Sunnypark Shopping Centre.

New directors

I would like to welcome Mr. MR Burton and Mr. S Naidoo, the two new directors who joined the board on 1 April 2021. I look forward to working with them, and to the board's benefitting from the skills and experience they bring to the role. In this regard, I would also like to thank our retiring directors Mr. TSM Seopa and Mr. MM Mdlolo for their informed, skilful and dedicated contributions to the board, to the ultimate benefit of the company.

Post the reporting date, following the announcement of the R6.3 billion office portfolio disposal, Dr. Sisa Ngebulana, as planned with the board, indicated his intention to step down and retire as CEO and from the board with effect on 1 December 2021. Mr. Otis Tshabalala was subsequently appointed as CEO with effect from 1 December 2021.

Dr. Ngebulana has some 29 years of experience in the property sector. He is the founder of Rebosis and served as CEO prior to taking up a non-executive role of Deputy Chairperson in October 2017.

During his temporary tenure as CEO, Dr. Ngebulana successfully addressed the immediate financial position of Rebosis as well as challenges emanating from Brexit, and which impacted the company's UK assets, resulting in a significant write-off that gave rise to our high LTV.

The board subsequently requested Dr. Ngebulana to extend his tenure as CEO and drive the strategy to reduce the company's LTV through the disposal of assets. Its challenges notwithstanding, Rebosis continued to meet all its financial obligations and generated surplus cash in addition to successfully renewing debt facilities.

Message from the Chairperson continued

Dr. Ngebulana will retire as an executive director and from the board, having positioned the business:

- » As a retail-focused fund valued at R7.5 billion, comprising five dominant retail malls and three commercial assets.
- » With a strong balance sheet and LTV of approximately 43%.
- » With enviable property assets of a superior quality that are well looked after internally.
- » With experienced and highly skilled management teams with depth and deep knowledge of both the sector and the business.
- » On a sound footing with systems, processes and well-defined accountability and reporting structures.
- » With the ability to resume dividend payments to shareholders.

On the basis of his belief and confidence in the quality of Rebasis' assets and management, Dr. Ngebulana is committed to retaining his shareholding and interest in Rebasis for the foreseeable future. Moreover, to ensure a smooth handover to the incumbent CEO, Dr. Ngebulana will consult to Rebasis until the end of May 2022.

On a personal note, and on behalf of the board, I wish to thank Dr. Ngebulana for his commitment and drive to ensure that Rebasis returns to a position from which it can grow. His devotion to the company often came at a great personal expense, and we wish him a happy retired life. It has been an honour for us to serve with him.

Our new CEO, Mr. Otis Tshabalala, previously served as the Chief Operating Officer of SA Corporate Real Estate and has over 28 years' experience in the commercial property sector, with more than 12 of those years in property finance. I would like to welcome Otis to the company and look forward to his contribution in steering Rebasis to new heights.

Acknowledgements

I would like to thank all my colleagues on the board for their sterling work. I know that without their dedication, wisdom, and expertise, we would not have been able to add the significant value that we did during the year.

I am also extremely grateful to the management of the company, whose commitment and abilities have contributed greatly to the company's resilient performance in what was a difficult year.

In addition, I would like to express my sincere gratitude to our shareholders and all our stakeholders, whose loyalty and commitment to the company has been a significant component in our being able to so successfully attain our strategic goal of resetting our balance sheet.

Finally, to our employees – we understand at the board that it is your loyalty and dedicated work that has helped steer us through unprecedented societal and macro-economic challenges, and we acknowledge with gratitude your resilience in ensuring that our business remains strong.



CREATING VALUE

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Message from the CEO

The financial year under review was characterised by ongoing adjusted economic lockdown restrictions in terms of the Disaster Management Act, with the third wave of COVID-19 infections resulting in the country being placed on adjusted Level 4 lockdowns from 28 June to 25 July 2021.

Large-scale looting and riots in KwaZulu-Natal and Gauteng in July this year significantly affected business confidence and are expected to have a longer-term negative impact on the retail sector, including landlords, through higher insurance and security costs.

Fortunately, Rebasis did not suffer any damage to its retail centres during this time, and we are thankful to the taxi associations in Gauteng and the Eastern Cape with whom we have a close working relationship, for their involvement in engaging with us on the matter.

Notwithstanding the high unemployment rate and ongoing impact of COVID-19 on the economy, especially in light of the Omicron strain at the time of writing, business and consumer sentiment appears to be recovering on the back of ongoing vaccine roll-outs.

Having said that, the tepid economy continues to face headwinds including load shedding, above-market increases in municipal rates, record high unemployment, and possible further economic impacts resulting from the Omicron Coronavirus strain. (For more on the context in which we operate, see page 21.)

Operational performance

Despite the significant macro-economic challenges, the company maintained a "business as usual" approach, supported by our solid property fundamentals. We continued to meet our debt obligations and invested in new capital expenditure and value enhancement of our assets, whilst maintaining surplus cash in the business. (For more on our operations and financial performance, see pages 56 and 52 respectively.)

Rental collections

Rental collections on the portfolio improved to 103.9% for the year under review, although the Fund was obliged to provide a further R100 million (2020: R148 million) comprising R27 million in rental concessions and R73 million in bad debt write-offs. These were made with regard to mostly smaller tenants who continued to struggle with the impact of COVID-19 lockdowns, such as gyms, entertainment venues, restaurants and liquor outlets. Non-recovered income relates mainly to tenants with limited trading abilities under adjusted lockdown Level 3, and tenants in business rescue, such as Ster-Kinekor and Virgin Active.

Retail portfolio

The retail portfolio reported trading density at an average growth of 4.2% compared to the 2019 financial year, despite limited economic lockdowns during the reporting period. The Fund's Eastern Cape assets showed particularly strong trading density growth of 7.4% compared to the 2019 financial year, with Gauteng reporting a contraction of -0.2% growth. The main difference between the two provinces is the large retail offering in Gauteng, whereas the Eastern Cape has fewer retail offerings and our centres in East London and Gqeberha enjoy dominance in these cities, making them attractive as a retail destination for most shoppers.

New leases comprising 11 962m² in the retail portfolio were concluded at an average escalation rate of 6.6%. This supported the weighted average lease expiry (WALE) of the retail portfolio at a solid 3.5 years. Of the retail leases, 53, comprising 12 122m², were renewed at an average escalation rate of 6.1%. The vacancy rate in the retail portfolio was 9.8% at the end of the period.

Office portfolio

At the reporting date, several bulk government-tenanted office leases were not renewed in anticipation of the disposal transaction whereby the buyers would be entitled to renew on longer lease terms. At the time of writing, these leases were at advanced stages of renegotiation, and we expect their conclusion by the end of the calendar year. It is anticipated that the new leases will result in a positive reversion in the portfolio's overall WALE that currently stands at 1.3 years.

In the interim we have submitted eight leases, totalling 75 000m², for renewal to the Department of Public Works and Infrastructure (DPWI). The stance we have adopted is to renew them in Rebasis' name for the time being, as DPWI will all want to enter into leases with the buyers once the deal is concluded. They have agreed to sign with Rebasis up to a maximum of five years and to review to longer tenure on successful closure of the transaction.

At the time of writing, we are at an advanced stage in negotiating the renewal of these eight leases under Rebasis and anticipate that the agreements will be closed out by the end of the calendar year. The execution of the leases will have the effect of setting our overall WALE at 2.4%.

During the year under review, new corporate office leases comprising 6 111m² time were concluded at an average escalation rate of 8.1%. Moreover, ten leases comprising 20 994m² were renewed at an average escalation rate of 7.2%.



Dr Sisa Ngebulana
Chief Executive Officer
30 November 2021

The mainly sovereign-let office portfolio reported vacancies of 21.7%, resulting in a combined average portfolio vacancy of 17.3%, excluding office properties earmarked for conversion to student accommodation. Once the refurbishments to student accommodation and micro-units have been completed, the portfolio vacancy will reduce to 10.5%.

Valuations

Taking into account COVID-19 considerations, the company's retail and commercial portfolios were independently valued at financial year-end, with the overall portfolio value remaining stable at R13.1 billion. (For more on our key financial indicators, see page 14.)

Disposal of R6.3 billion office portfolio

The successful conclusion of the R6.3 billion office portfolio disposal (the disposal transaction) announced post the reporting date is expected to provide momentum to the company's strategy of de-leveraging and optimising the balance sheet.

It will reduce our LTV significantly from 71% to approximately 43% in line with acceptable LTV for REITs and will further restructure the business as a retail-focused fund.

Strategic outlook

We are cautiously optimistic that the retail sector has already recorded its lowest levels, although further economic lockdowns cannot be discounted completely. Most domestic-focused REITs have reported or provided positive updates and within our own portfolio we are seeing trading densities and footfall improving, or even exceeding, pre-Covid levels.

Our priorities are to close the disposal transaction and to focus on the improvement of fundamentals across our current retail portfolio. To that end we will focus on the leasing of space, collecting rentals and filling vacancies. On conclusion of the transaction, the board expects to resume dividend payments to shareholders, provided that a stable macro-economic environment is maintained with no material tenant failures or prolonged economic lockdown periods. (For more on our strategy, see page 32.)

We are, however, cognisant of the need to be flexible in certain areas and with certain properties to retain tenants. In this regard we will ensure that we remain competitive. We are also constantly exploring other ways to increase revenue streams through the exploration of such sources as antenna rentals, solar installations, and advertising opportunities.

As a management team we are keenly aware that the market rewards countermeasures for consistency and we will only consider additional acquisitions once the stock has rerated. At the appropriate time we will be guided by asset quality and pricing and the need to acquire assets that complement our current portfolio.

Acknowledgements

As founder of, and large individual shareholder in Rebosis, I believe that following consummation of the disposal transaction, Rebosis will be well-positioned to grow and return sustainable distributions to shareholders.

I sincerely wish to thank our loyal and patient shareholders for their encouragement and input, especially during some very challenging times over the past year. I further wish to thank the board and my fellow executives for their dedication and focus on turning Rebosis around.

I would like to congratulate Mr. Otis Tshabalala on his new position as CEO and I look forward to working with him during the transition phase to the end of May 2022.

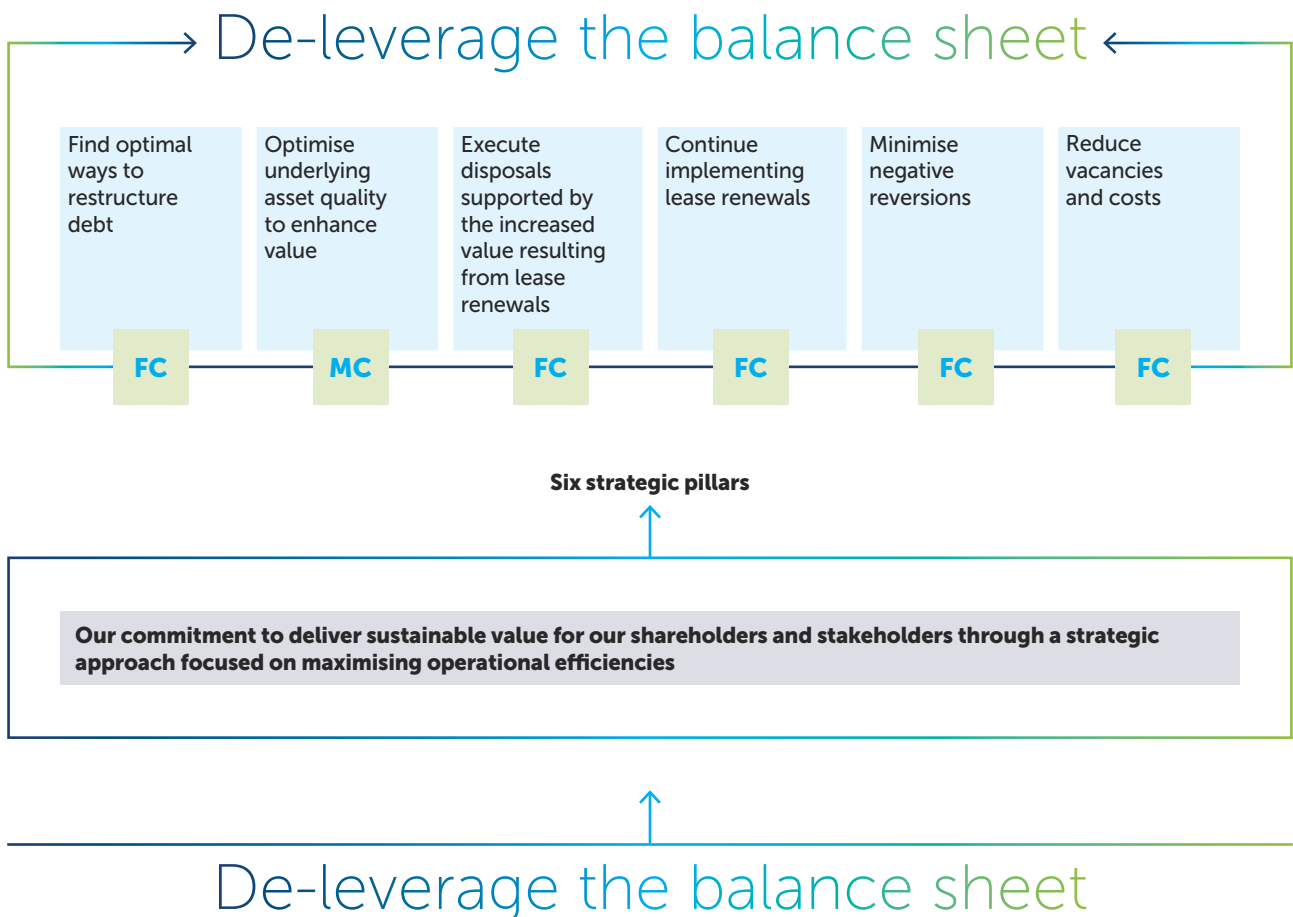
To paraphrase Charles Dickens, the past decade was the best of times, and the worst of times. Through it all, the passionate commitment from our staff, our board, and our stakeholders has been constant. It has been an incredible journey, which, nonetheless, has just begun. Knowing that, it is my sincere hope that all who work with and for Rebosis, will continue to help the company make a meaningful difference in the lives of so many, as the best is yet to come.

Our strategic approach to creating value

IC

Given the ongoing macro-economic pressure and the level of debt resulting in a continuing LTV level that does not truly reflect the assets we hold, our strategy for the year under review continued to be driven by our imperative of de-leveraging the balance sheet.

The strategic focus of the management team for the year has been on achieving the required de-leveraging through the sale of commercial assets. The target was to reduce the LTV to the 40% range, thereby strengthening the balance sheet and improving the rating of the fund. To this end, we based our strategy on six strategic pillars. (For more on our operating context, see page 21.)





Our business model

IC

FC

Our business model is a key part of our financial and intellectual capitals. At its centre is our purpose of owning assets within the retail and office sector that provide tenants and customers with quality spaces that are well maintained. Our sought-after properties enable us to deliver services where retailers flourish and customers enjoy a safe shopping experience.

For more on our strategy, see page 32.

Our capital **INPUTS**

Ongoing disposals to reduce debt and LTV to ca. 40% levels

Cost-containment measures

FC+

Actively manage cash flow through continuous monitoring

Recurring revenue emanating from long-term leases

Access to facilities/loans/funding

Mix of defensive retail and commercial properties:

- » 5 High-quality dominant malls with weighted average lease expiry of 3.5 years
- » 35 predominantly A and B grade office properties with weighted average lease expiry of 1.3 years attractive to government tenants

MC+

- » Single tenanted industrial warehouse in Johannesburg with weighted average lease expiry of 4.2 years

Centralised procurement department with focus on meeting BEE targets while sourcing reputable service providers, with:

- » Total capex: R51.3 million

- » Employee wellness and well-being

- » Minimising and managing the impact of COVID-19

SRC+

- » Setting up and funding of COVID-19 screening and vaccination sites
- » Funding students from previously disadvantaged communities

HC

- » 202 employees

- » 42 sites reviewed for sustainability in:

NC+

- » Environmental matters, with:
 - 118 915 363 KWh energy consumed
 - 467 605 Kl water consumed

- » Strategy

IC

- » Business plan
- » Legal and corporate governance
- » Human rights awareness

Mediated through **OUR BUSINESS ACTIVITIES**

- » Sold Medscheme building for R89.1 million

- » In the process of disposing the bulk of our commercial portfolio for R6.3 billion

- » Identified high operating costs in security and cleaning and put in place measures to reduce these

- » Maintained surplus cash

- » Negotiated discounts with service providers and reduced escalations on contracts

- » Implemented robust collections with a success range of 94% to 104% resolving long-outstanding accounts and a vigorous review of all outstanding accounts

- » Committed capex budget to maintain and/or upgrade our facilities even under tough trading conditions

- » Increase procurement from QSEs and SMEs with BEE Level 1–3

- » Provide supplier and enterprise development training programme

- » Continued wellness updates and COVID-19 information sharing

- » Upgraded employee medical benefits by moving medical insurance to a full-time medical aid for low-income earning employees at a cost to the company

- » Implemented COVID-19 work-from-home strategy before March national lockdown

- » No employee salary cuts implemented

- » Partnered with Department of Health and Faith Care Health to set up three mall COVID-19 screening and vaccination sites

- » Commissioned and conducted ESG project and horizon studies

- » Produced ESG report

- » Funded University of Fort Hare tertiary students

- » Provided job opportunities to unemployed youth

- » Offered study assistance to all employees, including industry-specific training initiatives

Yielding OUTPUTS

- » Debt reduced to R9.509bn (2020: R9.589bn)
- » Closing cash balance R126m (2020: R59m)

- » R51m capital expenditure

- » Partnership with ICAS in wellness initiative to share health and safety protocols to ensure management of pandemic impact
- » Continued payment of full salaries even through lockdowns
- » Rebohis education and career development programmes for socio-economic upliftment
- » R2.5m spent on training and development

- » Production of ESG Project Report
- » Production of ESG Horizon Report
- » Exco ESG session
- » ESG Reporting framework and benchmarks established
- » Environmental, social and governance analyses
- » Water-saving initiative

Producing OUTCOMES

- » Improved LTV levels
- » Entered into contracts with service providers and new entrants, promoting transformation
- » Improved business liquidity

Stakeholders impacted:



- » Maintenance of good quality properties
- » Competitive edge in securing good tenants
- » Improved service and sustainability of QSEs and SMEs

Stakeholders impacted:



- » Improved employee health and wellbeing
- » Increase in engaged employees
- » Improvement of daily business operations
- » Increased community understanding and awareness of COVID-19
- » Alleviation of government burden as a responsible corporate citizen
- » Less exposure to COVID-19
- » Seven bursary students, of whom, three were absorbed into the company
- » Learnerships for 20 unemployed learners
- » Study centre with free WiFi opened at a mall to host tutor lessons
- » Building of a talent pipeline within the company
- » Creating entrepreneurs and future tenants – a group of women from the learnership opened a salon in the mall

- Improved understanding of:
 - » Information management
 - » ESG Reporting** scope, methodology, boundaries and performance
 - » Company strengths and opportunities
 - » Recommendations for future action

Stakeholders impacted:



With TRADE-OFFS

Loss of defensive commercial portfolio produces benefit of:

- » Lower debt levels with funders
- » Improved LTV and interest-coverage ratio

- » Though we would prefer to maintain higher levels of liquidity, it is important that we service our buildings to promote the long-term retention of tenants

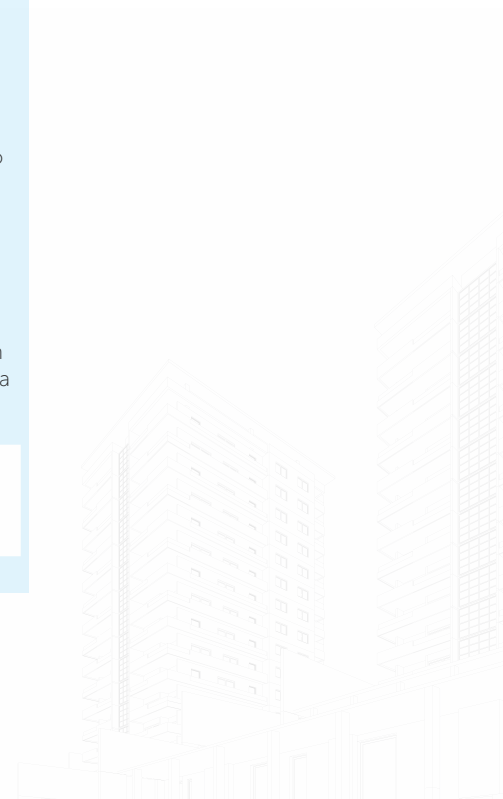
- » Maintenance of surplus cash resulting from no dividend distribution
- » This, however, triggered a tax liability with SARS
- » Tax liability was lower than the estimated distribution

- Rental compromises to accommodate tenants in difficulty because of COVID-19 impact our financial capital, but increase our social and relationship capital

Stakeholders impacted:







* For more on our finance, property portfolio and assets, human resources, stakeholder management and sustainability, see pages 52, 14, 46, 42 and 64 respectively
 ** For more on risk management and governance see pages 37 and 76 respectively



Materiality

We define as material those issues that have the capacity to impact our business and affect our ability to create and deliver value for our shareholders. These material issues underlie the challenges that we face as a business and we take them into account when defining our strategy, setting our targets and identifying risks.

Our material issues in FY2020

Issue	Business aspect affected	Capitals affected
 Persistence of COVID-19	Business continuity; staff wellbeing; productivity; mall footfall; rental collection; property maintenance	<div style="display: flex; gap: 10px;"> <div style="background-color: #4CAF50; color: white; padding: 5px;">FC</div> <div style="background-color: #4CAF50; color: white; padding: 5px;">MC</div> <div style="background-color: #4CAF50; color: white; padding: 5px;">HC</div> <div style="background-color: #4CAF50; color: white; padding: 5px;">SRC</div> </div>
 Loan-to-value (LTV) rate	Financial stability; going concern; funding uncertainty	<div style="background-color: #4CAF50; color: white; padding: 5px;">FC</div>
 Macro-economic conditions	Tenant business stability; decline in disposable income	<div style="display: flex; gap: 10px;"> <div style="background-color: #4CAF50; color: white; padding: 5px;">FC</div> <div style="background-color: #4CAF50; color: white; padding: 5px;">SRC</div> </div>
 Rental concessions	Revenue; profitability; shareholder value	<div style="background-color: #4CAF50; color: white; padding: 5px;">FC</div>



Managing risk

IC

The efficient and effective management of material risk is an essential component of our intellectual and human capitals.

HC

We adhere to a risk management process for identifying, evaluating and monitoring the nature and extent of risks affecting the achievement of our business objectives and for managing and controlling these risks.

We believe that rigorously managing risk is an integral part of improved performance, growth and sustainable value creation.

We therefore have in place a Risk Management Policy that provides the framework to achieve a fuller understanding of the reward-risk balance and to seek to reduce the likelihood and consequences of adverse impacts.

In addition, this policy aims to promote continual improvement in our management of risk as well as governance and compliance, and thereby enhance the degree of likelihood in accomplishing our objectives.

The Audit and Risk Committee is tasked with assisting the board in determining the company's risk tolerance. The committee has monitored compliance with this policy and is satisfied that during the year under review, the company has in all material respects complied with the policy.

Our risk management process

The board is accountable for material risk and is responsible for the management of strategic risks. The CEO and the members of Exco are responsible for the operational risks in the various business units. (For more on our board, and Exco, see page 78.) Moreover, we regard each staff member as having a responsibility for enabling the implementation of the policy. Our objective is to accomplish this through a risk-intelligent approach which is facilitated, coordinated and managed by the CEO.

We also continued to be cognisant of the proliferation of cyber risk both domestically and globally, and we acknowledge the importance of managing this type of risk as it grows in threat. We are therefore dedicating further resources to enhance our cyber resilience.

Process improvements

During the year under review, the internal audit function identified certain areas of the risk management process that required improvement to better align with international standards. This new approach will be formalised during FY2022, and in accordance, the company will embark on this course of realignment. This will have no bearing on the actual pertinence of the risks themselves – it comprises steps to correct certain aspects of the risk management process only. The company views both internal and external audit as being an integral part of the risk evaluation process. (For more on governance, see page 82.)

While the risk register for the year under review continued to contain risks relating to the company as well as those emanating from the wider financial, sectorial and economic landscapes, an overriding consideration remained the impact and implications of the ongoing societal and economic upheaval arising from the COVID-19 pandemic and the restrictions and constraints imposed in efforts to curb it.



Managing risk continued



Our risks and opportunities



Our material 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.



Risk rating key

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



Risk	Description	Effect	Rating before mitigation	Response/ mitigating factors	Long-term opportunities and strategic objectives	Rating
COVID-19 financial impact	Companies going into business rescue and liquidation, impacting vacancies, and thereby the landlord, by generating challenges in filling vacancies and concluding renewals, negatively affecting growth	<p>Unbudgeted COVID-19 rental relief/ongoing rental reduction and reprieve within the tenure and shorter lease terms</p> <p>Loss of income due to an increase in vacancies, closure of businesses, and absconding tenants</p> <p>Trade limitation due to the regulated restrictions by government through various lockdown levels</p>		<p>Acknowledgement of the pandemic, ensuring compliance with all prescribed preventative measures as regulated</p> <p>Deferring payments and extending lease agreements in place of providing relief</p>	Maximise relationships with tenants, business owners and service providers	



Risk	Description	Effect	Rating before mitigation	Response/ mitigating factors	Long-term opportunities and strategic objectives	Rating
Liquidity	<p>Insufficient liquidity to meet obligations:</p> <ul style="list-style-type: none"> » The inability to extend debt facility on maturity » Concentration of capital risk » Risk of adverse interest-rate fluctuations on the financial position and performance of the group 	<p>Inability to continue as a going concern and to pay distributions and retain REIT status</p> <p>Breaching loan covenants such as LTV and interest over ratio</p>		<p>Ensuring proper signed documentation is in place</p> <p>Training for the collections team</p> <p>Shortening the legal/litigation process</p> <p>Securing support for corporate action and capital raising</p> <p>Covenants are regularly discussed, and we meet frequently with our funders</p> <p>Pursuing disposal opportunities at appropriate value</p>	<p>Implementation of debit orders</p> <p>Incentives for collections</p> <p>Recapitalisation of the business</p> <p>Refinancing of debt and spreading the capital risk between various capital providers</p> <p>Stabilising the fund and pursuing growth off the new base</p>	



Risk	Description	Effect	Rating before mitigation	Response/ mitigating factors	Long-term opportunities and strategic objectives	Rating
REIT status	Loss of REIT status	<p>Loss of shareholder confidence and support</p> <p>Loss of the Section 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 on the challenges the company faces</p> <p>Executing the corporate strategy to rectify status</p>	Possibility of corporate action to improve the current position of the company	



Risk	Description	Effect	Rating before mitigation	Response/ mitigating factors	Long-term opportunities and strategic objectives	Rating
Valuations	Decline in direct property values	<p>Higher LTV</p> <p>De-leveraging of the balance sheet requiring more properties to be sold</p> <p>Difficulty in raising capital</p>		<p>Renewing material monthly leases to improve weighted average lease expiry (WALE)</p> <p>Keeping properties well maintained</p> <p>Strengthening and maintaining contact with our tenants</p>	<p>Disposing of assets at book value or higher</p> <p>Enhancing shareholder value through an increase in net annual value (NAV)</p>	



Managing risk continued

Risk	Description	Effect	Rating before mitigation	Response/ mitigating factors	Long-term opportunities and strategic objectives	Rating
Employee benefits	No attractive benefits	High staff turnover Staff attracted by competitors Inability to attract top talent		Implementing favourable employee benefits Company contribution towards employee benefits such as medical aid and provident fund	Increased staff morale Engaged and loyal staff	

Risk	Description	Effect	Rating before mitigation	Response/ mitigating factors	Long-term opportunities and strategic objectives	Rating
People and capital risk	Inability to retain management and key staff Unsuccessful talent acquisition and career progression	Loss of institutional knowledge and key skills required to execute the turnaround strategy Poor morale and performance		Implementing appropriate incentives and retention scheme Implementing a succession plan and communicating it effectively	Attracting and retaining talent	

Risk	Description	Effect	Rating before mitigation	Response/ mitigating factors	Long-term opportunities and strategic objectives	Rating
Vacancy and loss of rental income	Risk of increased vacancy and higher re-letting costs related to the evolution I supply and demand in the rental market	Rental income and cash flow affected by a increase in vacancy and the costs of re-letting Reduction in the quality and solvency of tenants resulting in an increase in doubtful debtors, thereby reducing the level of debt collection Decrease in the fair value of our real estate portfolio with a consequent decrease in the NAV and an increase in the debt ratio		Completing lucrative, attractive deals with multiple/bulk deals Aggressive canvassing for new tenants by cold calling and mall visits, scouting, and poaching	Hosting and entertaining groups of prospective tenants in order to build stronger relationships Creating and maintaining strong relationships with existing and prospective tenants	

Risk	Description	Effect	Rating before mitigation	Response/mitigating factors	Long-term opportunities and strategic objectives	Rating
Communication and transparency	Communication with both internal and external stakeholders to be clear and confirmed in writing when so required	Internal communication between Leasing, Tenant Coordination, Operation and Centre Management, and Legal departments is not always clear – often as a result of mutual lack of understanding of others’ roles and scope Poor communication and misunderstanding affecting decision-making, turnaround time, and action plans		Following the work=process flow and the checklist by informing all relevant participants in the process, i.e., Centre Management, Marketing, Operations, Finance and Leasing, and Tenant Coordination	Regular team meetings Channelling communication appropriately to the various stakeholders	

Risk	Description	Effect	Rating before mitigation	Response/mitigating factors	Long-term opportunities and strategic objectives	Rating
Changing economic environment	Impact of decreasing consumption and a decline in the economy/suitability of tenants	Decline in: » Consumer confidence » Tourism » Mall statistics and footfall » Fair value of property Job losses Reduction in demand for shops Higher vacancy rates Possible bankruptcies and liquidation of businesses		Quality of tenants with mainly retail chains and a limited annual provision for doubtful debtors (on average, about 0.5% of rent per year) Sectoral diversification of customers and low average contractual rent Incorrect category or type of tenant for exiting tenant mix	Repurposing and reutilising some leasing areas Maintaining a symbiotic tenant mix Reassessing demand and supply Assessing the needs and spending power of the community	

Engaging our stakeholders

SRC

Our stakeholders form a fundamental part of our social and relationship capital, and enduring partnerships with them comprise a critical element of our ability to capitalise on the opportunities arising from our business activities and managing the risks that we face.

We consider our key stakeholders to be those groups who are materially impacted by our business activities. We recognise that their interests are dynamic, and that these interests require ongoing analysis and management to enable us to determine their needs and concerns and to respond appropriately.

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


Positive relationships


Our method to stakeholder engagement is to invite open communication where the concerns of our stakeholders are addressed through feedback and are incorporated into our business in a meaningful manner.

During the year under review the impact of COVID-19 necessitated the introduction of new ways of engaging with our stakeholders, and our executive team launched innovative virtual channels in this regard.


We rely on positive relationships with our diverse stakeholders to achieve our mission and we understand that engaging with stakeholder expectations can help us identify the material issues impacting our business.

EMPLOYEES	
	<p>What matters to them</p> <ul style="list-style-type: none"> » Job security » Career development and growth opportunities » Clear and timely communication » Remuneration policy » Code of Ethics and policies » Skills retention » Employment equity » COVID-19 » Safe working environment
	<p>How we engage</p> <ul style="list-style-type: none"> » Job profiles linked to KPIs » Market-related packages and STIs » Regular gatherings » Employee wellness initiatives » Social initiatives » Work from home
	<p>Our response</p> <ul style="list-style-type: none"> » Motivating employees to deliver our strategy » Employees who are aligned to our company values » Skills attraction and retention as well as ongoing skills development » Non-discrimination employment practices by applying consistent policies and procedures for all employees » Hiring competent employees » Ethical leadership » Safe working environment. » Access to VPN while working from home » WiFi data provided by the company » Sanitisers at the entrance of the workplace » Free surgical masks every day » Non-contact temperature devices » Social distancing in the office

INVESTORS							
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #e6f2ff;">What matters to them</th> <th style="background-color: #e6f2ff;">Our response</th> </tr> </thead> <tbody> <tr> <td style="border-top: 1px dashed #ccc;"> <ul style="list-style-type: none"> » Distribution consistency and growth » Stable investment performance » Accessibility of executives » Timely information » Risk management » Ability to execute our strategy » Corporate governance » Capital appreciation </td> <td rowspan="2" style="border-top: 1px dashed #ccc; vertical-align: top;"> <ul style="list-style-type: none"> » Expectations and perceptions of investors are communicated to and addressed by the board » Transparent, accurate and timely communication </td> </tr> <tr> <th style="background-color: #e6f2ff;">How we engage</th> </tr> <tr> <td style="border-top: 1px dashed #ccc;"> <ul style="list-style-type: none"> » JSE SENS announcements » Engagement prior to results announcements » Pre-close discussions and announcements » Integrated annual reports » Investor presentations » One-on-one meetings » Regular telephone contact with investors </td> </tr> </tbody> </table>	What matters to them	Our response	<ul style="list-style-type: none"> » Distribution consistency and growth » Stable investment performance » Accessibility of executives » Timely information » Risk management » Ability to execute our strategy » Corporate governance » Capital appreciation 	<ul style="list-style-type: none"> » Expectations and perceptions of investors are communicated to and addressed by the board » Transparent, accurate and timely communication 	How we engage	<ul style="list-style-type: none"> » JSE SENS announcements » Engagement prior to results announcements » Pre-close discussions and announcements » Integrated annual reports » Investor presentations » One-on-one meetings » Regular telephone contact with investors
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FUNDERS							
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How we engage							
<ul style="list-style-type: none"> » Contractually required information flow » Regular communication 							

Engaging our stakeholders continued

TENANTS	
	<p>What matters to them</p> <ul style="list-style-type: none"> » COVID-19 measures and implications » Market-related rentals and escalations » Initiatives to enhance shopper experience and attract new shoppers » Tenant and landlord communication » Mail security, management, cleanliness and maintenance » Continuous supply of utilities » Consumer spending » Tenant mix improvements
	<p>Our response</p> <ul style="list-style-type: none"> » COVID-19 rental relief » Sanitisers at building entrances » Marketing projects and events to increase footfall » Effective security presence » Fun-filled malls that attract visitors » COVID-19 rental relief » Sanitisers at entrances of all our buildings » Promotion of social distancing by using stickers and markers around the centres
	<p>How we engage</p> <ul style="list-style-type: none"> » Government: Regular communication with the Department of Public Works » Retail On-site property management teams Print, web, social media and telephonic communication

SUPPLIERS	
	<p>What matters to them</p> <ul style="list-style-type: none"> » Market-related contracts » Fair opportunities for business » Timely payments » Clear and timely communication
	<p>Our response</p> <ul style="list-style-type: none"> » Procurement policies and procedures » Partnership philosophies
	<p>How we engage</p> <ul style="list-style-type: none"> » Procurement processes » Ongoing engagement

VISITORS AND SHOPPERS	
	<p>What matters to them</p> <ul style="list-style-type: none"> » COVID-19 » Safe and secure shopping environment » Continuous improvement in shopping experience » Tenant-mix improvements » Retail and entertainment offering
	<p>Our response</p> <ul style="list-style-type: none"> » No-mask, no-entry policy » Sanitisers at mall entrances » Convenient, safe shopping experience » Unique experience and entertainment » Sanitisers at mall entrances » Stickers and markers in the malls to ensure social distancing
	<p>How we engage</p> <ul style="list-style-type: none"> » Shopper surveys » Social media and web communication » In-mall communication and signage

LOCAL COMMUNITIES AND CIVIL SOCIETY	
	What matters to them <ul style="list-style-type: none"> » COVID-19 » New experiences » Social and economic development » Investment into communities » Environmental impact
	How we engage <ul style="list-style-type: none"> » Environmental initiatives » Corporate Social Initiatives at our properties » Bursaries » Involvement in city improvement districts
Our response <ul style="list-style-type: none"> » Provision of COVID-19 screening and testing centres in partnership with Faith Care Health and government at three shopping centres in Gauteng » Positively impacting our communities 	





GOVERNMENT AND REGULATORS	
	What matters to them <ul style="list-style-type: none"> » Legal and regulatory compliance » Tax compliance » Employment equity » JSE listings requirements
	How we engage <ul style="list-style-type: none"> » Communication on building compliance » B-BBEE scorecard » Tax returns » Employment equity reporting
Our response <ul style="list-style-type: none"> » Compliance with laws and regulations » Transformation efforts to improve B-BBEE scorecard and ESG 	



Our employees

HC

Our employees together constitute our Human Capital, and their wellbeing, concerns and development, as well as their commitment and ability to work productively, are fostered by our Human Resources (HR) department, whose head is a member of Exco.

Underlying material matters	
	Persistence of COVID-19
	Loan-to-value (LTV) rate
	Macro-economic conditions
	Rental concessions

Stakeholders impacted	
	Employees
	Investors
	Funders
	Tenants
	Suppliers
	Visitors and shoppers
	Local communities and civil society
	Government and regulators

Our aim is to inspire an inclusive culture with an open door policy. This aspiration is exemplified by our CEO's morning walks around our open plan office floor, during which everyone is greeted. With an average age of 34, our staff complement is a young group, which has a preference for the kind of inclusivity that is a central part of our ethos.

From time to time we host an office group coffee and a breakfast, a custom we have also introduced at operations. The exigencies of COVID-19, however, made this very difficult to maintain during the year under review.

Material HR issues

The most significant factor in both the working and private lives of our employees during the financial year was the continued and pervasive presence of the COVID-19 pandemic and its accompanying constraints and regulations.

The Rebasis office implemented lockdown in March 2021, before its official national imposition, at which point a 50% rotation policy for all our operations was mooted, although this was only instituted in August.

There were several areas on which the HR department focused during the year under review, including:

» **COVID-19 preventive measures**

The HR department was throughout the year actively engaged in providing continuously updated COVID-19 information to all employees. All COVID-19 protocols were strictly adhered to within a carefully framed plan of action designed to ensure both staff safety and business continuity. Work schedules were accordingly devised that included:

- Dividing the employees into groups for working at the offices and at property sites
- All employees over the age of 60 being completely exempted from working at the offices
- Provision of a laptop for all employees who did not have one and who were working from home
- Provision of dongles to facilitate communications for employees working in such areas as reception or collections
- Transport for support staff to and from home in order to diminish the risk of exposure to COVID-19
- Regular office fumigation and sanitisation every four weeks to ensure, as far as possible, a safe and hygienic working environment
- A sanitiser station at every entrance
- Ongoing encouragement to employees to take the COVID-19 vaccination

Health and employee wellness

In addition, we entered into a partnership with leading employee health and wellness provider Independent Counselling and Advisory Services (ICAS), which delivers our Employee Assistance Programme (EAP). Every employee was provided with an unstructured supplementary service data (USSD) number for quick and easy access to advice and guidance from ICAS as and when they required it.

Aside from COVID-19 issues, we undertook other health and wellness initiatives such as observing and highlighting Cancer Awareness Month.

We ensure that our maintenance staff undergo health and safety and first-aid training in aspects of their work such as firefighting and working at heights. This is part of our overall training plan, whose aim is to ensure that we remain vigilant and that the work environment is safe. No notable incidents of employee safety jeopardy were recorded during the year under review.

» Performance management

The company has a structured performance-management process that is followed within the financial year, and which includes mid-year and year-end reviews. During the process, individual performance is assessed and recognised through STIs. Our STIs are based on our philosophy of rewarding performance with bonuses whose structure is determined by company performance, individual performance and affordability. (For more on remuneration, see page 94.)

During the performance-management processes, KPIs for the next financial year that include personal development plans were determined and agreed upon by managers and subordinates with guidance from HR. No serious performance issues were noted during the year under review.

» Skills development

Despite the depredations of the pandemic, the company maintained its policy of robustly encouraging a culture of learning and development by continuing to offer bursaries and short skills programmes for employees.

Over the past three years we have supported ten bursary students, including those continuing their studies until qualification. We have, through the University of Johannesburg (UJ), also partnered with the South African Property Owners Association (SAPOA), to provide an opportunity for industry-specific qualifications. HR is a key part of this initiative by coordinating and managing the learning and development process.

In addition, over the past three years the company has been running learnerships through an accredited service provider registered under the Sector Education and Training Authority (SETA). We run these learnerships to provide opportunities to previously disadvantaged people. Our focus has been on youth living with disabilities and who under normal circumstances would not have had access to qualification-driven study or to skills training. Since its inception this initiative has supported 42 learners. The qualification area on which we have focused has been in general management and new venture creation.

We also, under SETA, continued to run junior management programmes, where junior employees are enrolled in the learnership. The aim of these programmes is to capacitate participants and to prepare them for senior roles within the company.

While our training plans were somewhat slowed during the year by the fact that many institutions were not geared for online instruction, we were still able to utilise R2.3 million of our allocated budget of R3.4 million for this purpose, and our trainee numbers have continued to grow.

Our employees continued

EE breakdown at group level

	TOP MANAGEMENT										
	Male				Female				Foreign national		Total
	A	C	I	W	A	C	I	W	Male	Female	
EAP	42.7%	5.2%	1.7%	5.1%	35.8%	4.4%	1.1%	4.0%	0.0%	0.0%	100%
Actual	1	0	0	0	2	0	0	0	0	0	3
%	33%	0%	0%	0%	67%	0%	0%	0%	0%	0%	100%

	SENIOR MANAGEMENT										
	Male				Female				Foreign national		Total
	A	C	I	W	A	C	I	W	Male	Female	
EAP	42.7%	5.2%	1.7%	5.1%	35.8%	4.4%	1.1%	4.0%	0.0%	0.0%	100%
Actual	5	0	0	1	1	2	1	1	1	0	12
%	42%	0%	0%	8%	8%	17%	8%	8%	8%	0%	100%

	MID MANAGEMENT/PROFESSIONALLY QUALIFIED										
	Male				Female				Foreign national		Total
	A	C	I	W	A	C	I	W	Male	Female	
EAP	42.7%	5.2%	1.7%	5.1%	35.8%	4.4%	1.1%	4.0%	0.0%	0.0%	100%
Actual	4	1	2	11	8	3	1	7	0	0	38
%	11%	3%	5%	29%	21%	8%	3%	18%	0%	3%	100%

Economically active population targets

While all South African companies use the same sector EAP target as generated by the Employment Equity Commission (EEC), it is important to note that:

- » Our EAP targets are country-aligned not sector-aligned
- » Our goal is to ensure that we meet the target, or attain numbers very close to it, for African males and females in all occupational categories
- » We define the acceptable gap or deficit in each category to be 10%
- » **Employee relations**
The HR department ensures that:
 - All employees are aware of and understand company policies and procedures, and that we continuously review them to ensure that they are legal and updated

- Harmony prevails amongst employees by applying policies fairly and consistently
- There is a dispute resolution process in place and that all employees are encouraged to follow it in the event of dissatisfaction or disagreements
- That there is continuous training in, and awareness of, policies and procedures

» Succession planning

While a talent management and succession-planning process was not yet formally in place during the year under review, there have nonetheless been internal promotions at all management levels, including the promotions of:

- Legal advisor to Head of Legal
- Property accountant to financial manager
- Facilities manager to facilities executive

Our strategy for the new financial year is to implement the process.

» **Remuneration, recognition and rewards**

During the year under review, we implemented the Patterson grading system through a partnership with PwC and Remchannel. We undertook this initiative to ensure that the company is aligned with the principle of equal pay for equal work, and that all employees are remunerated fairly in terms of it. This process has also allowed us to adjust the remuneration of all mis-aligned employees by examining their qualifications, years of experience, and tenure at the company.

We also implemented long-service rewards to recognise loyalty and acknowledge deserving employees. Our aim is to introduce short-term employee recognition incentives such as Employee of the Month awards. (For more on remuneration, see page 94.)

» **Whistleblowing**

As a JSE-listed company we are bound by a legal requirement to have a whistleblowing process in place, and we have partnered with Deloitte to manage our platform. A company-wide training and awareness initiative was undertaken to familiarise all employees with the process. Deloitte provides quarterly reports on any whistleblowing incidents and all such incidents are accordingly investigated internally.

During the year under review 28 calls were received on the Reboasis Hotline number of which only six were material cases. All these cases were thoroughly investigated and satisfactorily resolved, without any of the alleged malice, mismanagement or illegal activities on the part of the reported individuals having been proven or established.

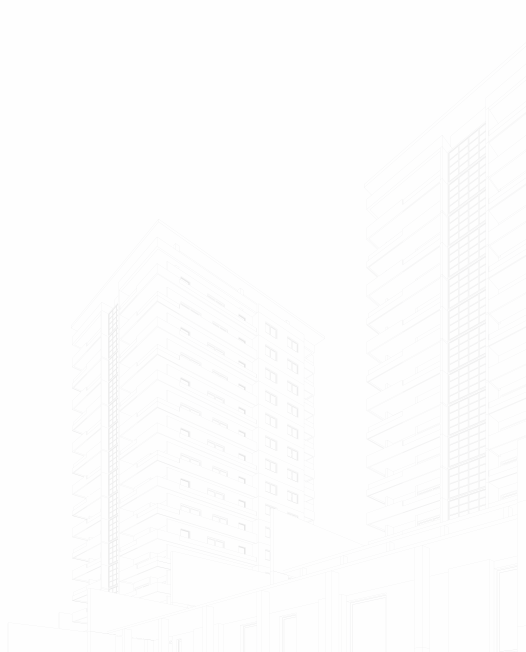
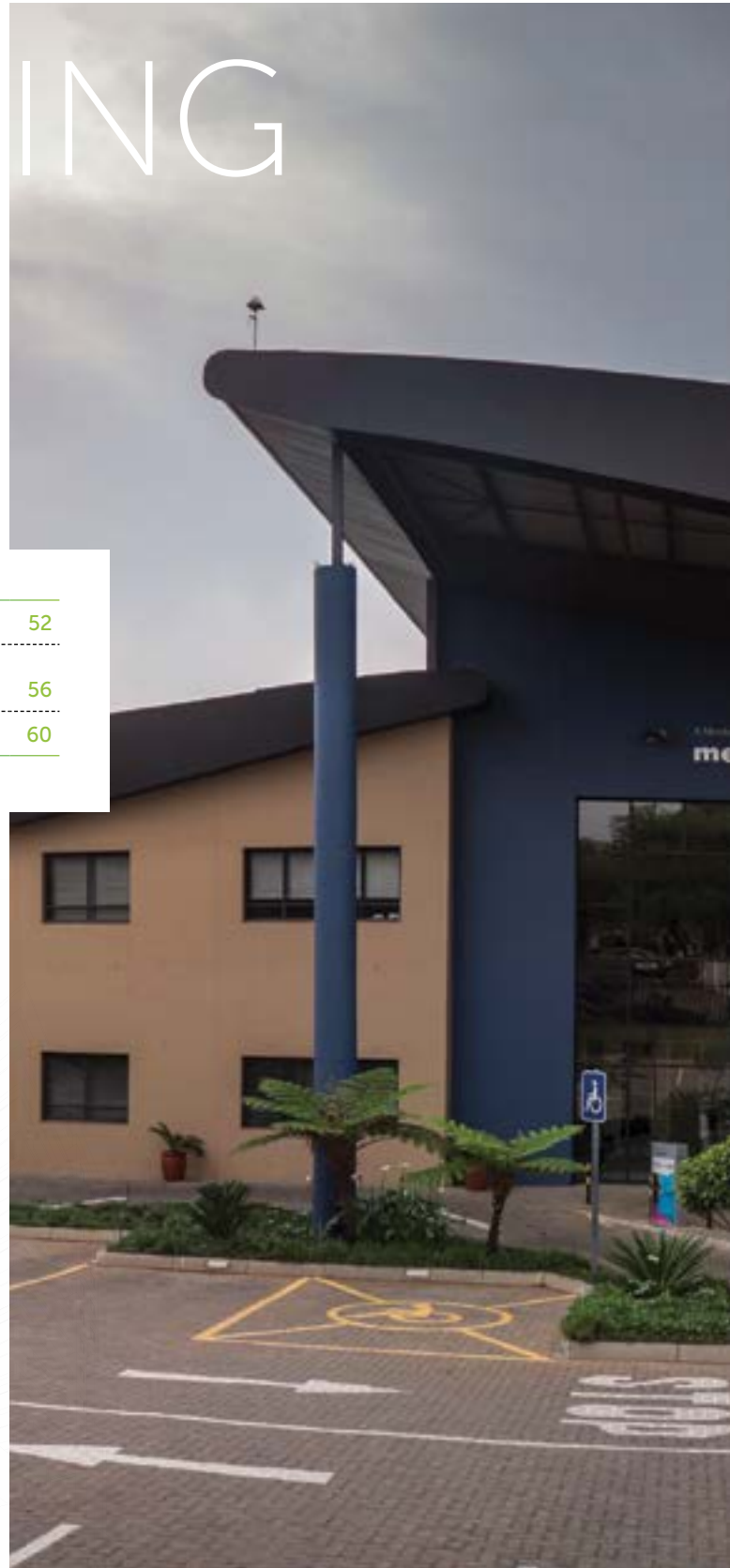
Looking ahead

We are confident that Reboasis has shown resilience over the 18 months in which COVID-19 has been the dominant factor in workflow and conditions for all our employees. While there have been delays experienced with contractors, we have not seen any major lacunae in service delivery. (For more on our operations, see page 56.)

In the short- to medium-term, we will continue to maintain our customer-centred relationships. We identified a gap in our procurement, which led us – during the lockdown in June 2020, when others were retrenching – to employ a procurement executive to correct this. Our employment of a facilities executive, also in June 2020, was a step taken to ensure that we remain focused on our customer-centric ethos to promote growth. With both these appointments also strong EE Candidates, we believe that our proactive approach will continue to characterise our recruitment and EE goals.

DELIVERING VALUE

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Maintaining our assets	60









CFO's report

During the year under review, despite the ongoing headwinds arising from straitened macro-economic conditions, much of which were exacerbated or caused by the persistence of the COVID-19 pandemic and the lockdowns and restrictions imposed to contain it, the company was able to record a satisfactory performance.

Underlying material matters

	Persistence of COVID-19
	Loan-to-value (LTV) rate
	Macro-economic conditions
	Rental concessions

Stakeholders impacted

	Employees
	Investors
	Funders
	Tenants
	Suppliers
	Visitors and shoppers
	Local communities and civil society
	Government and regulators

FC

Overview

The management of finance forms a fundamental part of our financial and intellectual capitals, and its rigorous and transparent control has a direct bearing on our ability to create value for our shareholders.

IC

Commercial property revenue

Of our two portfolios, respectively comprising commercial and retail properties, the former was not greatly affected by the COVID-19-related regulations and in particular, the work-from-home schedules that characterised much of the private sector. The reason for this is that our office space is rented mainly to government, whose employees for the most part continued to operate from their work premises. This assured us of an uninterrupted revenue stream that was also largely not subjected to rental concessions, reversions, or other compromises. With no real loss of sovereign tenant income in this portfolio, it served as a bulwark against the deprecations of the pandemic in respect of our retail space.

Retail property revenue

As opposed to our commercial portfolio, our retail properties were affected by COVID-19 and the associated regulations, with many smaller businesses struggling to survive the difficulties of sourcing stock, diminished footfall, and, in the case of some business types, such as entertainment, restaurants and liquor traders, losing for extended periods the ability to trade at all. Our revenue was impacted by this and other factors arising from, or caused indirectly by the pandemic, including:

- » Rental concessions
- » Rental reversions
- » Escalating property and utility rates outstripping inflation
- » Increased security expenses
- » Increased tenant improvement (TI) costs

The result was that we traded at a lower level than expected. (For more on our operations, see page 56.)



Asathi Magwentshu
Chief Financial Officer
31 December 2021

Portfolio assets and disposals

The total portfolio of investment properties, namely the retail portfolio, commercial and industrial portfolio, was valued by independent valuers, Quadrant Properties. All properties are reflected at fair value. As at 31 August 2021, the portfolio including investment property held for sale was valued at R13.1 billion (2020: R13.2 billion) for the group and R7.3 billion (2020: R7.0 billion) for the company.

The large majority of commercial and industrial investment properties were reported as investment properties held for sale as at 31 August 2021. The value of investment properties held for sale at 31 August 2021 was R6.0 billion for the group (2020: R1.2 billion) and R3.7 billion for the company (2020: R0.2 billion).

The weighted average capitalisation rate of the retail portfolio is between 8.00% and 9.25% (2020: 8.00% and 9.25%) and 8.75% and 11% (2020: 8.25% and 10.75%) for the office and industrial portfolio. Note 3 of the annual financial statements discloses the underlying assumptions impacting the valuations. Please refer to the director's report as well for further details on the investment property valuations.

I am pleased to report that on 21 October 2021, the group announced it had concluded agreements with Ulricraft (Pty) Limited (Ulricraft) for the sale of a portfolio of government- and state-tenanted office assets for a cash consideration of R6.3 billion. Ulricraft is a wholly-owned subsidiary of Vunani Capital Partners Limited (VCP), a company listed on Equity Express Securities Exchange.

The transaction is subject to several conditions precedent, which are expected to be closed in the first half of 2022.

Goodwill impairment

During the 2021 financial year, the carrying value of the goodwill attributable to the acquisition of Reboasis Asset Management (Pty) Limited and Reboasis Property Services (Pty) Limited was fully impaired.

The impairment charge amounted to R239 million at the group level. Management have adopted a conservative outlook on the expected free cash flows arising from the asset management and property services businesses within a challenging business environment, prompting the recognition of the impairment charge.

Expected credit losses

The persistent impacts of the lockdowns, coupled with a constrained macroeconomic backdrop, have necessitated an increase in the expected credit loss allowance during the 2021 financial year. The group's expected credit loss allowance has increased to R105 million from R54 million in 2020.

Expected credit losses are determined using a simplified approach, whereby the lifetime expected credit losses are recognised. Management has exercised a great deal of prudence and conservatism in formulating the loss allowance and we remain confident that the loss allowance will be sufficient to cover all future losses. This case is strengthened in the light of strong rental collections over the past several months, which have averaged over 100% of monthly billings since May 2021.

Deferred payment liability

The deferred payment liability, which relates to the portion of the proceeds payable to Billion Group (Pty) Limited, Nedbank Limited and Abacus (Pty) Limited for the acquisition of the Baywest, Forest Hills City, Billion Asset Management (Pty) Limited and Billion Property Services (Pty) Limited, increased from R146 million in 2020 to R284 million as at 31 August 2021.

The increase in the liability follows the conclusion of an extensive and lengthy dispute resolution process between the company and Billion Group (Pty) Limited, which was concluded during the 2021 financial year. Further details pertaining to the deferred payment liability are reflected in note 17 of the group annual financial statements.

Prepayment land

The company and group recorded a receivable of R42 million at 31 August 2021 relating to the purchase of the land adjacent to the Forest Hill City Mall. As the land was paid for by the company and the transfer of the land was not completed at year-end, a prepayment for the land was recognised at year-end.

Interest

Prime interest rates remained low, which enabled us to effect savings, despite the large amount of debt in our book. During the year under review, we continued to experience very high levels of LTV and an interest-coverage ratio lower than what the market expects.

CFO's report continued

Funding and covenants

The group's LTV at 31 August 2021 was 71.4% (2020: 72.4%). The company is currently in breach of its loan covenants with the banks with the concomitant risk of susceptibility to loans recall at any point. Our strategic aim continued to be to lower our LTV levels and thus normalise our interest-coverage ratio and resume the paying of dividends. The recently announced portfolio sale of assets for the value of R6.3 billion is the single targeted business disposal activity by the group to restructure the company's balance sheet successfully. The consummation of this transaction will allow Rebasis to settle a large portion of its current debt, potentially resetting the LTV to acceptable levels.

During the FY2021, the group's borrowings remained marginally unchanged at R9.5 billion. Management renewed cumulative 98% of the debt in the 2021 financial year. The weighted average cost of debt for the year was 6.4% compared to the prior year of 8.5%. The notional value of interest rate swaps was R2.7 billion as at 31 August 2021 (2020: R3.7 billion). At 31 August 2021, the group had fixed 28% of the overall debt (2020: 39%).

Liquidity

Because of the breached covenants, we faced liquidity issues that compelled us to consider whether to pay dividends to shareholders or utilise the cash to support the business. The outcome of this consideration remained the foregoing of dividend payments in favour of servicing interest and continuing operations.

Collections

During the year under review, we saw a high level of rent collection, due both to the diligence and commitment of the responsible team, and the fact that the greater proportion of our commercial tenants are government agencies and departments, and that as an established vendor, we were able to ensure continued regularity in payments.

Distributable income

The group generated a total distributable loss of R129 million in 2021. This distributable loss has been impacted by COVID-19 concessions on the retail portfolio and bad debt write-offs and provisions.

To accelerate the efforts of the group to de-leverage the balance sheet, the board of the group resolved not to declare a dividend for the 2021 financial year.

Tax

As a REIT, we are not required to pay tax on profits, a benefit that is filtered down to shareholders who receive dividends. When these are not paid, however, tax is levied on the earnings. The trade-off nevertheless remained beneficial overall, as the tax payment still amounted to less than the dividend distribution.

Risk management

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

Projections

While we understood at the outset of FY2021 that COVID-19 would be an ongoing critical factor in our performance projections, no-one could accurately predict the subsequent waves that manifested themselves, or the extent of other factors such as the amount and frequency of loadshedding. The latter also exerted pressure on our revenues, as the costs of generator diesel and more frequent repairs and maintenance (R&M) increased. (For more on procurement and maintenance, see page 60.)

In establishing our targets, we considered the sectors most disrupted by the pandemic and its regulations. We understood that with entertainment, and food and beverages being the most impacted, complicated by the necessity of social distancing, only a small percentage of our income would be directly affected. The spectre of online shopping as a direct threat was not considered to be of significant import, because the location of our malls tends to attract shoppers who prefer to physically enter outlets to make their purchases. (For more on risk, see page 92.)

Looking ahead

The main factor impacting our business in the short-to medium-term will be the closing of our commercial portfolio disposal deal. This will make a substantial contribution to our cash reserves and enable us to de-leverage our balance sheet and thereby significantly improve our LTV to a level acceptable to the REIT market.

Once the debt is reduced to normal levels, we anticipate a positive sentiment in the market regarding the company and its ability to create value, with the real value of assets able to assert itself. With increased investor confidence will come a rise in the share price as investment gains become an achievable goal.







Commercial department: Managing our retail assets

- FC
- IC
- MC
- NC

Our assets form the core of our business and as such their effective and profitable management is a key component of our Financial, Intellectual, Manufactured, and Natural Capitals. Their management falls under the responsibility of the company's Commercial department.

Underlying material matters

	Persistence of COVID-19
	Loan-to-value (LTV) rate
	Macro-economic conditions
	Rental concessions

Stakeholders impacted

	Employees
	Investors
	Funders
	Tenants
	Suppliers
	Visitors and shoppers
	Local communities and civil society
	Government and regulators

Overview

During the year under review, the company continued to retain 41 properties in all, five of which are shopping centres, and one an industrial site, with the remainder comprising 35 office buildings.

With our strategic focus for the year under review founded on the imperative of increasing income and generating new sources of revenue, our goal was predicated on the need to fill vacancies and complete renewals. However, in the face of the ongoing COVID-19 pandemic and its associated constraints, regulations and preventative measures, the year proved to be a challenging one.

The principal COVID-19-related issues that impacted revenue and challenged the productive management of our assets were:

- » The introduction of a work-from-home regime
- » Lockdown-influenced decline in mall footfall
- » Month-to-month rental conditions induced by falling trade, in place of long-term renewals
- » Longer lease renewal turnaround times and slower vacancy filling
- » Rental reversions
- » COVID-19 rental relief
- » Provision of preventative measures such as sanitising stations and cleaning

While the outbreak of political unrest and looting in July 2021 was a business impact factor resulting in both increased security and restricted trading, our assets were not unduly affected.

Rebosis Retail Trading Performance analysis per shopping centre FY2021

Centre	GLA	Total turnover all stores R'000	T/O Growth 24 months YOY	Trading density annual	Trading density growth	Rent to sales annual	Foot count annual	Foot count growth 24 months	Car amount annual	Car amount growth	Spend per head - FY	People per m ²
Bloed Street Mall	26 400	579 822 044	0.22%	38 227	0.22%	6.49%	7 794 807	(11.10%)	0	0.00%	R37	25
Sunnypark Shopping Centre	27 659	373 391 147	3.16%	30 067	1.03%	8.92%	6 441 312	0.05%	346 655	(40.16%)	R58	20
Forest Hill City	73 294	732 679 252	(1.25%)	29 186	1.55%	6.99%	3 879 051	(5.60%)	1 750 324	135.34%	R188	5
Gauteng	127 353	1 685 892 443	0.20%	31 919	1.34%	7.22%	18 115 170	0.00%	2 096 979	0.00%	R93	12
Hemingways Mall	73 829	1 679 429 727	7.58%	37 295	4.65%	6.33%	6 260 449	(9.21%)	1 713 877	14.26%	R269	8
Baywest Mall	88 620	1 574 282 674	6.68%	33 489	5.76%	6.87%	5 568 110	(0.03%)	1 838 014	7.58%	R280	6
Eastern Cape	162 449	3 253 712 402	7.14%	35 358	5.37%	6.59%	11 828 559	(5.11%)	3 551 891	10.70%	R274	7
Total	289 802	4 939 604 845	4.67%	34 063	3.96%	6.79%	29 943 729	(5.78%)	5 648 870	24.66%	R164	9

Description	Total GLA	Trading density; % y/y	Annualised Trading Density (R/m ²)	Cost of occupation (Rent/ Turnover) (%)	Foot count per sqm	Money spend per head	Average monthly parking income per bay (total) R
MSCI Regional SC Benchmark	2 136 206	10.69	31 151.09	9.37	8.44	245.88	134.39
MSCI Small Regional SC Benchmark	1 088 523	10.00	29 829.16	8.67	6.94	188.43	132.40

* Data courtesy of MSCI Retail Trading Density Benchmark Q3 2021

Commercial department: Managing our retail assets continued

The achievement was all the more notable because the indicators by which location and trade are measured all showed significant impact from the pandemic, as illustrated by the tables below.

Spend per head

Mall	Current month		Annualised 12 months	
Bloed Street Mall	70	(10.6%)	73	10.9%
Hemingways Mall	269	1.6%	269	4.5%
Sunnypark	50	(10.0%)	58	(0.1%)
Baywest Mall	271	(4.9%)	280	5.8%
Forest Hill City	174	(6.1%)	188	3.9%
Portfolio	155	(6.9%)	213	5.3%

Rent to sales

Mall	Current month		Annualised 12 months	
Bloed Street Mall	7.1%	48.63 bps	6.5%	(196.6) bps
Hemingways Mall	6.5%	84.27 bps	6.3%	(172.89) bps
Sunnypark	10.7%	92.4 bps	8.9%	(177.44) bps
Baywest Mall	7.4%	274.05 bps	6.9%	(207.23) bps
Forest Hill City	7.0%	(4.21) bps	7.0%	(45.34) bps
Portfolio	7.2%	125.82 bps	6.9%	(144.7) bps

Organic turnover (Like-for-like)

Mall	Current month		Annualised 12 months	
Bloed Street Mall	16 417 939	(1.85%)	217 789 587	(5.2%)
Hemingways Mall	54 666 80	(0.8%)	645 243 903	4.3%
Sunnypark	10 310 137	(4.6%)	144 246 268	0.4%
Baywest Mall	58 323 044	(11.0%)	803 196 609	3.5%
Forest Hill City	29 405 919	(10.6%)	389 167 438	3.4%
Portfolio	169 123 219	(6.6%)	2 199 643 805	2.6%

Gauteng	Current month		Annualised 12 months	
Annualised Trade Density	28 158	(7.1%)	31 240	(1.3%)
Footfall	1 476 490	(7.0%)	18 115 170	0.0%
Car count	208 499	856.8%	2 096 979	0.0%
Rent to sale	7.8%	4.8%	7.3%	(8.9%)
Spend per head	84.84	(10.5%)	135.32	0.0%
Organic turnover (Like-for-like)	56 133 995	(7.1%)	751 203 293	0.2%

Eastern Cape	Current month		Annualised 12 months	
Annualised Trade Density	32 137	(4.3%)	27 471	5.4%
Footfall	905 001	(1.9%)	11 828 559	(5.1%)
Car count	283 575	(3.1%)	3 551 891	10.7%
Rent to sale	6.9%	33.4%	6.6%	(22.1%)
Spend per head	270.24	(1.5%)	275.00	4.0%
Organic turnover (Like-for-like)	112 989 224	(6.3%)	1 448 440 512	3.9%

Ref: Word doc: Rebasis board Asset Mgt Report – Trading information

Strategic considerations

While month-to-month agreements do constitute a source of revenue, and we recognise them as points of trade and income, they nevertheless remain a risk for the business. (For more on risk, see page 92.)

We were willing to provide month-to-month terms for some retailers, particularly in sectors such as entertainment and hospitality that were hardest hit by the pandemic regulations and lockdowns. Not renewing was an efficient measure for us as landlord, as we understood that all projections would remain clouded by non-performance due to the pandemic, and we would not be able to move forward from this position.

It was thus a strategic decision to set those renewals aside until we saw a more comprehensive relaxation of the regulations, although we assumed this approach only with tenants whom we knew would not vacate.

Facilities, upgrades, and continuity

In order to ensure that malls continued trading, the Commercial department was engaged in ongoing efforts to provide seamless maintenance of service. This included confirming, among other things, that:

- » COVID-19 protocols were in place and being acted upon in line with governmental regulations
- » Sanitisers were provided at cashpoints
- » Screenings were conducted at offices and buildings

While the management of leases remained the main challenge of the industry as a whole, and of the company in particular, we undertook a significant number of upgrades in our commercial buildings, including work done on facades, lifts, air conditioning, and other installations – together incurring considerable capital expenditure. (For more on procurement, see page 60.)

Corporate citizenship

The pandemic exacted a high socio-economic price on both individuals and business, and as part of our adherence to the values of responsible corporate citizenship, we remained committed to playing a positive and constructive role.

We believe that we have a responsibility to protect workplaces within the communities we serve. With this in mind, in line with our commitment to the principles of enterprise development, we understood that by assisting retailers to remain in business, we were at the same time assisting in facilitating the retention of jobs. Moreover, our actions in this regard aided in our being viewed as more than simply a landlord, and in becoming acknowledged as an organisation that cares about its tenants. The outcome is an increase in loyalty, and the generation of greater support among our tenants.

Risk

The most important risk we faced in the Commercial department with regard to the management of our assets, was the increase in rates. This is a risk that will continue to exert a threat on our operations, and in significance it is already reaching a par with the cost of tenant occupancy.

It is from this aspect of our business that rental reversions originate, as tenants view their occupancy costs as a whole, regardless of the fact that the rates component is paid directly to the municipality. With gross rental costs thus affected, our overall occupancy becomes subject to this consideration. The outcome is that when we examine renewals, we are forced to take into account the tenant's total cost of occupancy, and try to ensure that the tenant's outlay is sustainable. (For more on finance and risk management, see pages 52 and 37 respectively.)

Budgeting and planning challenges

» Retail

Our success in negotiating the tougher periods of lockdown notwithstanding, we still were not able to meet our targets. We normally begin the process of finalising targets in June, and by that time in 2020, the country was already beginning to come out of the original lockdowns. In the air of positivity that prevailed then, we did not adequately foresee the eventual advent of tougher measures, the restrictions that were to be imposed on the hospitality industry, or the strictness of the curfews and other regulations.

Thus, while we had indeed taken COVID-19 relief measures into account in our planning, we ultimately had to provide for more than we originally anticipated. For example, we faced a period of about two months when liquor could not be sold at all except on the weekends, where we had planned only for the possibility of only evening closures.

Towards the end of the financial year, we began to see a fair increase in demand for retail space. The excellent relationships that constitute the social and relationship capital that we foster in the industry, resulted in many retailers supporting us with new stores and rollouts. We thus saw growth that we believe will be manifested in the medium term.

» Commercial office space

While these restrictions had a significant effect on the retail trade, we were able to offset the potential losses through our commercial office portfolio, where the bulk of our tenants are government departments. At a time when most offices in the private sector were implementing work-from-home protocols, government in the main tended to continue utilising its office space, and to pay rent. Income on the commercial side therefore remained relatively strong, matching the numbers that we had anticipated. (For more on finance and stakeholder management, see pages 52 and 42 respectively.)

Looking ahead

During the first six months of the pandemic, from March to September 2020, we saw the outcome at store level reflected in declines in stock availability. However, a turnaround is beginning to become apparent, with the 2021/2022 summer season having started and been launched as planned, and shelves well-stocked. Having been caught off-guard in the prior year, retailers have planned well in advance for exigencies. (For more on our operating context, see page 21.)

We therefore believe that in the short term we will not be as severely impacted in terms of supply chains or logistics. The concern, however, remains that during this fourth wave of COVID-19 the hospitality industry will once again be affected. We have seen that as soon as a shift in lockdown or curfew level is announced, a concomitant drop in footfall is experienced in the retail space.

While we have seen an improvement in overall footfall figures, they are not pegged at the level at which we believe they should be. Despite growth from the position prevailing at the end of FY2019, there remains a significant gap of 50% between the actual and the projected. However, in comparison to FY2019, we are seeing trading having significantly increased. We believe that this trend will continue in the short term, subject, however, to the unpredictability of repeated waves of the pandemic.

In the medium- to long-term, and following global trends, we will have to take into consideration in our planning the impact of online shopping. This will exert a downward pressure on footfall unless we devise alternative ways of drawing people to the shopping centres. This will require innovative thinking and a degree of reinvention in order to provide attractions for which no button can be clicked.





Maintaining our assets

SRC

MC

The effective management of procurement ensures the ability of our properties, buildings and services to operate efficiently, productively and safely, while at the same time promoting the company’s ethos of inclusiveness and enterprise development. As such, it forms a key component of our Manufactured and Social and Relationship Capitals.

Underlying material matters

	Persistence of COVID-19
	Loan-to-value (LTV) rate
	Macro-economic conditions
	Rental concessions

Stakeholders impacted

	Employees
	Investors
	Funders
	Tenants
	Suppliers
	Visitors and shoppers
	Local communities and civil society
	Government and regulators

Procurement strategy

As a department, we are aligned with the strategy of the company, two of whose pillars – to optimise underlying asset quality to enhance value, and to reduce vacancies and costs – inform our planning, activities and goals.

We are also directly involved in embracing the company’s commitment to enterprise development. In realising this strategic aim, we are required to procure from exempt micro-enterprises (EMEs) and qualifying small enterprises (QSEs), in terms of B-BBEE principles and requirements.

Planning and budgeting FY2021

During the year under review, we embarked on an initiative to streamline our procurement activities to ensure that our process flows were in line with what we had planned for the year. That exercise formed the basis for our next step, which was to create our demand plan on all our capital expenditure projects, at the same time ensuring that we secured our critical service contracts.

Our budgeting process was informed by the identified demand. Our framework for making this identification was based on categories of work and was aligned with the priorities that we established as our goals for the year. In doing so, we also ensured that the projects did not simply feature on the demand plan, but that they were also approved by the highest levels of management.

Such approval was given only as the projects were due to take place, as there were numerous *ad hoc* changes during the year as a consequence of the impact of COVID-19. Some aspects of the plans did not materialise in certain instances, however, compelling us to act with agility and speed without compromising the approvals process as we moved forward.

Our projects mainly concerned the maintenance of our buildings, with the aim of ensuring that:

- » Buildings were habitable
- » The physical environment met the needs of the tenants
- » Properties were provided with critical soft services such as security
- » Equipment such as lifts, air conditioning and escalators continued to function maximally

Challenges

The global and domestic economic downturn, coupled with supply chain bottlenecks, all arising from the worldwide disruptions caused by the COVID-19 pandemic, resulted in significant developments in the areas of:

Pricing	We were compelled to make changes to some of our usual procurement practices which entail requests for quotations, or opening tenders, and then expecting the supplier to deliver on the required goods or services. With the advent of COVID-19, however, suppliers required their own form of security, which meant that we needed to accommodate them, with the reassurance taking the form of a 50% payment up front.
Restricted mobility	The unwillingness or inability to travel and move about normally contributed to the shrinkage of the markets in which we were accustomed to sourcing our services. Containment within malls and other properties through the use of masks and sanitisers further restricted movement on site themselves.
Uncompensated maintenance	Maintenance activity was in many cases unable to support itself, with little or no payback from the supply of various services. The reverse of this provided an upside for procurement delivery alone, in that in instances where tenants were vacating, there was no need for service delivery on our part, enabling us to shift budgets elsewhere where additional money was required. The trade-off on this, however, meant, where vacancies could not be filled, loss of rental revenue.

For more on the context in which we operate, see page 21.

Integration and collaboration

There is a high degree of collaboration on the part of procurement with the asset management department, which is the body that interacts with the end-users, whose demands procurement meet in its role as an internal support function.

Looking ahead

The ongoing COVID-19 world in which we operate remains unpredictable to a significant degree. In the short- to medium-term, we will, however, continue to closely observe industry norms, and where changes are occurring, to adapt.

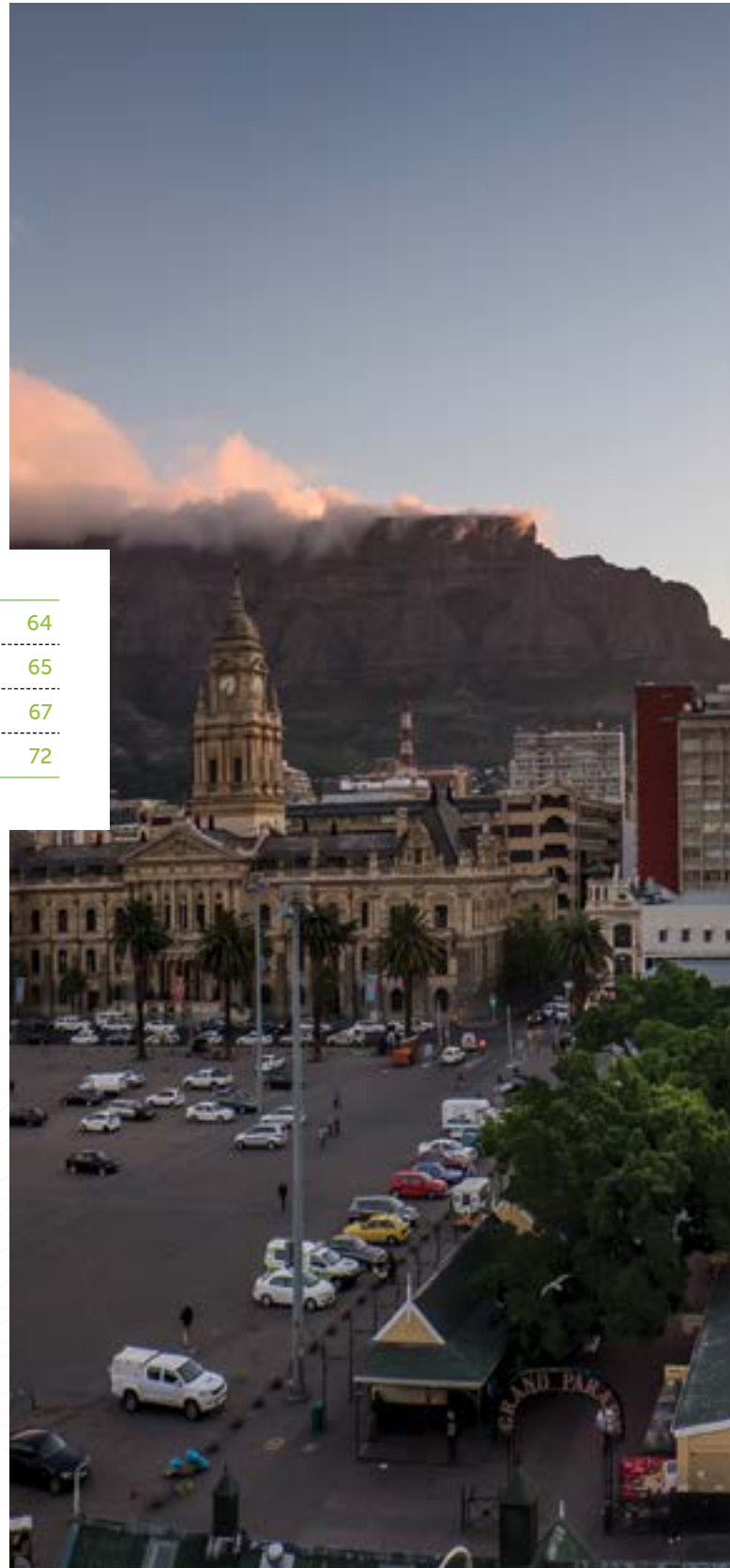
In the medium term we will need to strengthen and build on the confidence we have already established with our suppliers. This means that we will continue to support SMEs wherever and whenever we can, and reinforce their ability to thrive and grow by our willingness to provide 50% up-front payments for services.

In the longer term, we will continue to engender confidence with suppliers by sharing reviews with them of the larger projects that we undertake. This will foster goodwill and the understanding that we have the strategy, means and commitment to grow with them.



ADDING VALUE

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Sustaining our business and natural environments

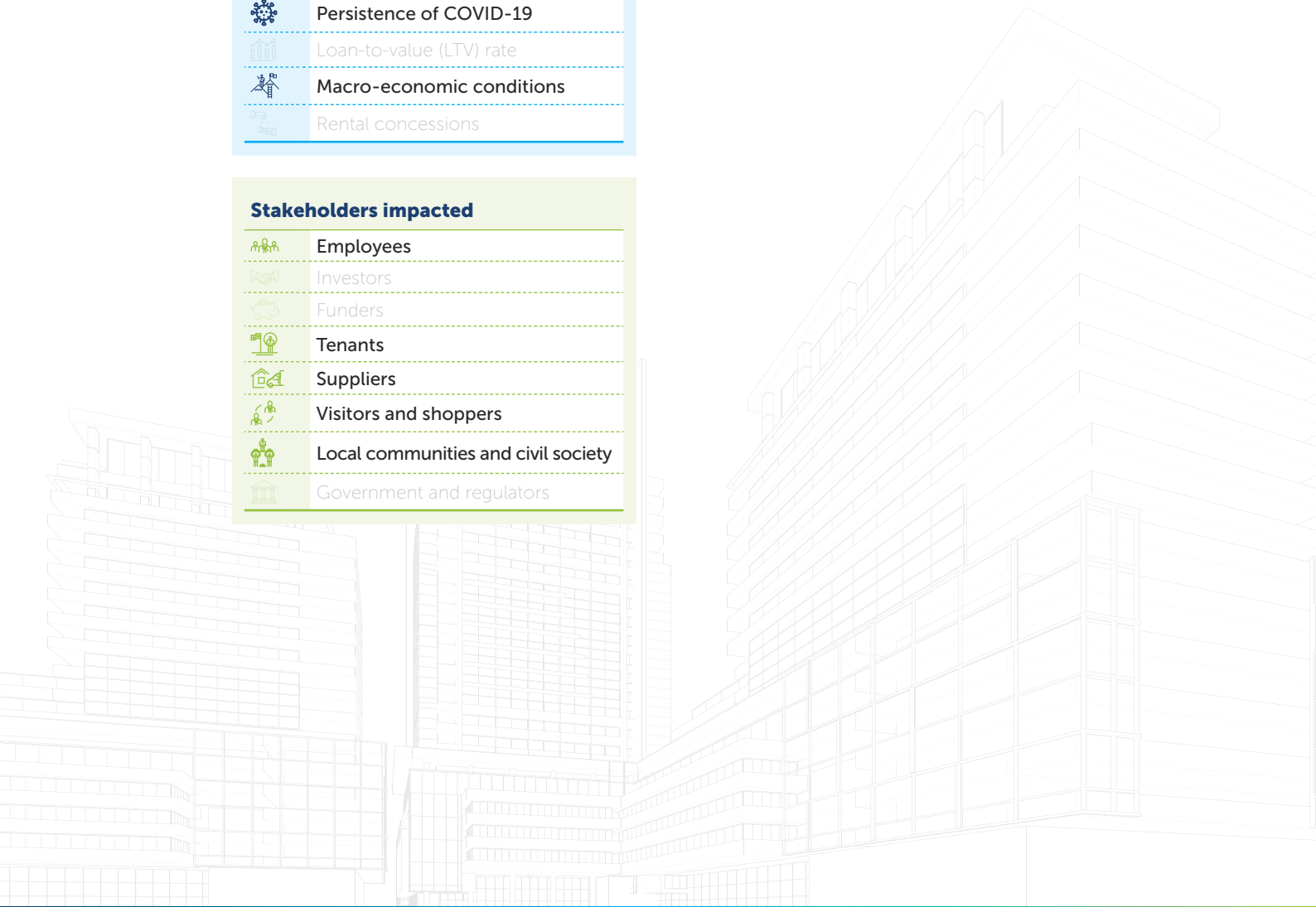
- HC
- IC
- MC
- NC

Our consciousness of the social and environmental aspects of our business is an important component of our Human, Intellectual, Social and Relationship, Manufactured and Natural Capitals.

As a company committed to the wellbeing of all who are impacted by our business activities, we recognise that the sustainability of our business depends on the sustainability of the environment in which we operate, and the degree to which we embody and embrace the principles of transformation as well as ethical and socially responsible business practices. To this end we strive, as a responsible corporate citizen, to continually improve our understanding of the effects on society of what we do, as well as the impact on the environment, and local economies, and to address the challenges and rectify the shortcomings we face in these spheres.

Underlying material matters	
	Persistence of COVID-19
	Loan-to-value (LTV) rate
	Macro-economic conditions
	Rental concessions

Stakeholders impacted	
	Employees
	Investors
	Funders
	Tenants
	Suppliers
	Visitors and shoppers
	Local communities and civil society
	Government and regulators



Transformation





HC

IC

SRC

Our commitment to transformation within the workplace and in the broader socio-economic landscape is an important part of our Human, Intellectual and Social and Relationship Capitals.

Underlying material matters

	Persistence of COVID-19
	Loan-to-value (LTV) rate
	Macro-economic conditions
	Rental concessions

The company has remained focused on ensuring that transformation remains a key strategic objective even under the current difficult economic conditions and amidst the COVID-19 pandemic. In regard to these material issues, we were able to offer rent relief to the value of R100 million to our tenants to ensure that they remained operational.

During the year under review, we continued to focus on specific strategic initiatives to ensure that not only did we meet our targets, but that we also focused on sustainability.

In order to enhance our ability to attain our transformation goals, we maintained our partnership with the following associates:

- » BEE123 system – to ensure that we and continuously measure ourselves and our progress.
- » Aurik Enterprise Development, an enterprise and supplier development training company – to manage the development of the SMEs with whom we engaged.

Stakeholders impacted

	Employees
	Investors
	Funders
	Tenants
	Suppliers
	Visitors and shoppers
	Local communities and civil society
	Government and regulators



Building the future

Percy Ms.apa's father was a builder, who, despite his talent, and because of his circumstances was not able to become an architect. Percy grew up tracing over his father's building plans at the dinner table, and soon learned that he had a gift for finding the golden thread where beauty and function meet.

Stepping into the world of business, and picking up where his father had left off, Percy founded Ms.apa Architectural Design in 2007.

Operating alone, Percy found that essential aspect of business communication and processes were missing, and preventing his business from growing as he wanted it to. He soon joined the Aurik/Rebosis programme and was guided in addressing the gaps that were holding his business back.

With the assistance he received from the programme, he was able to delegate marketing and sales, outsource efficiently, brand his vehicles, develop a social media presence with updates on projects, effectively schedule payments to cover all stages of project financing, with the ultimate result of increasing his turnover by 54%.

Percy Ms.apa's thriving business is another outstanding example of the way Rebosis, in partnering with Aurik, is making a meaningful contribution to enterprise development. By providing small business owners with the skills and insights they need to make their enterprises work – not just to their benefit, but to the benefit of the wider economy.

Transformation continued



All present and correct

Entrepreneur Emma Makhuba started her versatile cleaning firm, Zokuba Trading 4, in 2010, with Karabo Modise coming onboard as her Business Development Manager in 2020 to help manage the company's growth.

The two found that one of the biggest business problems they faced was absenteeism. Through the assistance of the Aurik/Rebasis programme, they learnt how to set up, implement and maintain HR practices that now govern all 28 of the company's full-time employees. In addition, they have been able to diversify its services to cater to a broader market.

The gaps in the business that the Aurik/Rebasis programme helped them identify were:

- » Complacent marketing
- » No document processes
- » Inadequate HR management
- » Limited services offering
- » With no supplier accounts, buying was strictly C.O.D.
- » No monthly management of financials

In addressing these issues, the changes have been implemented with:

- » All processes now documented
- » More effective marketing campaigns and media outreach programmes
- » Disciplinary issues dealt with procedurally
- » Employees provided with HR training so penalties are clear
- » Client integration
- » Diversified ad hoc services now offered
- » Supplier accounts opened, enabling the securing of bulk discounts
- » Monthly financial account management for efficient expenses oversight

The Aurik/Rebasis incubation programme showed Emma how complacent she had become, and as a result of the input she received, she now has her sights firmly set on the future, with even an eventual listing as part of the vision.

Skills development

In order to help accomplish our transformation goals, we ensure that at least 70% of our training spend is allocated to historically disadvantaged employees:

7

Bursaries for non-employees

10

Learnerships for unemployed learners

10

Bursaries for employees, including SAPOA training

Employment Equity (EE)

As part of our commitment to equality in the workplace, we continued to focus on recruiting only EE candidates to fill all vacancies and thereby ensure equitable representation across the company. To this end we:

- » Implemented the Paterson Grading System to ensure fair and reasonable remuneration and to implement the principle of equal pay for equal work
- » Implemented an EE plan that is effective for the five years spanning 2019 to 2024, and benchmarked against the SA EAP (Economically Active Population) as prescribed by StatsSA
- » Appointed people with disabilities, with ten appointed during the year under review, representing 4% of the total workforce

Preferential procurement





The company has adopted a principle of procuring from companies with BEE level 3 and below. We have employed a Procurement Executive to ensure focus on procurement and supplier development.



In the year under review, our empowerment initiatives were independently verified by Honeycomb BEE Ratings (Pty) Ltd and the company achieved BEE Level 3 contributor status with a 110% BEE procurement recognition level. To view our B-BBEE verification certificate please visit our website at <http://www.rebasis.co.za>


Corporate social investment

SRC

Rebosis strives to consider the impact of its operations on the communities it serves, and to contribute as far as possible to their wellbeing. To this end, there is an extensive programme of community-orientated projects and events that are run through, and supported by, the respective marketing departments of the shopping malls in our retail portfolio, as well as by Head Office. We regard this support as an important component of our Social and Relationship Capital.

Underlying material matters	
	Persistence of COVID-19
	Loan-to-value (LTV) rate
	Macro-economic conditions
	Rental concessions

Stakeholders impacted	
	Employees
	Investors
	Funders
	Tenants
	Suppliers
	Visitors and shoppers
	Local communities and civil society
	Government and regulators

Baywest Mall	
	
Event	What we did
Virtual Cupcake Fundraiser	<p>We partnered once again with Cupcakes of Hope to assist in raising funds for children with cancer, adapting our collaboration in 2020 from an in-mall event to a virtual sale held online.</p> <p>Shoppers were encouraged to visit the Cupcakes of Hope website and select the Baywest Mall page, where they were encouraged to make a donation and/or purchase a cupcake virtually. To drive virtual sales and donations, the mall also sponsored a R250 Baywest Mall voucher.</p>
Baywest Mall Virtual Run	<p>Once again, a regular event was adapted to COVID-19 constraints, when in partnership with Charlo Athletics Club, the mall hosted the annual Baywest Mall Run as a virtual event.</p> <p>The event took place on World Diabetes Day on 14 November 2020, with a total of R2 863 raised and handed over to Community Chest.</p>
CANSA Shavathon 2021	<p>This is an annual event in which the public was invited to shave, spray, or donate in solidarity with all cancer survivors. It took place on 6 March 2021 with a participation cost of R50 for adults and R25 for children, and the option of making a simple donation.</p> <p>The mall provided the CANSA Shavathon with exhibition space to the value of R1 560, enabling the organisation to raise R4 419 on the day.</p>

Corporate social investment continued

Hemingways Mall



Event	What we did	Event	What we did
Rise Against Hunger	<p>Rise Against Hunger (RAH) and Hemingways Mall distributed readymade meal packs, bread and vegetables to various organisations and homes during the 2020 lockdown.</p> <p>Donation of storage space made to RAH to the value of R12 000 per month, amounting to a total of R72 000 over six months.</p>	Four Paws Fundraising	<p>The mall donated exhibition to help create awareness of Four Paws activities that promote the well-being of animals.</p> <p>Weekend exhibition space was donated to the value of R8 400.</p>
Community Market	<p>This was a community initiative within the retail context, offering a wide range of locally produced and homemade goods and crafts to shoppers. Vendors were provided with space to sell their product on weekends.</p> <p>The value of the space provided was R24 300 per month, amounting to a total of R291 600 for the year.</p>	Book Drive	<p>In conjunction with the National Coalition Trust, the mall donated books to Mthhunzi Tsolekile Village School. Tenants and shoppers also made donations to this initiative.</p> <p>Items to the value of R10 000 were donated.</p>
Just Models Agency	<p>The mall offered a grooming school a platform to provide community children and youth from the ages of four to 25 with training in social behaviours, self-image and modelling.</p> <p>The assistance was provided in terms of a barter deal which involved our marketing department assisting tenants with fashion shows worth R17 000 per month, amounting to a total of R204 000 for the year.</p>	National Sea Rescue Institute (NSRI) Fundraising Activation	<p>This was a community sea rescue fundraising and awareness campaign, with exhibition space to the value of R7 000 donated.</p>
South African Blood Services (SANBS)	<p>The mall offered SANBS exhibition space for blood donations whenever the need for blood should arise.</p> <p>Space to the value of R1 200 per month was donated, amounting to a total of R7 200 over six months.</p>	Vaccination Centres by Dis-Chem and Clicks stores	<p>Three vacant stores were offered to these two retail chains for community vaccination services, with the space donated valued at around R356 788.</p>

Sunnypark Mall



Event	What we did
Sunnypark Christmas Charity Shop	In addition to a donation programme for clothes, toys, and books to be distributed at orphanages around Pretoria, in December 2020 the mall launched the Sunnypark Christmas Charity Shop where the less fortunate could collect clothes and shoes for free. The value of the donation of the shop space was R1 500.
Sunnypark Study Centre	The mall converted a vacant office into a study centre open on weekdays from 9 am to 5 pm for the purposes of study, and for hosting study groups and tutorials. RH Hotels provided the tables and chairs. The value of the space provided by the mall amounted to total of R285 640.
Tshwane Leadership Foundation HIV Testing	The mall ran a monthly HIV testing station together with Tshwane Leadership Foundation. The contribution included free exhibition space for testing weekly on Fridays and Saturdays, to the total value of R54 400 over ten months.
Pop-Up Art Gallery (Inspiration Hub)	The mall converted a vacant shop into an art gallery for artists in the Pretoria vicinity to show their work. The gallery is also used as a drop-off point for shoppers to leave donations for various beneficiaries through Tshepo Arts & Projects. The mall's contribution amounted to a total of R469 409 over ten months.
Sunnypark Soup Kitchen	The mall partnered with a number of tenants to host a soup kitchen at which soup was served to less fortunate members of the Sunnypark community on 10 June 2021. Included in the initiative was a clothes collection stall where the less fortunate could collect up to three items each. The value of the mall's contribution was R1 858.92

Forest Hill Mall



Event	What we did
Carols on Ice	The mall hosted this event together with the Mzansi Choir as part of the festive season. The proceeds of R10 000 were donated to help acquire school supplies for the new year to Team Creative Creche which works with 65 children between the ages of two and six.
Petrol-heads for Cancer	The mall partnered with CANSA to host a car show on the mall rooftop. The space was made available free of charge, and additional support was provided in the form of below-the-line marketing. The value of the sponsorship amounted to R10 000.
National Figure Skating Tournament	This national tournament took place at the Forest Hill Ice Rink for the first time ever. Over 97 competitors took part before more than 380 people and an additional 68 members of the SAFSA team. Because of COVID-19 restrictions customers were able to watch the events from within mall restaurants. The mall's contribution was in the form of ice-time as a prize for winners who could potentially compete at the Olympics. The total value of the sponsorship was R17 000.
Charity Box	The mall launched a charity box for the collection of non-perishable goods such as clothing, with over clothes to the value of over R5 000 having been collected, and the box handed over to Team Creative Creche at the end of August 2021.

Corporate social investment continued

Grand Central Mall



Event	What we did
Show you Care	The mall partnered with Pat Eddy and Social Development Cape Town's Central City Improvement District (CCID) to support the this campaign in support of homeless shelters.

Head Office



Event	What we did
Board Game Simulation Project	The company visited schools and donated 13 educational board games for learners, with a total contribution of around R10 000.
Gomora Goes Green	This was a sanitation project conducted by R2L, with financial support from the company to help alleviate the problem of bucket toilets and polluted living areas. The Company's contribution amounted to R45 000 for the provision of eight toilet units.
Support for Schools	For schools received support from the company during the year: <ul style="list-style-type: none"> » Byletts Combined School, Mooiplaas, Eastern Cape » Vukuhambe Special School, Mdantsane, Eastern Cape » Nyana High School, Ngcobo, Eastern Cape » Dlangezwa High School, KwaDlangezwa, KwaZulu-Natal
Keep a Child in School	<ul style="list-style-type: none"> » The company, accompanied by Hemingways Shopping Centre visited Hebron Public School to present a donation of R17 000 » A donation of R50 000 was made to ChildLine GP in honour of Mandela Day





Environment

During the year under review, we commissioned a horizon report, a project report and a carbon footprint report from an expert external consultant in order to assist us in developing an understanding of environmental, social, and governance (ESG) issues, and to enable us to produce a fully-fledged ESG report as an integral part of our reporting suite.

The outcome of these initiatives has been the adoption of an ESG strategy through which we have embarked upon a journey to integrate ESG factors into our operations and to assess their success. Our main aim is to drive behavioural change within the business and with our stakeholders. We are committed to participating and contributing as an ESG-performing company within the REIT sector.

Our ESG commitment extends to aligning ourselves with JSE and greenhouse gas (GHG) protocols and sustainability disclosures that include:

- » Setting, tracking and validating progress on GHG emissions
- » Energy efficiency
- » Water use
- » Human capital management and other sustainability goals

To this end 42 buildings were examined by the external consultant during the year. With an Energy Performance Certificate (EPC) required by South African National Standards (SANS) 1544 for structures with a gross lettable area (GLA) greater than 2 000m², all but one of our buildings in Gauteng are required to have an EPC to facilitate investment and/or business decisions. In the Eastern Cape we have two, in Mpumalanga three and in KwaZulu-Natal two. (For more on our ESG commitment and initiatives, see our ESG Report, a part of our reporting suite.)

SANS building energy demand standards

Energy user areas, footprint and power distribution per commercial building	Typical RSA building		SANS 204 SANS 10 400 – XA		SA Green Star Benchmark	
	Demand VA/m ²	Energy VA/m ²	Demand VA/m ²	Energy VA/m ²	Demand VA/m ²	Energy VA/m ²
Commercial office building	115	280	75	190	46	145
Monthly bill (2020) of a 10 000m ² Commercial office building	R275 000.00		R166 666.67		R133 333.33	
Annual energy costs savings from the typical RSA building	R0.00		R1 300 000.00		R1 700 000.00	
% saving from the typical RSA building	0%		39%		52%	

Ref: PDF doc: Vikinduku-Rebasis ESG Study 2020-2021- Final Carbon Footprint report, p19

Energy conservation

We have within our portfolio a number of high-performing, energy-efficient buildings which are critical to our business strategy as they enable cost savings, attract both tenants and investors, and assist in reducing our carbon footprint.

During the year under review, through our maintenance activities, we allocated significant capital expenditure in enhancing these and other properties through the installation/upgrading of energy-efficient heating, ventilation, and air conditioning (HVAC) systems. (For more on procurement, see page 60.)

For the purposes of reporting, utility/municipal electricity bills and metering data were examined in order to verify billing against metering data, with 80% of data received. The buildings from which no data were received are all situated in Gauteng.

Carbon footprint

Our ESG report established the extent to which carbon emissions from our properties contribute to environment and climate change. These emissions were measured according to the three-scope approach used in the internationally accepted GHG Protocol, and covered:

- » Direct emissions from owned or company-controlled sources
- » Indirect emissions from the generation of purchased energy
- » All other indirect emissions occurring in our value chain, such as employee travel, waste disposal and waste-water treatment

Our diesel-fuel generators produce our Scope 1 emissions with R1 603 391 spent on fuel purchases during the year under review, resulting in 720 954kg of carbon dioxide (CO₂) produced.

Environment and climate change

This was measured by noting the energy consumed by each of our buildings, and with every kilowatt hour (kWh) generated by Eskom releasing 0.97kg of CO₂ into the atmosphere, using that data to calculate our Scope 2 emissions.

Carbon footprint – FY2021

Total annual kWh	Total carbon footprint (CO ₂ /kg)
118 915 363	115 347 902

Ref: PDF doc: Vikiinduku-Rebosis ESG Study 2020-2021- Final Carbon Footprint report, p31

Scope 3 emissions are calculated on the basis of known emissions from cars and aircraft. However, even prior to the advent of COVID-19 travel restrictions, we implemented a company-wide policy of limiting trips to those undertaken for the conducting of essential business only. This, taken together with pandemic-related constraints, resulted in there being no Scope 3 indicators.

Carbon-associated water usage

Water is a precious resource that needs to be conserved in its own right, but it is also associated with a carbon footprint, as energy is used to supply, treat and use it. In studying ways to reduce these aspects of our water usage, we have begun examining ways of substantially reducing the associated carbon footprint by making changes to our methods of irrigation, and of heating and sourcing water, while at the same time efficiently monitoring leaks.

Water usage – FY2021

Total usage area	Total water usage (kl)
801 429	472 360

Ref: PDF doc: Vikiinduku-Rebosis ESG Study 2020-2021- Final Carbon Footprint report, p41

Long-term commitment

We acknowledge that many of our people are still in the process of learning about the subject and content of ESG practices and reporting. During the year under review we thus continued in our efforts to standardise our approach in line with best practice in order to make a long-term positive impact.

Looking ahead

We are cognisant of the fact that there is much that can still be done to educate our people about the necessity, and the means, of implementing carbon footprint reduction measures and energy and water savings. We are committed to this course of action, and will be strenuously working towards instituting the measures required for us to play our part in conserving our environment and fighting climate change over the short-, medium- and long-term.

Environment continued



Baywest Mall water initiative

Over the past five years a dire drought-related water shortage has been a critical issue for the Eastern Cape in general, and for Baywest Mall in particular, which struggled with interrupted and inadequate water supply. With our tenants as well as our customers at risk, we devised a plan to harvest rainwater.

Phase 1 of this initiative was launched in 2019, with two 10 000l tanks installed as a temporary measure to ensure a continuous supply of water to our restaurant tenants. We also cost-effectively harvested runoff rainwater from the mall's large roof surface and channelled it via two pipes to a catchment dam with a capacity of 70 000l.

With a pump and sand filter installed in the dam, we were able to supply water to three 10 000l and four 5 000l tanks built into the tunnel beside the dam, together yielding a total storage capacity of 120 000l of harvested rainwater. Two variable-speed pumps were installed to send treated water through a filter bank to two 24 000l reservoirs on the roof, with the capacity to supply four toilet facilities, as well as food court tenants at the mall, enabling them to trade without interruption.

Storage capacity was then increased with three 10,000l tanks installed beside the Entrance 1 vehicle ramp, which are supplied by a portion of the upper parking level feed during rain.

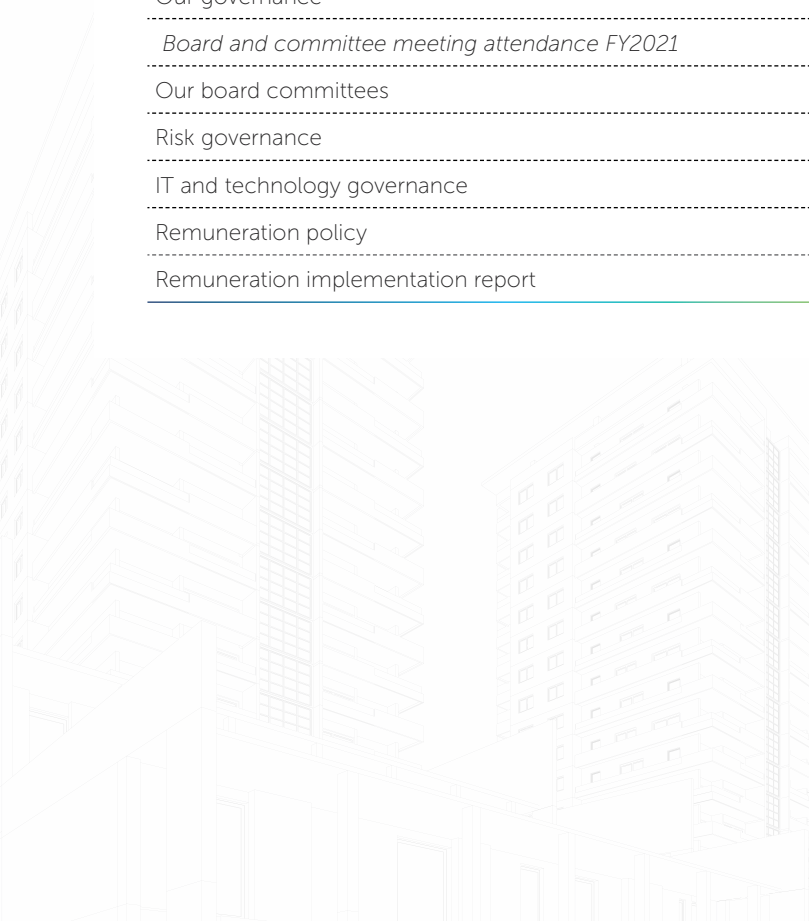
In tandem with this, we worked with Nelson Mandela Bay Municipality (NMBM) to increase our water savings. NMBM accordingly supplied us with water restrictors for installation in tenant supply lines, with 35 scheduled to be in place by November 2021.

Phase 2 of this project will involve the installation of up to ten 10 000l tanks in four strategic areas of the upper parking level to optimise harvest – a development which will make us independent of NMBM supply for days at a time, if necessary.



SAFEGUARDING VALUE

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Our leadership


Our board members

1. DR ANNA MOKGOKONG

Chairperson, Independent non-executive director

 64

 12 April 2011

 BSc, MBCHB, DComm (hc)

2. OTIS TSHABALALA

Executive director; CEO

 49

 1 December 2021

 CCPP (UP)

3. ASATHI MAGWENTSHU

CFO, Executive director, CFO

 40

 18 December 2020

 BCom (Honours), CA(SA)

4. KAMEEL KESHAV

Deputy Chairperson, Independent non-executive director

 41


 11 November 2020

 BCom, HDip Acc, CA(SA)

5. NOMFUNDO QANGULE

Independent non-executive director

 53

 26 April 2012


 CA(SA), CAI, CAIB (SA)

6. LLOYD PENGILLY

Independent non-executive director

 67

 19 August 2020

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

1

2

3

4

5



7. MERVYN BURTON

Independent non-executive director

 63

 1 April 2021


 CA(SA)

9. ZANDILE KOGO

Executive director

 44

 3 November 2017


 BAdmin, ILDP, RMDP

8. SHAUN NAIDOO

Independent non-executive director

 36

 1 April 2021

 CA(SA) MBA, Gordon Institute of Business Science

Gender



- Female (4)
- Male (5)

Racial diversity



- Non-white (8)
- White (1)

Tenure



- 0–1 year (6)
- 2–4 years (1)
- 9–11 years (2)

6

7

8

9



Our leadership continued

1. DR ANNA MOKGOKONG

Chairperson, Independent non-executive director

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 recognised 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, Rebasis 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 Lifetime 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 to 2009); She was also a Commissioner of the Interim National Defence Force Commission (SANDF) (from 2009 to 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 very active in philanthropy as a contribution to her community and society.

2. OTIS TSHABALALA

Executive director, CEO

Before his appointment as CEO of Rebasis on 1 December 2021, Otis Tshabalala was the COO of SA Corporate Real Estate Limited. He has over 28 years' experience in the commercial property sector, with more than 12 years in property finance. As a member of the senior management team at JSE-listed Delta Property Fund Limited (Delta), Otis played an instrumental role in the company's listing, funding and capital raising, before being appointed to Delta's board of directors as Chief Investment and Chief Operating Officer.

3. ASATHI MAGWENTSHU

Executive director, CFO

Asathi Magwentshu is a qualified Chartered Accountant CA(SA) and has been with Rebasis for four years. She has in-depth experience and knowledge of the Company from both a financial and operational point of view. She brings a blend of operational experience, property industry expertise and technical finance knowledge to the Board. Her experience at two other REITs as GM: Finance, has equipped her with a wealth of practical knowledge and experience in corporate activities, regulatory compliance and governance, and investor relations in a listed environment. She has recently managed a successful and smooth financial year-end audit of the Company. Magwentshu is the first black female CFO at Rebasis since the Company was listed in 2011.

4. KAMEEL KESHAV

Deputy Chairperson, Independent non-executive director

Kameel Keshav is a qualified chartered accountant with diverse experience of over 22 years, that extends across the financial services sector, consulting, FMCG and mining industries, all with global-listed entities. He has, however, latterly focused 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 was also previously the Chief Financial Officer of Rebasis from December 2014 to March 2017 and as a period of more than three years has elapsed since then, his status as independent non-executive director is confirmed. Mr. Keshav was appointed 11 November 2020 as Chairperson of the Audit and Risk Committee, replacing Mr. Thabo Seopa.

5. NOMFUNDO QANGULE

Independent non-executive director

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 in addition to being Chair of the Audit Committee of Afrocentric Limited, she is a member of the Investment Committee of KZN Growth Fund. Nomfundo is a former Chair of the Audit Committee of Spescom Limited.

6. LLOYD PENGILLY

Independent non-executive director

Lloyd Pengilly has more than 49 years' experience across the 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 Chairperson 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 Chairperson of Africa for JPMorgan.

7. MERVYN BURTON

Independent non-executive director

Mr. Burton is a Chartered Accountant with extensive experience in financial management, risk management and IT strategy management. He currently owns a consultancy focused on governance and risk, finance, business turnaround management, and other advisory services. Mervyn is a past Chairperson of the Audit and Risk Committee of Ascension Properties Limited, which was listed on the JSE at the time, and he currently sits on several boards and Audit Committees.

8. SHAUN NAIDOO

Independent non-executive director

Shaun Naidoo is a chartered accountant and in his current role as Chief Executive of Corporate Finance at Vunani Limited, he is involved in the execution of corporate transactions, BEE structuring, balance sheet restructuring, valuations, IFRS and tax advisory, and capital raising.

9. ZANDILE KOGO

Executive director

Zandile has a wealth of experience in the Property Industry, in both developments and existing portfolios. She started her career with Rebasis in Retail developments, then moved to Leasing where she headed Retail Leasing for the Company. Zandile has a very strong retail background, with more than ten years of fashion retail experience, heading retail operations in various provinces for over six different fashion retail brands.

Our executive management

SM Ngebulana – CEO

Resigned 1 December 2021

Otis Tshabalala – CEO

For information about Otis Tshabalala, see under Our board Members

Asathi Magwentshu – CFO

For information about Asathi Magwentshu, see under Our board members

Zandile Kogo – Executive director

For information about Zandile Kogo, see under Our board members

Our governance

Our board

As a responsible corporate citizen, Rebasis is committed to sound governance structures consistent with our belief that they provide an anchor for credible and ethical business practices. The board conducts its duties in line with our board Charter, which is itself guided by the Companies Act, JSE listing requirements and King Codes of Corporate Governance.

The board, as elected by shareholders, takes overall responsibility for the performance and sustainable value creation of the company, which we measure across the triple context of the company's economic, social and environmental performance, taking into account our six capitals. The board appreciates that strategy, risk, performance, and sustainability are inseparable elements of value creation.

The directors ensure that the company is managed in a transparent, equitable and responsible manner for the benefit of all its stakeholders, and together, as the board, ensure that the reports issued by the company enable stakeholders to make informed assessments of its performance, and its short-, medium- and long-term prospects. We maintain a unitary board structure, comprising six independent non-executive directors and three executive directors.

Fiduciary duties

Our board Charter defines the board's roles, duties and responsibilities. The board adheres to the fiduciary duties and duty of skill and care codified in the Companies Act. This is reflected in our 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 Rebasis.

Leadership

Directors exercise leadership, enterprise, integrity and judgement in directing the company's value-creation processes to ensure that they are sustainable for all our stakeholders. All board members receive regular briefings on changes in risk, legislation and our business environment. The board exhibits and embraces a clear balance of power and authority to ensure that no one director has unfettered power in decision-making.

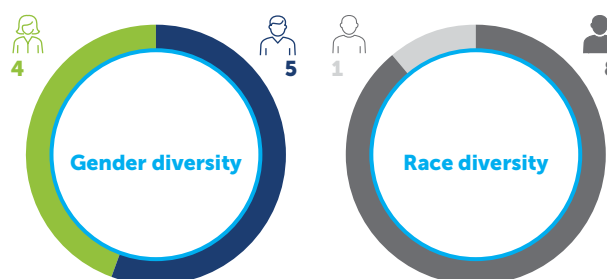
Board diversity

Appointments of board members are governed by our Diversity Policy, which ensures that we have a balanced board, whose non-executive directors are diverse in their:

- » Academic qualifications
- » Business experience
- » Gender
- » Race
- » Age
- » Independence

In filling vacant positions, and in accordance with the requirements of the company's race and gender diversity policies, at least 25% of the board should comprise women, and at least 25% of the board should comprise South African citizens who are African, Coloured or Indian. The board thus 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.

During the year under review, 44% of our board members were female and 89% of the board comprised previously underrepresented racial groups. 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.



Independence	Independent non-executive	6
	Non-executive	–
	Executive	3
Age	30–39	1
	40–49 years	4
	50–59 years	1
	60–69 years	3
Tenure	0–1 year	6
	2–4 years	1
	9–11 years	2

Director appointment and rotation

In order for shareholders to be able to hold directors to account and to appoint directors to the board whom shareholders believe will add value to the business, a third of our non-executive directors are required to resign at each annual general meeting (AGM).

During the year under review Thabo Seopa and Maurice Mdlolo resigned from the board, and Kameel Keshav, Mervyn Burton and Shaun Naidoo were appointed as independent non-executive directors in their place.

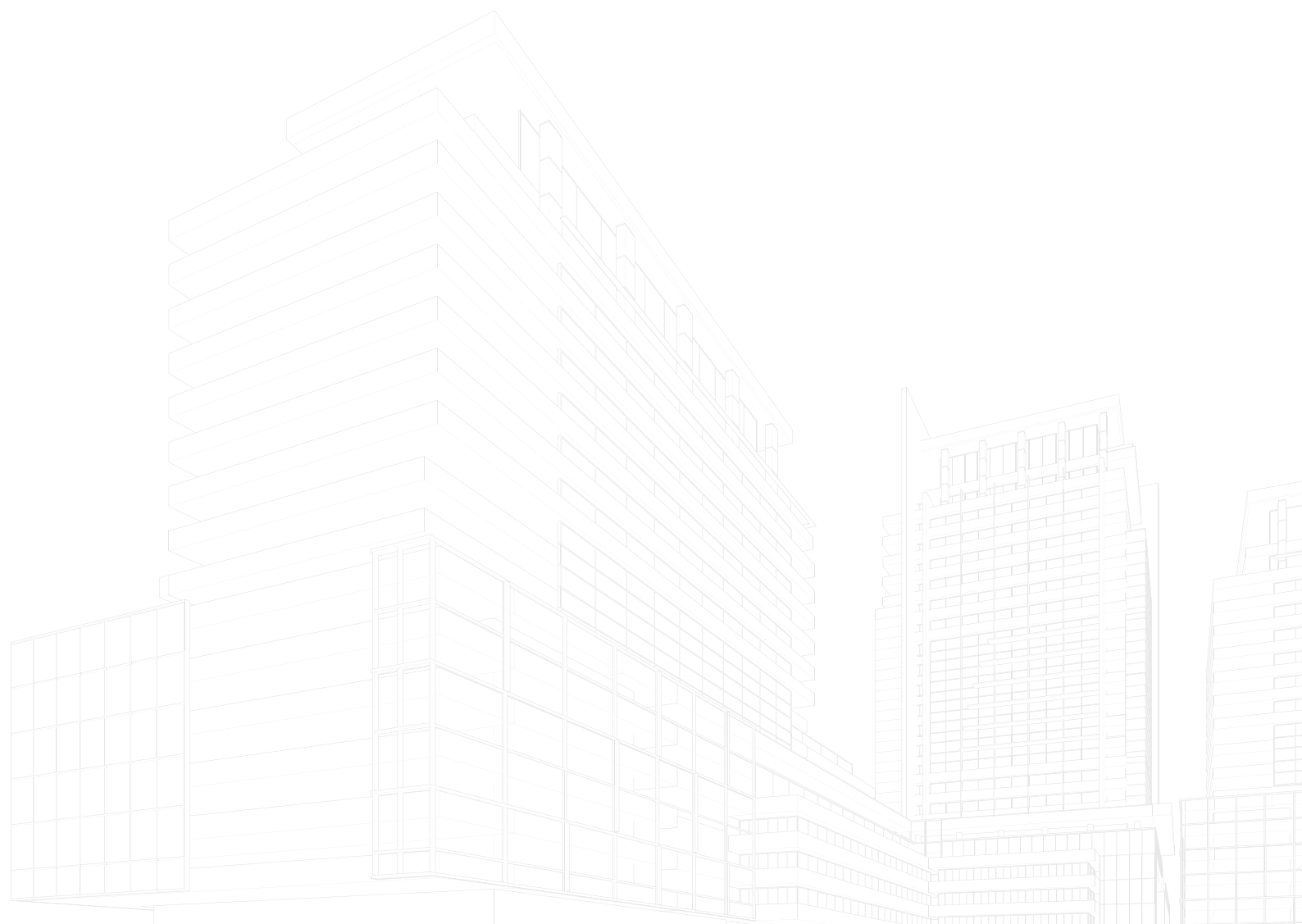
Company policy prescribes that all independent non-executive directors who have served for more than nine years be assessed annually to determine whether they are still independent and can continue serving.

Statement of suitability

The year under review marked the tenth year of board membership of Dr. Anna Mokgokong and Ms. Nomfundo Qangule, and the following statement serves to encapsulate their suitability for re-election.

The Board on recommendation of the nominations committee has assessed the mix of skills of board members.

Both independent directors are independent, contribute institutional knowledge, leadership and mentorship to new members.



Our governance continued

Our board continued

Evaluation of the board

The board annually conducts an evaluation of its collective contribution, and the individual performance of each of its directors, as well as that of each of the board committees, chairpersons and members, in order 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 Chairperson provides general feedback to the board.

The evaluation conducted for the year under review affirmed that the board continued to provide sound corporate governance and that it works well with executive management. The board remained well-informed and attentive to key issues, and continued 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. (For more on our operating environment, see page 21.)

The evaluation of executive management is facilitated by the Remuneration Committee.

Assessment of independence

In the assessment, consideration is given to factors such as:

- » Directors' involvement with other companies
- » External directorships
- » Relationships with material suppliers and competitor companies
- » Any possible material contracts with the company
- » Whether directors have been employed by the company in an executive capacity during the preceding three years
- » Whether directors' fees represent a material part (10% or more) of their wealth or income

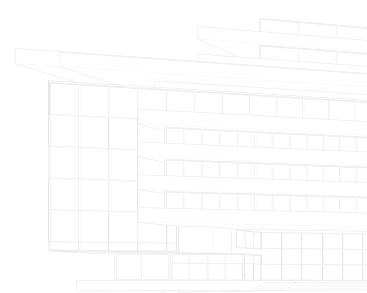
All directors submit a declaration of their directorships and commercial interests to the Company Secretary. These declarations, which are regularly updated, are distributed quarterly to the board and noted at board meetings. Transparency in the disclosure of commercial interests ensures that directors 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 AGM. The remuneration of executive directors is determined by the Remuneration Committee in accordance with the company's memorandum of incorporation, and is approved by the board. (For more on remuneration, see page 94.)



Our governance continued

Board and committee meeting attendance FY2021

The board met 14 times during the year under review

Name	18 Sept 2020	2 Nov 2020	26 Nov 2020	11 Jan 2021	18 Jan 2021	3 Feb 2021	16 Mar 2021	7 Apr 2021	15 Apr 2021	6 May 2021	9 Jun 2021	23 Jul 2021	17 Aug 2021	27 Aug 2021
Dr. Anna Mokgokong	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y
Kameel Keshav	N/A	N/A	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Mervyn Burton	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Y	N	Y	Y	Y	Y	Y
Lloyd Pengilly	Y	Y	Y	N	N	Y	Y	Y	Y	Y	Y	Y	Y	Y
Nomfundo Qangule	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Shaun Naidoo	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y	Y
Thabo Seopa*	Y	Y	Y	Y	Y	Y	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Maurice Mdlolo ^g	Y	Y	Y	Y	Y	Y	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Resigned 8 February 2021

^g Resigned 1 April 2021



Our board committees

Our board has five committees through which it operates:

- » Audit and Risk Committee
- » Remuneration Committee
- » Social and Ethics Committee
- » Investment Committee
- » Nominations Committee

These board committees assist the board in executing its duties and authority. The board delegates the required authority to each committee to enable it to fulfil its functions through formal board-approved terms of reference which are reviewed annually.

Each committee frames a detailed annual workplan to ensure full oversight of all matters within its delegated mandate. The delegation of authority to board committees or management does not mitigate, or discharge the board and its directors of their duties and responsibilities.

Each committee Chairperson reports formally to the board after each meeting on all matters falling within the committee's duties and responsibilities, including recommendations on envisaged actions.

Audit and Risk Committee		
<ul style="list-style-type: none"> » The committee consists of four independent non-executive directors. » The Chairperson of the board is not the Chairperson of the Audit and Risk Committee. » The external auditors, internal auditors, the group CEO and the group CFO attend meetings by invitation. 	Responsibilities: <ul style="list-style-type: none"> » Reviewing the interim and integrated annual report and annual financial statements » Reviewing the internal control framework and procedures » Confirming and reviewing the internal audit as well as internal, financial, and operational controls, including IT governance functions » Reviewing risk management, standards of grievance, reporting and compliance and the integrity of the integrated annual report » Approving the appointment of the auditors for non-audit services 	Membership Kameel Keshav <i>(Chairperson)</i> S Naidoo Nomfundo Qangule M Burton
The Audit and Risk Committee met eight times during the year under review to ensure that appropriate financial reporting procedures exist and are working, which include consideration of all entities included in the consolidated group IFRS financial statements, to ensure that it has access to all the financial information of the group to allow the company to effectively prepare and report on the financial statements of the company.		
Focus areas – FY2021 <ul style="list-style-type: none"> » To obtain an understanding to the requirements of the external auditor to report on significant matters impacting on their review » The potential impacts of IFRS 9 and the valuation of investment properties to the extent applicable to the company considerations financially to the business and adequate provisions recorded for the impact of COVID-19 » 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 » Liquidity and solvency testing of the company's financial position at each reporting date 	Focus areas – FY2022 <ul style="list-style-type: none"> » Refinement of the combined assurance model » Improvement in IT governance and building on gaps identified in FY 2021 » Improvement in internal controls across the group » Simplifying a historic and complex group structure » Continued focus on prudent cash management 	

Audit and Risk Committee – Meeting attendance FY2021

Name	2 Oct 2020	19 Nov 2020	24 Nov 2020	16 Feb 2021	28 Apr 2021	4 May 2021	17 May 2021	10 Aug 2021
Kameel Keshav (Chair)	Y	Y	Y	–	Y	Y	Y	Y
Nomfundo Qangule	Y	Y	Y	Y	Y	Y	Y	Y
Mervyn Burton	–	–	–	–	Y	Y	Y	Y
Shaun Naidoo	–	–	–	–	Y	Y	Y	Y
Thabo Seopa*	Y*	Y**	Y**	Y	–	–	–	–
Maurice Mdlolo	Y	Y	Y	Y	–	–	–	–

* Resigned as Chair 9 November 2020

** Chaired meeting

Remuneration Committee		
<ul style="list-style-type: none"> » 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 committee comprises two independent non-executive directors and is chaired by an independent non-executive director. » The CEO, CFO, CIO and the HR Executive attend meetings by invitation, as required. 	Responsibilities: <ul style="list-style-type: none"> » To ensure that remuneration policies support the strategic aims of the business » To enable the recruitment, motivation, and retention of senior executives, while complying with regulatory and governance principles » Recommending to the board executive remuneration packages and policies, as well as the Remuneration Policy for the company 	Membership S Naidoo (<i>Chairperson</i>) Lloyd Pengilly Kameel Keshav Nomfundo Qangulea
The Remuneration Committee met four times during the year under review.		
Focus areas – FY2021 <ul style="list-style-type: none"> » Reviewed progress on the company's transformation targets » Oversaw the design and implementation of a LTI plan in collaboration with PwC » 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 the STI 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 » Shareholder engagement on remuneration policy and implementation » Development of malus and clawback policy » Human resources support services through » Employee wellness initiatives » The impact of COVID-19 and the pandemic on employees and their families 	Focus areas – FY2022 <ul style="list-style-type: none"> » Completion and implementation of a malus and clawback policy » Implementation of a minimum shareholding requirement policy » Alignment of key performance areas with shareholders' feedback » Further shareholder engagement on implementation of remuneration policy » B-BBEE targets and performance against the measured targets 	

Remuneration Committee – Meeting attendance FY2021

Name	24 Nov 2020	17 Feb 2021	15 Jul 2021	17 Aug 2021
Shaun Naidoo (Chair)	–	–	Y	Y
Nomfundo Qangule	Y*	Y*	Y	Y
Kameel Keshav	Y	Y	–	Y
Lloyd Pengilly	Y	Y	–	Y

* Chair until 16 April 2021

Our board committees continued

Social and Ethics Committee		
<ul style="list-style-type: none"> » The committee is constituted as a statutory committee for purposes contained in section 72 of the Companies Act. » It comprises two independent non-executive directors and two executive directors. » The CEO, Head of Legal, HR executive, marketing executive and the Company Secretary attend its meetings by invitation. 	Responsibilities: <ul style="list-style-type: none"> » To monitor company performance in terms of defined social and ethics performance indicators that have been formulated with reference to Regulation 43(5) of the Companies Act. » Overseeing the good corporate citizenship of the group on behalf of the board 	Membership Nomfundo Qangule <i>(Chairperson)</i> Lloyd Pengilly Asathi Magwentshu Zandile Kogo
The Social and Ethics Committee met three times during the year under review. A copy of the Social and Ethics Committee report is available on the company's website.		
Focus areas – FY2021 <ul style="list-style-type: none"> » Bursaries for tertiary education » Training and development supporting entrepreneurship » Rise against Hunger » Space for vendors to sell locally produced and homemade goods and crafts » Covid testing centre opened at three Rebasis malls » Food parcels for the needy » School book donations » Study Centre at Sunnypark Mall for students with free WiFi » Support GBV Centre – Compass » Gomora goes Green » Increasing of scope on carbon footprint reporting to include Scope 1 and 2 emissions » Impact of COVID-19 on employees wellness » Supporting employees with remote working arrangements » Rebasis transformation goals and B-BBEE targets » Enterprise and Supplier Development initiatives » Rebasis learnership and bursary programs » Rebasis corporate social investment initiatives » Review of the committee terms of reference » Induction of new members » Review of human resources policy environment » Review and approval of the whistleblowing policy and procedures » Rebasis reputational risk management framework » Rebasis crisis communication framework » Development of an annual work plan 	Focus areas – FY2022 <ul style="list-style-type: none"> » Continuity in monitoring the impact of COVID-19 pandemic » Ongoing analysis and establishment of practices to limit our carbon footprint » Review of the policy environment » Achieving the FY2022 annual work plan » Ongoing ethics and awareness training » Monitoring the transformation progress of Rebasis » Monitoring compliance with and progress against B-BBEE targets 	

Social and Ethics Committee – Meeting attendance FY2021

Name	23 Nov 2020	17 Feb 2021	11 Aug 2021
Nomfundo Qangule (Chair)	Y	Y**	Y
Lloyd Pengilly	–	–	Y
Asathi Magwentshu	Y	Y	Y
Zandile Kogo	Y	Y	Y
Thabo Seopa (Chair)*	Y	–	–
Kameel Keshav***	Y	Y	–

* Resigned 8 February 2021

** Acting Chair

*** Not a committee member, but attended

Investment Committee		
» The committee assists the board with the investment process of the company and oversees approval processes for investments, acquisitions, and disposals.	Responsibilities: <ul style="list-style-type: none"> » Evaluating transactions in respect of the property portfolio, portfolio management » Reviewing and approving of property budgets and valuations » Evaluating proposed unbudgeted capital expenditure which exceed authority limits » Reviewing the annual valuations of the property portfolio 	Membership M Burton (<i>Chairperson</i>) Kameel Keshav S Naidoo Lloyd Pengilly
The Investment Committee met six times during the year under review.		
Focus areas – FY2021 <ul style="list-style-type: none"> » Review of banking facilities and treasury management » Evaluate the disposal of several non-core investments » Review portfolio valuations and recommendation of year-end valuations to the board » Evaluate budgets with recommendations 	Focus areas – FY2022 <ul style="list-style-type: none"> » Monitoring and oversight of the disposal of portfolio of office assets » Further focus on disposal on non-core investments » Refocus the business as a retail-focused fund » Recommendation on the group's hedging policy » Valuations 	

Investment Committee – Meeting attendance FY2021

Name	24 Nov 2020	8 Dec 2020	17 Feb 2021	20 Apr 2021	5 May 2021	16 Aug 2021
Mervyn Burton (Chair)	–	–	–	Y	Y	Y
Maurice Mdlolo ^o	Y	Y	Y	–	–	–
Lloyd Pengilly	Y	Y	Y	Y	Y	Y
Kameel Keshav	Y	Y	Y	Y	Y	Y
Shaun Naidoo	–	–	–	Y	Y	Y
Thabo Seopa*	Y	Y	–	–	–	–

* Resigned 8 February 2021

^o Resigned 1 April 2021

Our board committees continued

Nominations Committee	
<ul style="list-style-type: none"> » The committee consists of two non-executive directors and is chaired by the chairperson of the board. » Meetings are attended by the CEO on invitation. 	<p>Responsibilities:</p> <p>The Committee oversees board composition. As recommended by King IV, this Committee:</p> <ul style="list-style-type: none"> » Ensures that the board is properly composed in terms of independence, broader diversity, size, skills, age and gender diversity. » Evaluates the independence of directors » Considers the composition of each of the board committees » Considers the nomination of board members and appointment of directors
<p>Membership</p> <p>M Burton (<i>Chairperson</i>) Kameel Keshav S Naidoo Lloyd Pengilly</p>	
<p>The Nominations Committee met six times during the year under review.</p>	
<p>Focus areas – FY2021</p> <ul style="list-style-type: none"> » Considered the appointment of the chief financial officer and executive director finance » Evaluated the appointment of the deputy Chairperson » Evaluated and considered the appointment of three non-executive directors » Considered the independence of new appointment to and recommendation to the board » Considered the succession planning framework » Examined the composition and leadership of the respective committees 	<p>Focus areas – FY2022</p> <ul style="list-style-type: none"> » Succession planning » Evaluate the performance of committees » Evaluate the performance of individual directors

Nominations Committee – Meeting attendance FY2021

Name	9 Nov 2020	26 Nov 2020	17 Feb 2021	15 Apr 2021	6 May 2021	23 Aug 2021
Dr. Anna Mokgokong (Chair)	Y	Y	Y	Y	Y	Y
Maurice Mdlolo ⁶	Y	Y	Y	N/A	N/A	N/A
Kameel Keshav	–	–	Y*	Y	Y	Y

* Not a committee member, but attended

⁶ Maurice Mdlolo resigned 1 April 2021

Company Secretary

During the year under review MCP Managerial Services (MCP), represented by Joel Naidoo, was appointed to serve as Company Secretary. The board understands the King IV principle requiring an "arm's-length" relationship between it and the Company Secretary, and has created an environment in which the Company Secretary is able to ensure full adherence to board procedures and relevant regulations. The Company Secretary is not involved in an executive capacity on the boards of the various companies in the group.

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

- » Assists with the induction of new directors
- » Assists with director orientation, ongoing development and education
- » Ensures that the company 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 board is satisfied that an "arm's-length" relationship is maintained between it and Joel Naidoo of MCP Managerial Services through the provisions of the service agreement entered into between him 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 an online risk and opportunity register that outlines a detailed mitigation process is maintained. Management is accountable for the design, implementation and monitoring of the risk management plan. (For more on the Audit and Risk Committee, see page 106.)

The risk and opportunity register is monitored through a detailed process that involves rating risks and risk categories with equivalent estimated values. The mitigation process involves the allocation of responsibilities to individual employees and target dates as a monitoring tool. (For more on risk management, see page 108.)

IT and technology 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 and Risk Committee. The committee considers the efficiency of and developments in IT controls, policies and processes, as well as risk and resource optimisation. (For more on the Audit and Risk Committee, see page 106.)

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.

Remuneration Committee report

The remuneration report, in line with King IV's prescribed format, is presented in three parts:

- i) Part 1: The Chairman's letter, incorporating the background statement which provides context to the company's remuneration policy and performance;
- ii) Part 2: An overview of the forward-looking remuneration policy; and
- iii) Part 3: The implementation report which sets out in detail how the existing policy was implemented during the year under review, including disclosure on payments made to executive directors as well as non-executive directors during the reporting period.

The Remuneration Committee's ("the Committee") mandate is to ensure that Rebosis' remuneration policies and decisions continue to support the achievement of the group's strategic objectives in a fair and responsible way, while encouraging individual performance. The monitoring of the remuneration policy and the remuneration implementation report is the responsibility of the Committee.

The Committee remains committed to maintaining a strong and healthy relationship with Rebosis' stakeholders, which is built on trust and a clear understanding of our remuneration policy and the practices that have been implemented. The Committee is satisfied that it has fulfilled its responsibilities in accordance with its mandate for FY21 and that the remuneration policy achieved its stated objectives.

Remuneration Chairman's report

Dear Shareholders,

I am pleased to present the report of Rebosis Property Fund's Remuneration Committee for the year ended 31 August 2021, following my appointment as Chairman of the committee in April 2021.

Performance FY 2021

Despite coming off a very challenging FY 2020, economic activity increased during the year under review, spurred on by softer economic lockdown restrictions. Macro-economic conditions reflected in above inflationary increases in electricity and municipal charges and supply disruptions were a notable feature of this period.

Rebosis was successful and able to stabilise its performance for the period under review. Collections on retail leases performed much better than expected with more space taken up that offset retail turnovers. Tenant sustainability, especially in the entertainment and leisure sectors, remained under pressure.

Rebosis's defensive government-backed office portfolio has performed consistently during the reporting period. The management team achieved collection rates of 100% of government-backed tenants.

Confidence across the country was, however, dampened with the riots in July 2021. Again, the Rebosis executive management team responded swiftly and responsibly to the threats of looting and riots by implementing a crisis management response plan and worked closely with its tenants, the South African Police Service, the taxi associations (SANTACO) operating from Rebosis' malls and private security providers.

Leadership changes

In the previous reporting period, the company advised that it intends to review the composition of its board of directors to bolster its independent capacity. Several leadership changes were a feature of this reporting cycle and helped improve the independence, broader diversity and skills of the board.

The Fund's board of directors and new executive team has been instrumental in setting the strategy and implementing a turnaround for the group.

Mr Thabo Seopa stepped down as an independent non-executive director of the company as of 8 February 2021. Mr Kameel Keshav has been appointed as an independent non-executive director and Chairman of the Audit and Risk Committee, (11 November 2020) replacing Mr Thabo Seopa. Mr Maurice Mdlolo has resigned from the board and as Chairman of the Investment Committee from 1 April 2021. Mr Mervyn Burton joined the board from 1 April 2021 as independent non-executive director and Chairman of the investment committee.

Nomfundo Qangule stepped down as Chair of the Remuneration Committee in April this year and was appointed as Chair of the Social and Ethics Committee.

The board in consultation with the Nominations Committee reviews the balance of independent board members.

Mr Rob Becker tendered his resignation as Chief Investment Officer and director on 25 November 2020 and Ms Asathi Magwentshu as the permanent Chief Financial Officer of Rebosis on 18 December 2020. Ms Magwentshu becomes the first black woman Chief Financial Officer of Rebosis since the company was listed in 2011.

This report provides an account of the remuneration and people management for the reporting period; providing an overview of the various actions undertaken during the year and disclosing our remuneration policy and the implementation thereof in our implementation report.

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.

Internal factors which influenced remuneration:

Milestones achieved by the business are:

- i. Prudent Cash Management: Rebosis continue to operate with a challenging gearing levels. Through prudent cash management, Rebosis has met its obligations to employees and suppliers and met financial repayment obligations.
- ii. Investment in portfolio: Surplus cash for the business has been invested in value accretive and defensive capex.
- iii. Renewal of banking facilities: Extension of facilities to March 2022: During the review period, the company successfully extended expiring debt facilities for a further six months to 31 March 2022 (see below for further information). The executive management team has spent a considerable time meeting formally and frequently with funders and appraising them of risks within the business and opportunities available to the Fund.
- iv. Strong office collection rates: Large improvements in the collection of long outstanding arrears were achieved during the period. As highlighted above, collection rates of 100% on government-backed rentals were recorded.
- v. Maintaining a compliant B-BBEE rating: Rebosis achieved a level 3 B-BBEE rating for the period.
- vi. Turnaround strategy: Management have successfully commenced and built significant traction to implement the company's strategy to deleverage and optimise its balance sheet. During the year, advanced negotiations related to the office portfolio disposal commenced. The transaction was announced in October 2021.
- vii. Office portfolio disposal: An offer of R6.3 billion was received from Vunani Capital Partners. The liquidity of the sale assets was tested with the binding offer from a consortium led by Vunani. In addition, to realise the value of the office segment of its portfolio, to restructure the business as a retail-focused fund and to position the company to resume dividend payments to shareholders.

Remuneration Chairman's report continued

- viii. Loan-to-value: The above transaction will achieve a sustainable LTV of approximately 42%.
- ix. Re-purposing of vacant office portfolio: Management have identified three assets as redevelopment assets to convert to student accommodation at an attractive net realisable value.

Tasks undertaken by the committee during the year:

- » Reviewed progress on the company's transformation targets
- » Oversaw the design and implementation of a long-term incentive plan in collaboration with PwC
- » 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

Future areas of focus:

- » Finalisation of the rules of the variable incentive plan

Voting outcomes and shareholder engagement:

Rebasis aims to proactively engage with shareholders regarding remuneration matters, especially in light of disappointing voting outcomes received in 2021. The company intends engaging with shareholders again between the publication of this report and the AGM. The intention is to understand shareholder concerns and to address these in future updates to the remuneration policy and disclosure in the remuneration report.

Our shareholders cast their votes on the company's remuneration policy and implementation report at our 2021 AGM, as follows:

	Remuneration Policy	Implementation Report
2020 AGM	23.4% for/76.6 % against (REB) 5% for/95% against (REA) Combined results not presented	19.9% for/80.1% against (REB) 26.60 for/73.40% against (REA) Combined results not presented
2021 AGM – (16 April 2021)	73.66% for/26.34% against (REA) 66.24% for/33.76% against (REB) Combined: 66.85% (for)/33.15% (against)	70.89% for/29.11% against (REA) 64.14%/35.86% (REB) Combined: 64.70% for/35.30% (against)

As we did not receive the necessary level of support in either vote as required by King IV™ and the JSE Listings Requirements, we engaged with our shareholders regarding their concerns. The feedback received from shareholders, as well as steps taken by Rebasis to address these concerns is set out below:

Shareholder concern	Resolution / comment by Rebois
No long-term incentive scheme in operation	Rebois has since implemented a long-term incentive scheme, as detailed in the remuneration policy, below.
Deferral of a portion of the short-term incentive into shares	Not applicable as this was not the company policy or its intention.
Executive directors' performance targets and achievement against these not disclosed	Rebois has now included performance targets and will disclose the outcome of the performance.
A malus and clawback policy has not been implemented	The new long-term incentive plan which is presented in the policy section subjects all variable pay to malus and claw-back.
Transaction-related incentives paid to executive directors	Incentive paid only upon transfer of disposal of properties.

The remuneration policy and implementation report will be tabled for non-binding votes by shareholders at the AGM on 22 May 2022. If either the remuneration policy or implementation report receive dissenting votes in excess of 25%, the Committee will:

- » Embark on formal engagements with dissenting shareholders regarding their dissenting votes;
- » Address legitimate and reasonable objections raised; and
- » If required, amend the remuneration policy or clarify and/or adjust the remuneration governance processes or disclosure.

Independent remuneration consultants:

The Committee engaged the services of PwC as remuneration consultants during the 2021 financial year. During the reporting period, PwC conducted benchmarking of Rebois' non-executive directors, and assisted in implementing a long-term incentive plan. The Committee is satisfied that the consultants were independent and objective in providing the relevant services. CDH supported the Committee with specialist legal advice on remuneration matters.

The committee is satisfied that the technical and legal advisers engaged during the year provided independent, unbiased advice and remained the objective throughout the process.

Approval:

The Remuneration Committee recommended this remuneration report to the board of directors of Rebois Property Fund Ltd on 16 November 2021 for approval, which was granted in December 2021.

The Committee is satisfied that the remuneration policy is fair, transparent and responsible in that it is reviewed and approved annually. Further, the Committee is satisfied that the remuneration policy achieved its stated objectives and the Committee has satisfactorily discharged its functions and has complied with its terms of reference during the period under review.

The company strives to improve our remuneration practices and looks forward to receiving shareholder support on the resolutions for the remuneration policy and implementation report at the 2022 AGM.

The board and Remuneration Committee will welcome any suggestions and feedback that you may have on the remuneration policy or the remuneration implementation report. We are available to engage with you on any matters and look forward to your support on the above resolutions.



Shaun Naidoo

Chairman: Remuneration Committee

31 December 2021

Remuneration policy

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This report provides an account of the remuneration and people management for FY2021. 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.

Our remuneration philosophy

Both our remuneration philosophy and remuneration policies are a key part of our Financial and Social and Relationship Capitals. Both policies, save the introduction of a VIP, have remained largely unchanged during the year under review.

Our 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.

Our aim is to provide a fair and competitive remuneration programme 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.

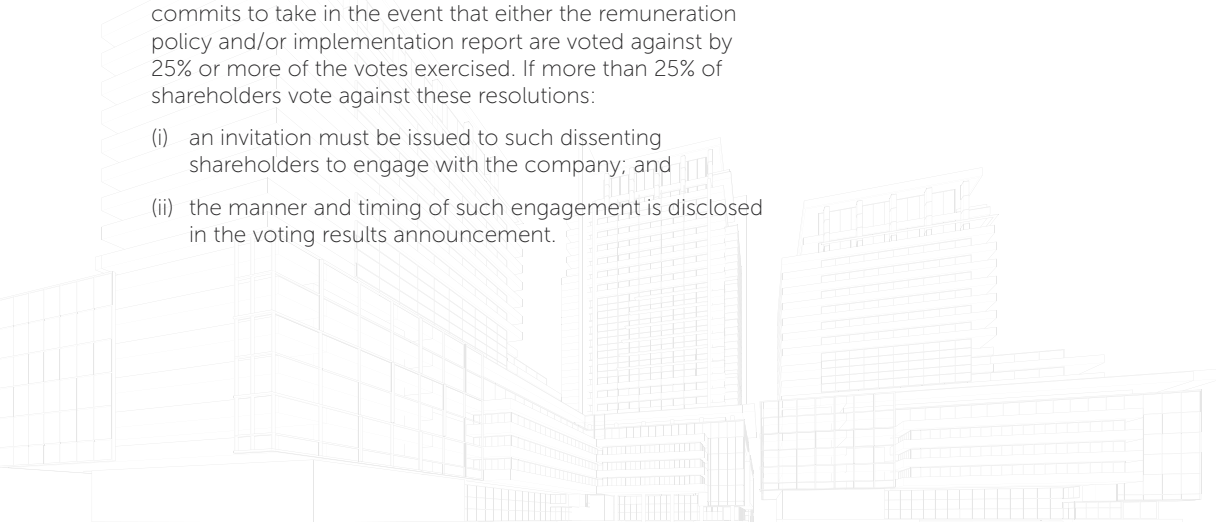
The group is committed to paying market-related salaries and working towards providing pay guidelines to ensure that employees are paid fairly and equitably for the jobs they perform, while accommodating differences and changes in job requirements, labour markets and the economy.

The remuneration policy and implementation report is tabled every year for separate non-binding advisory votes by shareholders at the AGM. The remuneration policy must also record the measures that the board of the company commits to take in the event that either the remuneration policy and/or implementation report are voted against by 25% or more of the votes exercised. If more than 25% of shareholders vote against these resolutions:

- (i) an invitation must be issued to such dissenting shareholders to engage with the company; and
- (ii) the manner and timing of such engagement is disclosed in the voting results announcement.

The key aims of our remuneration policy have been formulated to achieve:

- » Attraction, retention and motivation of key talent who have the skills and experience necessary to make a difference to the organisation and in delivering the company's strategy.
- » Incentivisation of key employees through a remuneration package that is appropriately competitive with other real estate companies, and which considers the importance and experience of the individuals involved.
- » Alignment, as far as possible, of 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 company's business strategy.
- » Enabling of executives to accumulate over time, shareholding in the company that is meaningful to them.
- » The exercise of discretion within a framework designed to make appropriate trade-offs between risk and reward, and to apply a thoughtful balance by keeping for future performance outcomes a meaningful portion of incentives that are at risk.
- » The appointment of independent directors to the Remuneration Committee, to provide an independent review and approval of the company's overall remuneration philosophy and policy.
- » Clear and consistent communication of the company's approach to remuneration throughout the year, and cascading them to employees through key value statements.



Overview of group remuneration elements

Element of remuneration	Eligibility	Purpose	Policy	Proposed changes for 2022	
Fixed	Cash salary	All	Basic contractual reward for services	Market-related	None
	Benefits	All	Retirement funding, death and disability coverage	All to participate	None
Variable	13th cheque	All staff below senior levels	Motivation and performance-related	Continue with 13th cheque for staff not on senior levels	None
	Annual STI scheme	Executives and senior management	To reward performance	Linked to KPIs and affordability	Phasing out and will be replaced by a new variable incentive plan
	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 – phasing out at present
	Variable incentive plan	Executives and senior management	To reward exceptional performance and retention	One structure which combines annual STIs and LTI elements	Being introduced

Fixed remuneration and benefits

Remuneration is structured in a guaranteed package manner, which is a fixed cost to employment, is competitive and market-related. Our 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 regularly benchmarked against the sector.

All our employees participate in a provident fund with a group life benefit that includes death, disability and funeral benefits. Annual leave consists of 20 days per annum which increases by five days following every five years of completed service to a maximum of 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 ten 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.

We believe that the health of our employees is essential to our success. We have accordingly collaborated with ICAS South Africa Pty Ltd (ICAS) in order to assist employees in seeking professional help in order to deal with the challenges that impact on their personal and interpersonal work relationships. (For more on employee health and wellness, see page 47.)

Linking pay to performance

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

Remuneration implementation report

STI scheme

The company has a bonus programme in place 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. The long-term portion and remuneration retention mechanism will be replaced with the new LTI scheme when it is implemented.

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

- » No bonus below 75% of agreed output (not met)
- » Up to 10% of CTC between 75% and 100% output (meets expectations)
- » Up to 50% of CTC between 100% and 125% output (exceed expectations)
- » 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 score at least 75% on their performance appraisal.

Special incentive scheme

In the absence of a LTI scheme, and in order to retain key individuals and drive the achievement of the company's de-leverage programme, the Remuneration Committee implemented a special incentive scheme during FY2020. Participants in the scheme are rewarded on a linear scale for implementing the company's asset disposal programme.

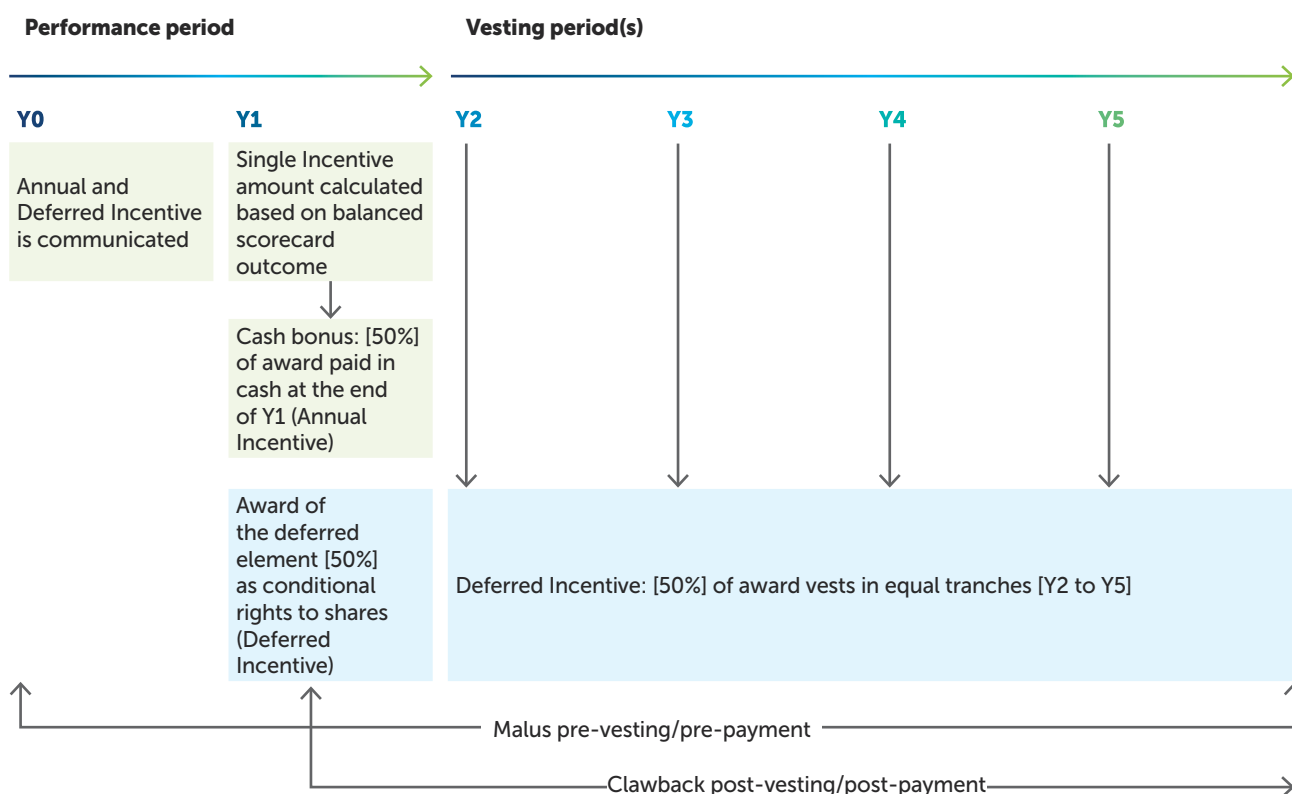
Participation in the scheme is by invitation from the Remuneration Committee and has been limited to a few key executive and senior managers who are directly involved in delivering the de-leverage strategy. Participants can earn up to two times their CTC if the board objectives are met. This scheme will vest in the event that there is a change in control of the company.

New incentive: Variable Incentive Plan (VIP)

Building on previous disclosures, the company is in the process of implementing a new VIP. Two types of awards can be made under the VIP: "single incentive". This means that awards under the scheme combine STI and LTI awards which would otherwise be made under two separate schemes. The single incentive is grounded in a conditional share plan, whose intended implementation was previously reported by the company, and whose aims are to ensure that management and shareholder interests are aligned.

In addition, performance incentives can be awarded. Performance incentives will typically be subject to forward-looking three-year performance and vesting conditions. As the setting and calibration of forward-looking performance conditions is not possible at this stage, the performance incentive award will not be used in FY2022.

Overview of annual incentive and deferred incentive (single incentive)



Executives' contracts of employment

The company's executive directors hold permanent contracts of employment and are subject to the following terms:

- » Sign-on payments: Rebois does not offer sign-on awards to any executive directors or other employees upon hiring by the company
- » Termination: the contracts of executive directors include termination notice periods of three months
- » Termination/restraint of trade payments: the contracts of executive directors do not trigger payments to the individuals in the event of termination or in exchange for an active restraint of trade

Minimum shareholding requirement policy

Rebois does not currently have a minimum shareholding requirement policy for its executives.

Malus and clawback policy

The Remunerations Committee is pursuing the drafting and implementation of a malus and clawback policy. All awards under the VIP will be subject to malus and

clawback. Details of the trigger events will be set out in the 2022 remuneration policy.

Non-executive directors' fees

Non-executive directors' fees reflect the directors' roles and membership of the board and its committees. Currently, the fees comprise an aggregate board base fee plus additional fees for membership per committee. In the Remuneration Committee's view, the fees paid to non-executive directors are sufficient to attract board members with the appropriate level of skill and expertise.

Non-executive directors do not hold contracts of employment with Rebois, and they take part in any variable remuneration schemes offered by the company. The fees of non-executive directors are reviewed biennially and submitted to shareholders for approval.

During FY2021, PwC conducted benchmarking on the fees Rebois pays its non-executive directors.

The fees paid to non-executive directors during the year under review are included in the implementation report below, along with the proposed fees for the 2022 and 2023 financial years.

Remuneration implementation report continued

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

Annual adjustments to fixed remuneration: No increases were approved for employees for FY 2021.

STI outcomes for 2021

The executive directors' STI is measured against the personal performance criteria set out below:

	CEO	CFO	Retail director
Achieving earnings in line with targets – 3	✓	✓	✓
Seek opportunities to deleverage the fund – 4	✓		
Seek opportunities to unlock value for stakeholders – 4	✓		
Implement board approved disposals	✓	✓	
Manage performance of the fund – 3	✓	✓	✓
Achieve lease renewals	✓		✓
Manage debt levels – 2		✓	
Manage collections		✓	✓
Operational efficiency	✓		✓
Asset management performance	✓		✓
Driving tangible B-BBEE – 1	✓	✓	✓
Driving transformation – 1	✓	✓	✓

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 Medscheme disposal in December 2020.

LTI outcomes for 2021

As no LTI has been in place until the introduction of the single incentive set out above, there are no long-term incentive awards "in-flight". In addition, no table of unvested awards is presented either.

Single figure of remuneration for executive directors:

The earnings of executive directors (received and receivable) over the reporting period are set out below:

	2021 R'000	2020 R'000
Executive director remuneration		
SM Ngebulana	6 576	7 332
Salary and allowances	5 883	5 772
Retirement benefits	477	468
Incentive	216	1 092
AL Magwentshu[^]	2 589	167
Salary and allowances	2 206	157
Retirement benefits	169	10
Retention bonus	146	–
Incentive	68	–
Z Kogo	1 969	1 896
Salary and allowances	1 787	1 754
Retirement benefits	145	142
Retention bonus	36	–
RP Becker⁺	1 343	4 888
Salary and allowances	888	3 848
Retirement benefits	80	312
Incentive	–	728
Leave paid out	375	–
I King[#]	–	3 162
Salary and allowances	–	2 340
Retirement benefits	–	260
Sign-on bonus	–	–
Leave paid out	–	107
Incentive	–	455

[#] Mrs I King was appointed as the Chief Financial Officer on 1 December 2018 and resigned on 31 August 2020

[^] Asathi Magwentshu was appointed as Interim Chief Financial Officer on 04 August 2020 and the role was made permanent 18 December 2020

⁺ Mr R Becker resigned as the Chief Investment Officer on 25 November 2020

Fees paid to non-executive directors

	2021 R'000	2020 R'000
Non-executive director attendance fees		
ATM Mokgokong	798	741
K Keshav ⁺	922	–
WJ Odendaal ^{>}	–	308
NV Qangule [^]	650	479
TSM Seopa [†]	194	530
MM Mdlolo [‡]	365	484
GF Froneman ^{<}	–	388
MR Burton [?]	291	–
S Naidoo [@]	296	–
LC Pengilly [*]	445	–
Total	3 960	2 929

[†] Mr TSM Seopa resigned as the Chairperson of Social & Ethics Committee on 8 February 2021

[‡] Mr MM Mdlolo resigned as Chairperson of the Investment Committee on 1 April 2021

[^] Ms NV Qangule was appointed as Chairperson of the Social and Ethics Committee on 16 April 2021

[?] Mr MR Burton was appointed on 16 April 2021 as the Chairperson of the Investment Committee

[@] Mr S Naidoo was appointed on 1 April 2021 as Chairperson of the Remuneration Committee

⁺ Mr K Keshav was appointed on as Chairperson of the Audit and Risk Committee on 11 November 2020 and Deputy Chairperson of the board on 16 April 2021

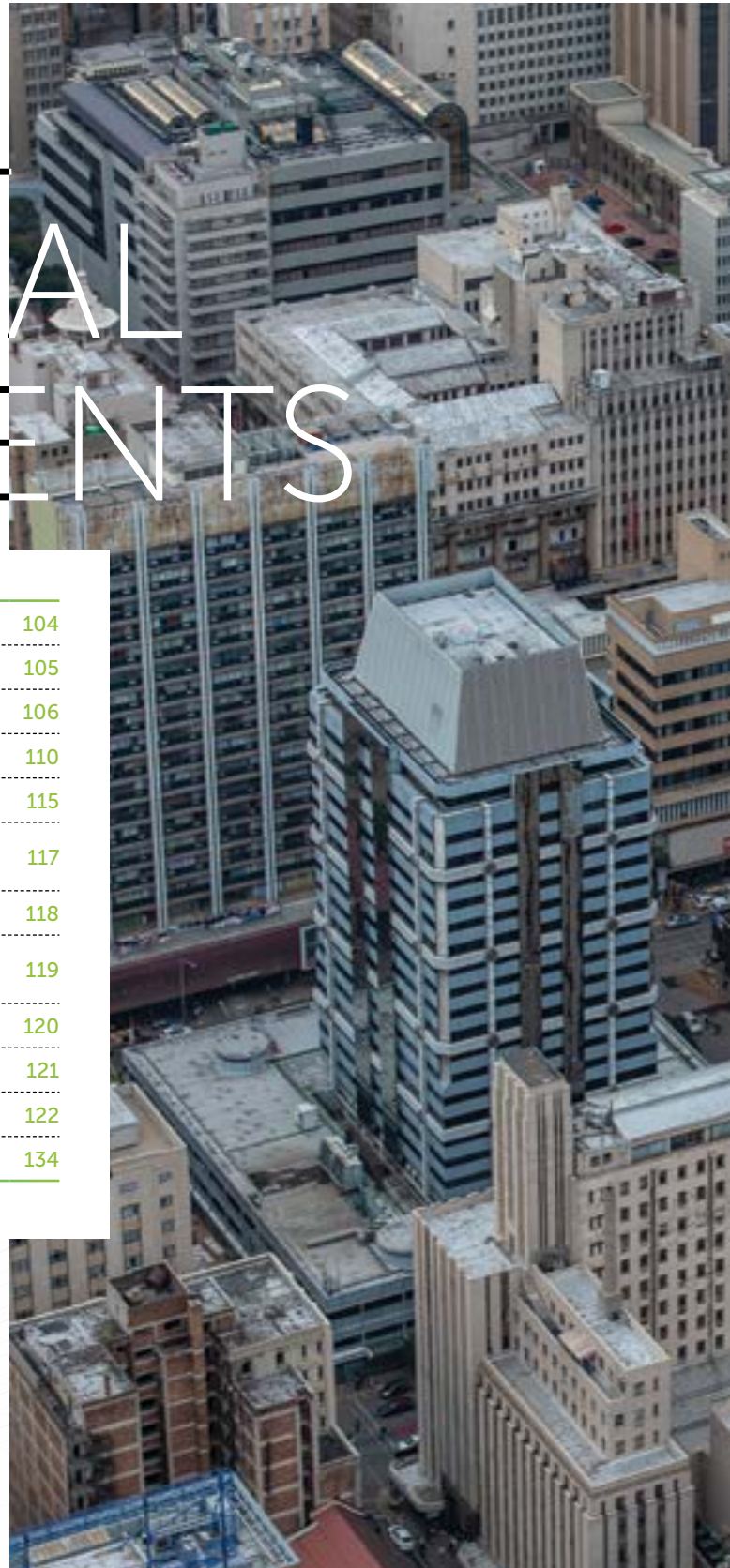
[<] Mr GF Froneman resigned as the Chairperson of the Audit and Risk Committee on 30 June 2020

[>] Mr WJ Odendaal resigned on 19 August 2020

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

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Directors' responsibility and approval

The directors are required in terms of the Companies Act, No. 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.

Rebasis 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 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's and company's financial statements.

The financial statements (pages 102 to 188) have been examined by the group's external auditor and their report is presented on pages 110 to 114.

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements were approved by the board 30 November 2021 and are signed on its behalf by:



Dr Anna Mokgokong
Chairperson
7 January 2022



Dr Sisa Ngebulana
Chief Executive Officer
7 January 2022

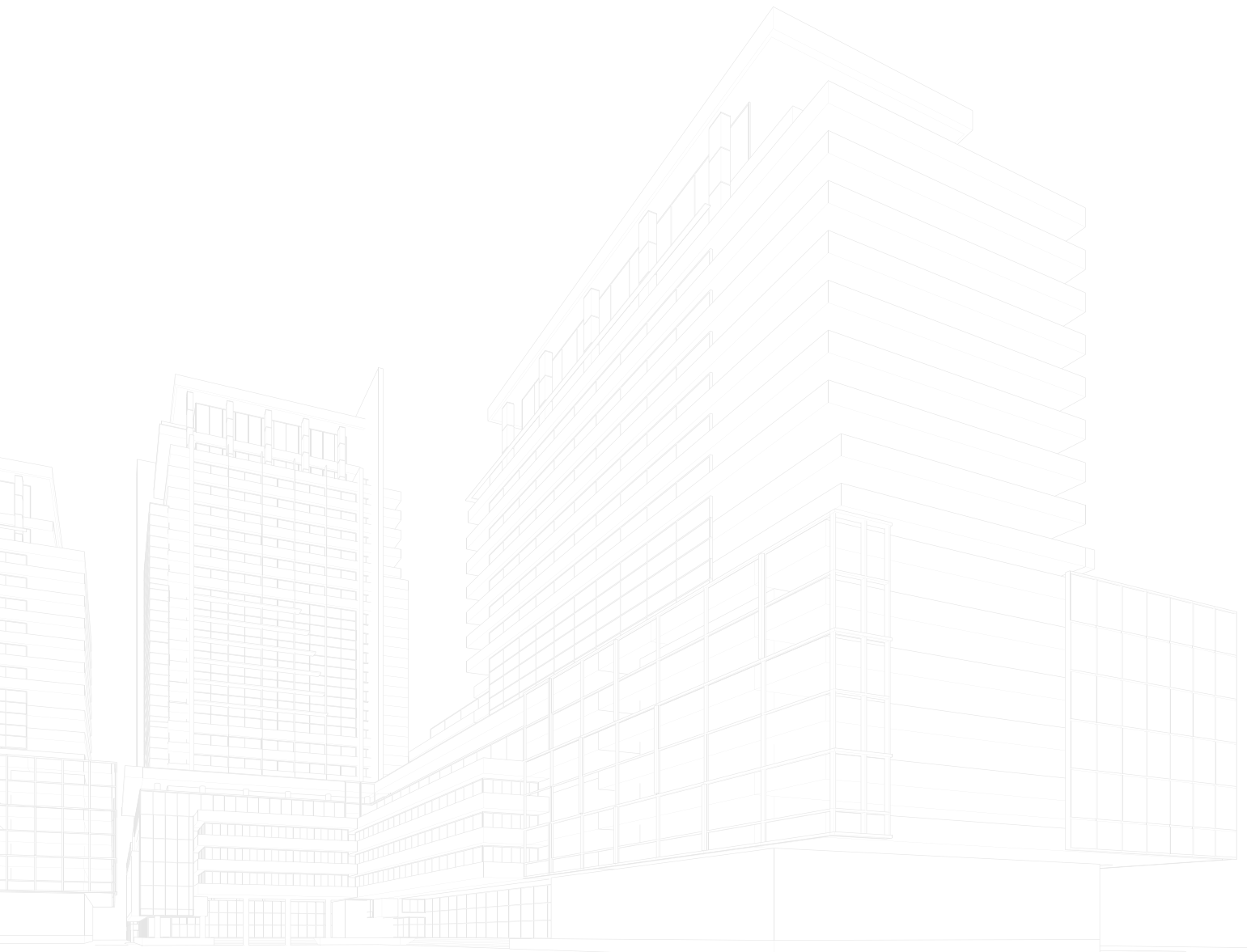


Certificate by Company Secretary

In terms of section 88(2)(e) of the Companies Act we certify that, to the best of our knowledge and belief, 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 appear to be true, correct and up to date.

MCP

Joel Naidoo
MCP Managerial Services
Company Secretary
7 January 2022



Audit and Risk Committee report

The information below constitutes the report of the Audit and Risk Committee ("the Committee") in respect of the 2021 financial year. The Committee is an independent statutory committee upon which key duties have been delegated to the board of Rebasis Property Fund Limited.

The report has been presented as required in terms of the Companies Act, No. 71 of 2008, as amended, for Rebasis Property Fund Limited and its subsidiaries (collectively known as the "group").

The Committee is chaired by independent non-executive director, Kameel Keshav, and further comprises independent non-executive directors, Nomfundo Qangule, Mervyn Burton and Shaun Naidoo. 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 adherence with the 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 at meetings, for the year under review, are set out on pages 86 to 91.

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 the management team. 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 function 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. The nominated external auditor is a registered auditor who, in the opinion of the Committee, is independent of the group;
- » 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, No. 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 external auditor may provide to the group;
- » 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 group has established appropriate financial reporting procedures with respect to the following:
 - i. Considered all entities in the consolidated annual financial statements.
 - ii. Ensured that it has access to all financial information of the group to effectively prepare and report on the financial statements of the company and group.
- » Confirmed that the 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 external auditor;
- » 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 group's accounting practices, the content or auditing of the annual financial statements, the internal financial controls or any related matter;
- » Considered the JSE Proactive Monitoring Report and its impact on the annual financial statements; and
- » Made submissions to the board (where appropriate) in matters concerning the group's accounting policies, financial controls, records and reporting.

Key focus areas for the Committee during the financial year ending 31 August 2021 were the following:

- » To obtain an understanding to the requirements of the external auditor to report on significant matters impacting on their review;
- » The potential impacts of IFRS 9 and the valuation of investment properties to the extent applicable to the company;
- » Providing assistance to the board in exploring, evaluating and assessing opportunities to deleverage the group's balance sheet;
- » Evaluating the financial impacts on the business and adequacy of provisions raised in light of the ongoing impacts of COVID-19 and lockdowns imposed;
- » Reviewing the accounting treatment pertaining to recognition and disclosure associated with deferred payment liability. Refer to note 17 of the annual financial statements for further details;
- » Evaluation and tracking of the management points identified and reported in the 2020 financial year by the external auditor; and
- » Liquidity and solvency testing of the group's and company's financial position at each reporting date.

EXTERNAL AUDITOR

The Committee has satisfied itself that the external auditor is independent of the group, which includes consideration of compliance with criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board for Auditors (IRBA). Requisite assurance was sought and provided by the external 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, 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 IRBA;
- » The external auditor does not receive any remuneration or other benefit from the group and company, 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 the independence of the external auditor;
- » The external auditor's independence was not prejudiced as a result of any previous appointment as auditor; and
- » 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 2021.

The external auditor is invited to attend all the Committee meetings and are required to meet independently with the Committee at least once annually. Findings by the external auditor arising from their annual statutory audit are tabled and presented at a Committee meeting following the conclusion of the audit process. The Committee endorses action plans for management to mitigate concerns reported. The external auditor has expressed an unqualified opinion with a material uncertainty related to the going concern paragraph on the financial statements for the year ended 31 August 2021.

Refer to pages 110 to 114 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 2021 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 Committee is required to pre-approve all audit and non-audit services performed by BDO to assure that auditor independence is not compromised. The group policy is to ensure that these fees remain under 10% of the total audit fee and this test was passed for the 2021 financial year. Refer to the corporate governance section of this report for further details and approval of non-audit services.

Audit and Risk Committee report continued

INTERNAL AUDITOR

The group has outsourced its internal audit function to Mazars Consulting Services (Pty) Limited, 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 Committee. Corrective action is taken to address internal control deficiencies identified in the execution of work.

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

- » Information Technology – Migration of Data Review
- » Information Technology – Information Technology General Controls (ITGC) Review
- » Enterprise Risk Management – Enterprise Risk Management Review

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

INTERNAL CONTROLS

In order 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.

The group has an enterprise risk management policy which is reviewed, assessed and amended, where applicable, by the Committee. The group applies a formal risk assessment process on an annual basis and continuously identifies and quantifies emerging risk. The board of directors takes ultimate responsibility for risk management and has delegated oversight responsibility to the Committee. Management, as the implementer of strategy, must ensure that the group and 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 identified new risks impacting the group, culminating in an implementation action plan to address identified risks. The Committee also reviewed previous risks identified and tracked the implementation status of controls introduced to mitigate these risks.

COMPLIANCE

The Committee oversees the group's adherence to International Financial Reporting Standards (IFRS) and its financial reporting obligations imposed by regulators.

The compliance risk management process is primarily administered by the group's Head of Legal and her team, supported by the risk management function. The legal and regulatory compliance process is managed through a compliance risk assessment process. Feedback is provided at Committee meetings held by the management.

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 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 with the expertise and adequacy of resources within the group's financial function and experience of the senior finance management team.

ANNUAL FINANCIAL STATEMENTS

The Committee assists the board with all financial reporting requirements and reviews the annual financial statements, 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 the financial statements comply with 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, No. 71 of 2008, as amended.

GOING CONCERN

The Committee reviewed a documented assessment of the going concern assumption of the group and company, which included a detailed review and assessment of various sources of information. The information reviewed, and assessments performed, were the following:

1. Liquidity and Solvency Test;
2. Cash flow position as at 31 August 2021;
3. Forecasted cash flow for the 2022 financial year with thorough assessment of assumptions applied;
4. Debt profile review and consultation with the principal senior funder on their support; and
5. Detailed strategic plan by management to reduce debt levels as a function of assets, including the announced disposal of the portfolio of government and state-tenanted office assets, as a going concern. Refer to note 41 of the annual financial statements for further details on the proposed disposal.

Current liabilities, which includes all interest-bearing borrowings, exceeds the current assets (including non-current assets held for sale). The group therefore does not pass the liquidity test. The group has been 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. A large proportion of the bank facilities have been extended on a six-month basis.

The recently announced portfolio sale of assets is a targeted business disposal activity aimed at restructuring the group's balance sheet. The successful consummation of this transaction will allow the company to settle a large portion of its current debt, potentially resetting the LTV to c.43%. This will also afford the company to refinance remaining debt on the balance sheet to longer term debt profiles along with adequate hedging instruments.

As at the 31 August 2021, there existed uncertainty related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business without the continued support of our funders. The group's ability to continue as a going concern is dependent on the roll forward of the debt facilities by the banks and/or the successful completion of the portfolio sale of assets above.

INVESTMENT PROPERTY VALUATIONS

The group obtained independent valuations for all the properties during the current financial period. Quadrant Properties independently valued the retail portfolio, commercial and industrial property portfolio as at 31 August 2021. All properties within the group were reflected at their independent fair values at the balance sheet reporting date.

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

Despite the challenging macroeconomic environment and the enduring impacts of COVID-19 lockdowns on the South African economy, the group has exhibited resilience and delivered relatively strong operational results. The group has delivered portfolio growth despite significant COVID-19 rental concessions granted to tenants. Management and the board have successfully negotiated renewal of c.98% of expired debt during the 2021 financial year. The group has adequate expected credit loss provisions for risks exacerbated by the pandemic.

The primary focus of the group is to strengthen the core business platform to return the core business to profitability. The disposal of the portfolio of assets to Ultracraft will transform the fortunes for the group. The sale will not only enable the group to significantly deleverage the balance sheet by reducing its LTV from 71.4% to c.43%, it will also position the group as a retail-focussed property fund with solid assets in key targeted geographical nodes. This is critical for the group to generate distributable income going forward.

Finally, I would like to thank the management team and with particular focus the finance function along with the company's external auditors on the long hours, hard work and commitment to get our financial results finalised and appropriately released.



Kameel Keshav

Chairperson of the Audit and Risk Committee

7 January 2022

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 Rebasis Property Fund Limited (the group and company) set out on pages 102 to 188, which comprise the consolidated and separate statements of financial position as at 31 August 2021, 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 Rebasis Property Fund Limited as at 31 August 2021, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International IFRS 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 41 to the consolidated and separate financial statements which indicates that as at 31 August 2021 the group's current liabilities exceeded its current assets by R10 billion (company: R6.2 billion). As stated in note 41, the group's and company's ability to continue as a going concern is dependent on the roll-forward of the debt facilities by their banks and/or the successful completion of the portfolio sale of assets as indicated in the note. As stated in note 41, these conditions, along with other matters as set forth in note 41, 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.

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.

Key audit matter	How our audit addressed the key audit matter
<i>Valuation of investment properties (including investment properties classified as held for sale) (consolidated and separate financial statements) – note 3</i>	The audit procedures we performed included, amongst others, the following:
As at 31 August 2021, the carrying value of investment property amounted to R13.1 billion (company: R7.3 billion).	» We assessed the design and implementation of relevant controls in the property valuation process;
For the current year, the group used an independent external valuer to determine the fair values of the properties.	» We assessed the competence and capabilities of the independent external valuer performing the valuations with reference to his qualifications and industry experience;
The inputs with the most significant impact on these valuations are disclosed in note 3 to the consolidated and separate financial statements, and include rental growth rates, vacancy rates, discount rates and capitalisation rates.	» We discussed the scope of the independent external valuer's work with management and inspected his terms of engagement to assess whether there were any matters that could have affected the independent external valuer's independence and objectivity, or could have imposed scope limitations upon him;

Key audit matter

Due to the significant estimation uncertainty relating to determining the fair value of investment property, due to the significance of the investment property balances to the consolidated and separate financial statements we have determined that the valuation of investment property is a matter of most significance in our audit of the consolidated and separate financial statements of the current year.

How our audit addressed the key audit matter

- » We critically evaluated, for a sample of investment properties and investment properties held for sale, the forecasts, vacancy rates discount rates and capitalisation rates used by the independent external valuer in the valuation calculation to assess whether these were consistent with industry norms and our understanding of the properties;
- » We evaluated the management's ability to prepare credible budgets by comparing the forecasts to historical actuals and discussing significant differences with management and the independent external valuer and assessing the explanations for reasonability;
- » Making use of our internal valuation expert, we assessed the reasonability of the assumptions and methodology applied to the inputs used in determining the fair value of the investment properties by management and their independent external valuer. This included:
 - Assessing the appropriateness of the valuation methodologies applied to the different asset types with reference to generally accepted property valuation techniques in the real estate market;
 - Assessing the category, GLA, location and grade of property, all of which inform management and the independent external valuer in the selection of the appropriate capitalisation rates and/or discount rates to apply from the latest South African Property Owners Association (SAPOA) reports, against the outcome of the independent valuations;
 - Agreeing the capitalisation rates and discount rates applied by the independent external valuer in the valuation to the latest SAPOA reports;
 - Assessing the reasonability of the vacancy rate assumptions applied by the independent external valuer in the valuations.
- » We tested the mathematical accuracy of the valuation calculations;
- » We evaluated the adequacy of the presentation and disclosure of investment property and the respective key valuation assumptions in the consolidated and separate financial statement against the requirements of International Financial Reporting Standards.

Independent auditor's report continued

Key audit matter	How our audit addressed the key audit matter
<p><i>Impairment assessment of goodwill (consolidated financial statements) – note 9</i></p>	<p>The audit procedures we performed included, amongst others, the following:</p>
<p>Based on the assessment performed by management, the remaining goodwill balance was fully impaired in the current year. The initial goodwill recognised arose from two business combinations.</p> <p>Goodwill is tested annually for impairment against the recoverable amounts of the cash generating units (CGUs) to which the goodwill was allocated. The value in use is assessed using discounted cash flow models. As disclosed in note 9 to the consolidated financial statements, there are a number of key sensitive judgements and estimates made in determining the inputs into these models, which include the growth rates and discount rates. As a result, we have identified the impairment assessment of goodwill as a matter of most significance in our audit of the consolidated financial statements of the current year.</p>	<ul style="list-style-type: none"> » We assessed the design and implementation of relevant controls in the goodwill impairment process performed by management; » We evaluated the determination of the subsidiaries as the relevant CGUs based on our understanding of how management monitors the group's operations and makes decisions about groups of assets that generate independent cash flows; » We assessed the mathematical accuracy of the value in use calculations within the impairment models; » We assessed the key growth rate assumptions by comparing them to current and actual lease escalations, margins applied, and assessing the discount rate with reference to the weighted average cost of capital of the group; » We assessed the impairment models for compliance with International Accounting Standard 36 <i>Impairment of Assets</i>; » Making use of our internal valuation expert to evaluate the reasonability of assumptions and methodologies used in the forecast models, including adjustments to revenue and the expected decrease, used in the discounted cash flows. The weighted average cost of capital calculation was reviewed for reasonability with regards to the cost of capital and cost of debt used in the calculation; » We evaluated the adequacy of the presentation and disclosures in the consolidated financial statements relating to the impairment assessment of goodwill, including that of the respective key valuation assumptions used, against the requirements of International Financial Reporting Standards.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "Rebasis Property Fund Limited and its subsidiaries Integrated Annual Report for the year ended 31 August 2021", which includes the Directors' Report, the Audit and Risk Committee Report and the Certificate by Company Secretary 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and/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.

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.

Independent auditor's report continued

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 Rebasis Property Fund Limited for 11 years.

BDO South Africa Inc

BDO South Africa Incorporated

Registered Auditors

Craig Kilian

Director

Registered Auditor

7 January 2022

106 Park Drive
St. Georges
Gqeberha, 6001

Directors' report

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 R13.1 billion, comprises 42 quality grade retail, commercial and industrial properties located in Gauteng, the Eastern Cape, KwaZulu-Natal and the North West Province.

As at 31 August Rebosis has classified most of its Commercial portfolio as held for sale, the value of the disposal portfolio is worth R6 billion.

YEAR UNDER REVIEW

The results of the group and company are addressed in the reports of the Chairperson, the Chief Executive Officer and the Chief Financial Officer and are set out in the integrated annual report on pages 22, 30 and 52.

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 five 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 company's 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	Chairperson
NV Qangule	Non-executive director
TSM Seopa (resigned 8 February 2021)	Non-executive director
MM Mdlolo (resigned 1 April 2021)	Non-executive director
L C Pengilly	Non-executive director
K Keshav (appointed 11 November 2020)	Non-executive director
Mr Burton (appointed 1 April 2021)	Non-executive director
Mr S Naidoo (appointed 1 April 2021)	Non-executive director

Executive directors	Position
SM Ngebulana (resigned 1 December 2021)	Chief Executive Officer
AL Magwentshu (appointed 18 December 2020)	Chief Financial Officer
RP Becker (resigned 24 November 2020)	Chief Investment Officer
Z Kogo	Executive Director
Otis Tshabalala (appointed 1 December 2021)	Chief Executive Officer

The number of board and committee meetings attended by each of the directors during the year is tabled in the our governance on pages 85 to 90.

Directors' report continued

DIRECTORS' INTERESTS

The interests of the directors in the REB share of the company at 31 August 2021 were as follows:

	Beneficial		Total
	Direct	Indirect	
Executive directors			
SM Ngebulana	–	114 840 001	114 840 001
Z Kogo	15 577	–	15 577
	15 577	114 840 001	114 855 578

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

	Beneficial		Total
	Direct	Indirect	
Executive directors			
SM Ngebulana	–	40 840 122	40 840 122
RP Becker	225 000	–	225 000
Z Kogo	15 577	–	15 577
	240 577	40 840 122	41 080 699

Sisa Ngebulana's indirect interest increased on 31 August 2021 as a result of the Amatolo Family Trust and Zacacode acquiring a beneficial interest in Rebasis A ordinary shares (REA Shares) and Rebasis B ordinary shares (REB Shares).

The total beneficial interest held in the Rebasis group is 28.86% and 16.42% respectively of the total number of REA and REB shares in issue. The effective interest in the Rebasis group is 17.45%, which calculation is based on total number of shares in issue including treasury shares. The directors interests are not encumbered and there have been no changes to the directors' interest between 31 August 2021 and the date of the annual report.

DIRECTORS' INTERESTS IN CONTRACTS

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

Rebasis Property Group (Pty) Limited (formally known as Billion Property Group), owned 50% of Baywest City (Pty) Limited (Baywest), prior to the acquisition by the group there have been no changes to the directors' interests between 31 August 2021 and the date of the annual report.

INVESTMENT PROPERTY VALUATIONS

As disclosed in Note 3 to the financial statements, Rebasis 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, commercial and industrial properties. The valuer is registered in terms of section 19 of the Property Valuers Professional Act (Act No. 47 of 2000). At 31 August 2021, the investment property portfolio is carried at R13.1 billion in the consolidated statement of financial position, which is a reduction of R300 million on the prior year.

SUBSEQUENT EVENTS

On 21 October 2021, the group announced via SENS that it had concluded agreements with Ulricraft (Pty) Limited (Ulricraft) for the sale of a portfolio of government and state-tenanted office assets, as a going concern, for a cash consideration of R6 319 099 000.

Ulricraft is a wholly-owned subsidiary of Vunani Capital Partners Limited (VCP), a company listed on Equity Express Securities Exchange.

It must be noted that while VCP is currently the owner of all of the issued share capital of Ulricraft, upon fulfilment of all conditions precedent, it is expected that VCP will only own between 6% and 9% of the Purchaser, with the balance being owned by the equity funders.

The transaction is consistent with the group's strategy to deleverage and optimise its balance sheet by reducing its LTV, and, in addition, to realise the value of the office segment of its portfolio, to restructure the business as a retail-focused fund and to position the group to resume dividend payments to shareholders.

The purchase consideration payable for the portfolio comprises a consideration of R3 943 681 000 for the acquisition of portfolio assets owned by Rebasis Property Fund and R2 375 418 000 for the acquisition of portfolio assets held by Ascension Properties.

Three of the properties being sold (namely NBC Building, 373 Pretorius Building and 174 Visagie Street Building) are in the process of being converted from office space into purpose-built student accommodation. The group has provided warranties to and in favour of Ulricraft in respect of the portfolio acquired, which are typical for a transaction of this nature.

The transaction is subject to the fulfilment of several conditions precedent.

MAJOR SHAREHOLDERS

Beneficial shareholders holding in excess of 5% of the shares in issue are detailed on pages 190 to 194 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 Mande Ndema resigned on 31 March 2021 from his position as Company Secretary and was replaced by Joel Naidoo of MCP Managerial Services.

The board has considered and is satisfied with the competence, qualification and experience of the Company Secretary, Joel Naidoo.

The business and postal addresses of the Company Secretary are as follows:

Joel Naidoo

MCP Managerial Services
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

Dr Sisa Ngebulana

Chief Executive Officer
Centurion

7 January 2022

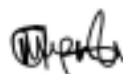
Chief Executive Officer's and Chief Financial Officer's responsibility statement

The directors, whose names are stated below, hereby confirm that:

- the annual financial statements set out on pages 102 to 188, fairly present in all material respects the financial position, financial performance and cash flows of Rebosis in terms of IFRS;
- no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to Rebosis and its consolidated subsidiaries have been provided to effectively prepare the financial statements of Rebosis; and
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principles of the King Code. Where we are not satisfied, we have disclosed to the Audit and Risk Committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls, and any fraud that involves directors, and have taken the necessary remedial action.



Dr Sisa Ngebulana
Chief Executive Officer
7 January 2022



Asathi Magwentshu
Chief Financial Officer
7 January 2022

Consolidated and separate statements of financial position

as at 31 August 2021

	Notes	Group		Company	
		2021 R'000	2020 R'000	2021 R'000	2020 R'000
ASSETS					
Non-current assets		7 177 321	12 260 124	4 906 055	8 439 733
Investment property		7 126 000	12 009 851	3 554 000	6 864 360
Fair value of property portfolio	3	6 882 835	11 756 667	3 488 530	6 777 827
Straight-line rental income accrual	3.1	243 165	253 184	65 470	86 533
Prepayment of land	5	42 000	–	42 000	–
Property, plant and equipment	11	9 321	11 540	4 468	4 785
Right-of-use asset	10.1	–	–	46 831	52 083
Investment in subsidiaries	7	–	–	1 109 533	1 353 935
Loans to group entities	6	–	–	149 223	164 570
Goodwill	9	–	238 733	–	–
Current assets		316 407	320 869	179 876	166 588
Trade and other receivables	14	190 385	260 205	97 113	136 912
Derivative instruments	12	–	1 431	–	1 431
Cash and cash equivalents	15	126 022	59 233	82 763	28 245
Investment property reclassified as held for sale	4	6 018 500	1 149 829	3 734 200	149 039
Total assets		13 512 228	13 730 821	8 820 131	8 755 360
EQUITY AND LIABILITIES					
Equity		3 188 130	3 479 486	1 501 568	1 645 647
Stated capital	13	9 015 068	9 015 068	9 040 200	9 040 200
Accumulated losses		(5 826 938)	(5 535 582)	(7 538 632)	(7 394 553)
Non-current liabilities		–	99 941	923 189	938 498
Loans from group entities	6	–	–	877 453	792 943
Lease liability	10.2	–	–	45 736	45 614
Derivative instruments	12	–	99 941	–	99 941
Current liabilities		10 324 098	10 151 395	6 395 374	6 171 215
Interest-bearing borrowings	16	9 509 200	9 588 979	5 899 508	5 882 653
Deferred payment liability	17	283 738	146 226	216 293	146 224
Derivative instruments	12	20 275	–	20 275	–
Lease liability	10.2	–	–	3 317	6 181
Trade and other payables	19	387 732	333 030	242 608	136 157
Loan – Billion Group land	18	7 440	–	7 440	–
Current tax payable		115 713	83 159	5 933	–
Total liabilities		10 324 098	10 251 336	7 318 563	7 109 713
Total equity and liabilities		13 512 228	13 730 821	8 820 131	8 755 361
Number of ordinary A shares in issue		63 266 012	63 266 012	63 266 012	63 266 012
Number of shares less treasury shares		696 844 874	696 844 874	696 844 874	696 844 874
Net asset value per REA ordinary shares no par value (R) – quoted share price		0.75	1.15	0.75	1.15
Net asset value per REB ordinary shares (R) – (Total equity less NAV per REA share/number of REB shares)	29	4.51	4.89	2.09	2.26
Loan to value (%)	33	71.4%	72.4%	79.8%	83.5%

Consolidated and separate statements of profit or loss and other comprehensive income

for the year ended 31 August 2021

	Notes	Group		Company	
		2021 R'000	2020 R'000	2021 R'000	2020 R'000
Investment property income	20	1 612 712	1 694 269	924 153	965 313
Net income from facilities management agreement		29 906	29 794	29 906	29 858
Management fees received		–	–	13 387	14 078
Straight-line rental adjustment		24 042	(19 209)	(661)	(14 021)
Revenue		1 666 660	1 704 854	966 785	995 228
Impairment loss on trade receivables		(51 582)	(21 188)	(16 336)	(10 877)
Property expenses	21	(669 642)	(600 066)	(322 495)	(258 186)
Net property income		945 436	1 083 599	627 954	726 165
Operating expenses – normal		(156 235)	(175 161)	(133 005)	(160 299)
Operating expenses – deferred payment liability		(87 875)	–	(87 875)	–
Operating income	22	701 326	908 438	407 074	565 866
Net interest	25	(833 463)	(908 387)	(607 543)	(591 732)
Paid		(834 522)	(912 457)	(608 273)	(595 394)
Received		1 059	4 070	730	3 662
Net operating (loss)/income		(132 137)	51	(200 469)	(25 864)
Other income		12 921	3 644	1 187	500
Changes in fair values and impairments	24	(127 404)	180 603	60 089	(428 820)
Investment property		13 442	340 187	262 153	191 494
Investment in subsidiaries – impairment		–	–	(244 402)	(156 989)
Derivative instruments		79 667	(68 535)	79 667	(76 703)
Intercompany loan impairment		–	–	(45 520)	(378 430)
Reversal of investment in securities impairment/(Investment in securities impairment)		18 220	(17 562)	8 191	(8 191)
Goodwill impairment		(238 733)	(73 487)	–	–
Total (loss)/profit before taxation		(246 619)	184 299	(139 193)	(454 184)
Taxation expense	26	(44 736)	(75 327)	(4 887)	–
Total comprehensive (loss)/income		(291 355)	108 972	(144 080)	(454 184)
(Loss)/profit attributable to:					
Owners of the parent		(291 355)	108 972	(144 080)	(454 184)
Non-controlling interest		–	–	–	–
Total comprehensive (loss)/profit for the year		(291 355)	108 972	(144 080)	(454 184)
Basic and diluted earnings per REA share (cents)	28	292.72	278.78		
Basic and diluted loss per REB share (cents)	28	(68.39)	(9.67)		

Consolidated statements of cash flows

for the year ended 31 August 2021

	Notes	Group		Company	
		Audited 2021 R'000	2020 R'000	2021 R'000	2020 R'000
Cash flows from operating activities					
Cash generated by operations	27	951 213	985 370	589 883	591 443
Finance income		1 059	4 070	730	3 662
Finance costs		(720 275)	(863 597)	(482 666)	(552 040)
Interest on land		(3 000)	–	–	–
Income tax paid		(26 212)	(35 413)	–	(19 732)
Net cash inflow from operating activities		202 785	90 430	107 947	23 332
Cash flows from investing activities					
Acquisition of property, plant and equipment		(1 122)	(374)	(1 097)	(354)
Capital expenditure, tenant installations and lease commissions		(49 734)	(68 411)	(16 284)	(31 536)
Proceeds from disposal of investment property		89 100	516 500	–	516 500
Repayment of land on loan		(42 000)	–	(42 000)	–
Repayment of loans to group companies		–	–	181 839	220 016
Advanced loans to group companies		–	–	(276 037)	(327 500)
Net cash (outflow)/inflow from investing activities		(3 756)	447 715	(153 579)	377 126
Cash flow from financing activities					
Proceeds from interest-bearing borrowings		21 000	51 400	21 000	–
Repayment of interest-bearing borrowings	27.1	(99 100)	(598 231)	–	(561 255)
Proceeds of loans from group companies non-current	6	–	–	138 716	377 900
Repayment of loans from group companies non-current	6	–	–	(2 684)	(241 237)
Repayment of lease liability	10.2	–	–	(2 742)	(1 020)
Repayment of deferred payment liability	27.1	(54 140)	–	(54 140)	–
Payment on derivative instruments	27.1	–	(4 236)	–	(4 236)
Net cash outflow from financing activities		(132 240)	(551 067)	100 150	(429 848)
Net increase/(decrease) in cash and cash equivalents		66 789	(12 923)	54 518	(29 390)
Cash and cash equivalents at the beginning of the year		59 233	72 157	28 245	57 638
Cash and cash equivalents at the end of the year	15	126 022	59 233	82 763	28 244

Consolidated statements of changes in equity

for the year ended 31 August 2021

	Notes	Attributable to equity holders of the Parent		
		Stated capital R'000	Accumulated loss R'000	Total R'000
GROUP				
Balance at 31 August 2019		9 015 068	(5 644 554)	3 370 514
Total comprehensive income for the year		–	108 972	108 972
Balance at 31 August 2020		9 015 068	(5 535 582)	3 479 486
Total comprehensive loss for the year		–	(291 355)	(291 355)
Balance at 31 August 2021	13	9 015 068	(5 826 937)	3 188 131
		Attributable to equity holders of the Parent		
		Stated capital R'000	Accumulated loss R'000	Total R'000
COMPANY				
Balance at 31 August 2019		9 040 200	(6 940 368)	2 099 832
Total comprehensive loss for the year			(454 184)	(454 184)
Balance at 31 August 2020		9 040 200	(7 394 552)	1 645 648
Total comprehensive loss for the year			(144 080)	(144 080)
Balance at 31 August 2021	13	9 040 200	(7 538 632)	1 501 568

Accounting policies

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with IFRS, Financial Reporting pronouncements as issued by the Financial Reporting Standards Council, the JSE Limited Listings Requirements and the requirements of the Companies Act, No. 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.

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.

The functional and presentation currency is South African Rand.

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 2021.

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. The acquisition date is the date on which control is transferred to the acquirer.

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.

The group accounts for business combinations by applying the acquisition method as at the acquisition date and measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, plus the fair value of any existing equity interest, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured at the acquisition date. If this amount is negative, the group recognises a gain on bargain purchase in profit or loss.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the group to the previous owners of the acquiree, and equity interests issued by the group. Consideration transferred also includes the fair value of any contingent consideration. If a business combination results in the termination of pre-existing relationships between the group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

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. ACCOUNTING POLICIES continued

1.1 BASIS OF PREPARATION continued

1.1.1 Basis of consolidation continued

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 CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

1.2 ASSETS AND LIABILITIES

1.2.1 Investment properties

Investment property consists of land and buildings and installed equipment held for the purpose of earning rental income and for capital appreciation. Investment properties are initially recorded at cost and include all costs directly attributable to the acquisition. Subsequent additions that will result in future economic benefits of which the cost can be measured reliably are capitalised. 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.

Subsequent to initial recognition, investment properties are measured at their fair value. Investment property is maintained, upgraded and refurbished where necessary in order to preserve or improve the capital value as far as it is possible to do so. Maintenance and repairs which neither materially add to the value of the properties nor prolong their useful lives are charged against profit or loss.

Any gain or loss arising from a change in the fair value of the investment property is included in profit or loss in the period to which it relates.

Investment properties are valued annually and adjusted to fair value as at the date of the statement of financial position. The calculations are prepared by considering the aggregate of the net annual rent receivable from the properties and, where relevant, associated costs, using the discounted cash flow method. This method takes projected cash flows and discounts them at a rate which is consistent with comparable market transactions. The discount rates reflect the risks inherent in the net cash flows and are constantly monitored by reference to comparable market transactions.

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. Such gains or losses are excluded from the calculation of distributable earnings.

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.

Accounting policies continued

1. ACCOUNTING POLICIES continued

1.2 ASSETS AND LIABILITIES continued

1.2.3 Financial instruments

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

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.

Loan to group companies and trade and other receivables

Recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less ECLs. The group holds the loan and trade and other receivables with the objective to collect the contractual cash flows.

Cash and cash equivalents

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.

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

Impairment of financial assets

The group assesses on a forward-looking basis the ECLs associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

In assessing whether a receivable has experienced a significant increase in credit risk on receivables, the group considers both qualitative and quantitative criteria including forward-looking information available without undue cost or effort. In particular, the following information is considered in assessing whether there has been a significant increase in credit risk

Receivables

Quantitative criteria include:

- » Trade receivables outstanding for longer than two months.

Qualitative criteria include:

- » History of arrears within 12 months;
- » Evidence of severe financial difficulties experienced by tenants (where such information is provided);
- » Proceedings or legal judgements issued to tenants; and
- » Feedback and assessment of legal risks flagged by the group's legal team.

1. ACCOUNTING POLICIES continued

1.2 ASSETS AND LIABILITIES continued

1.2.3 Financial instruments continued

1.2.3.1 Financial assets continued

A tenant is considered to be in default for debts outstanding for longer than 90 days.

The group writes off a receivable when 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 group's financial assets are subject to the ECL model.

The group 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 group 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 is 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 PD, LGD, and 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.

	Significant increase in credit risk	Default	Write-off
Trade receivables	Not applicable	A tenant is considered to be in default if rentals are unpaid for 90 days.	A write off is considered where there are no reasonable prospects of recovery of unpaid rentals. An assessment is done on tenant-by-tenant basis.
Loans to group companies	The total assets of the company is lower than the total liabilities, therefore the subsidiary has an inability to repay the amount due	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.	There is evidence indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery

Derecognition

The group 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 group 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 Trade receivables

The group assesses trade receivables (lease receivables) for impairment based on lifetime ECLs using the simplified approach as is permitted by IFRS 9: Financial Instruments. The group makes use of a provision matrix as a practical expedient to calculate ECLs on trade receivables.

The ECL on trade receivables is determined on a lifetime basis and as such significant increase in credit risk (SICR) is not tracked. Trade receivables are considered to be in default when the debtor is 90 days past due on their contractual payments. Government tenants are slow-paying but will generally settle their debt. The delayed payment by government tenants is factored into the LGD rate which is explained in further detail in note 13.

ECLs are measured by taking into account the EAD probability of PD and the LGD.

Where a tenant defaults on their contractual lease payments the group has a contractual claim against the related tenant deposits. This limits the credit loss that may be incurred by the group and has been taken into account when determining the gross amount that is subject to ECLs.

For further detail on the impairment of trade receivables, see estimates and judgments (note 14.1) below.

Accounting policies continued

1. ACCOUNTING POLICIES continued

1.2 ASSETS AND LIABILITIES continued

1.2.3.3 Loans receivable

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 ECLs. The loss allowance is updated to either 12-month or lifetime ECLs 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.

1.2.3.4 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 FVTPL or are mandatorily classified as FVTPL such as derivatives.

Measurement

Financial liabilities measured at FVTPL 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.

Loan from group companies and trade and other payables

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.

Interest-bearing borrowings

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

Deferred payment liability

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 expose 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.

1.2.3.5 Derivatives

Derivative assets comprising interest rate swaps, forward exchange contracts and cross-currency swaps. 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.

1. ACCOUNTING POLICIES continued**1.2 ASSETS AND LIABILITIES** continued**1.2.4 Property, plant and equipment** continued**Depreciation** continued

The estimated useful lives of the assets are:

Computer equipment	3 years
Computer software	2–3 years
Furniture, fittings and equipment	3–6 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.

1.2.5 Leases**Leases – lessee**

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:

- » the exercise price of any purchase option granted in favour of the group if it is reasonably certain to assess that option; and
- » 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; and
- » initial direct costs incurred.

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 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 stand-alone 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.

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.

Leases – lessor

The group acts as a lessor for all leased investment property. The group has classified these leases as operating leases as they do not substantially transfer all of the risks and rewards incidental to the ownership of the assets. The group recognises lease payments received under an operating lease as income on a straight-line basis over the lease term as part of gross property revenue.

The group did not need to make any adjustment to the accounting for assets held under operating leases as a result of the adoption of IFRS 16.

Accounting policies continued

1. ACCOUNTING POLICIES continued

1.2 ASSETS AND LIABILITIES continued

1.2.5 Leases continued

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

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.

Rental income 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 recognised 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.

Municipal recoveries are recognised over the period for which the services are rendered. The group acts as a principal on its own account when recovering operating costs, such as utilities, from tenants.

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 recognised as a current period adjustment to rental revenue.

1. ACCOUNTING POLICIES continued

1.3 INCOME AND EXPENSES continued

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. Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.3.4 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 CGU exceeds its recoverable amount and is recognised in profit or loss.

Goodwill is tested for impairment annually.

The recoverable amount of an asset or CGU 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 CGU). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to CGUs that are expected to benefit from the synergies of the combination.

Impairment losses recognised in respect of CGUs 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 of current 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.

The amount of deferred tax recognised is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates expected to be applied to temporary differences when they reverse, based on tax laws enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to either settle current tax liabilities and assets on a net basis or realise the assets and settle the liabilities simultaneously.

Accounting policies continued

1. ACCOUNTING POLICIES continued

1.3 INCOME AND EXPENSES continued

1.3.5 Taxation continued

A deferred tax asset is recognised for deductible temporary differences and unused tax losses to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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.

1.4 ESTIMATES AND JUDGMENTS

Estimates and judgements are an integral part of financial reporting and, as such, have an impact on the amounts reported in the group's income, expenses, assets and liabilities.

1.4.1 Key sources of estimates and assumptions

Management discusses with the Audit and Risk Committee the development, selection and disclosure of the group's critical accounting policies and estimates and the application of these policies and estimates. Actual results may differ from these estimates. Information on the key estimations and uncertainties that have had the most significant effect on the amounts recognised in the financial statements are set out in the following notes in the financial statements:

Investment property

The revaluation of investment property requires judgement in the determination of an appropriate discount rate and reversionary capitalisation rate.

Management estimated future cash flows by taking into account the impact of rent concessions resulting from the COVID-19 pandemic. The discount rate and reversionary capitalisation rate was also adjusted to that effect. Note 3 sets out further details of the fair measurement of investment property.

The following key metrics were applied in the valuation of the property assets:

Discount rates

Each property's risk profile is evaluated in determining the appropriate capitalisation and discount rates to be used. In determining discount rates, valuers apply a level of risk to the risk-free South African 10-year bond yield. The rate proposed is matched against the sum of the market rental growth rate and capitalisation rates to ensure reasonableness.

With the sharp drop in market rental growth rates and marginally higher capitalisation rates, discount rates have increased slightly by 0.19%. At 14.46%, the weighted average discount rate (WADR) is at a premium of 3.92% to the long-bond yield.

Capitalisation rates

Capitalisation rates are determined from yields of comparable sales and influenced by many factors like location, quality of finishes of the building and the strength of the tenants and their underlying leases. With vacancies on the rise and with the uncertainty created by the effects of COVID-19 on the property industry still evident, valuers retained their conservative view held in June 2020 by marginally increasing/decreasing capitalisation rates.

Exit capitalisation rates

Exit capitalisation rates are utilised to determine the terminal value of a property asset after the end of the five-year cash flow period.

1. ACCOUNTING POLICIES continued

1.4 ESTIMATES AND JUDGMENTS continued

1.4.1 Key sources of estimates and assumptions continued

Market rental growth rate

One of the key drivers in determining valuation outcomes is the market rental growth rate as this affects the rate of growth of income streams utilised in the five-year cash flows and is a large influencer on the terminal value (up to 6.42% of the final valuation) when the adjusted rental is capitalised after year five. The market rental growth rate (WAMRGR) has increased by 0.50%.

Independent valuations are obtained on an annual basis for the whole portfolio by Valuers registered in terms of Section 19 of the Property Valuers Professional Act, No. 47 of 2000.

For the valuation policy, refer to note 3, Investment property.

Impairment testing (including goodwill)

The recoverable amounts of CGUs 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.

Factors that impacting the computation include estimates of future cash flows, determination of discount rates, estimation of cost of debt and cost of equity and the determination of the terminal values.

Allowances for ECLs: Trade receivables

ECLs are subject to a high degree of estimation uncertainty and management is required to apply their judgment in setting the PD and LGD for its different customer segments. The sources of estimation uncertainty and judgments made in determining ECLs for the current financial year are provided in note 13.

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 company 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, the following must be noted:

- » Deferred tax is not recognised on the fair value of investment property as capital gains tax on investment property is not applicable to REITs in terms of Section 25BB of the Income Tax Act.
- » Deferred tax is not calculated on the straight-line rental income accrual as it affects neither the group's distributable income nor taxable profit.
- » Deferred tax is not recognised on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit.
- » Deferred tax is not recognised on goodwill that arises on initial recognition.
- » Deferred tax is not recognised on the temporary differences relating to investments in subsidiaries or jointly controlled entities to the extent that the group is able to control the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.
- » Deferred tax may, however, be calculated on derivatives as the group excludes the gains or losses on realised derivatives when the distribution for the year is calculated. A deferred tax asset will only be recognised if it is therefore probable that taxable profit will be available against which the deductible temporary difference can be utilised relating to the same taxation authority and the same taxable entity.

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.

Accounting policies continued

1. ACCOUNTING POLICIES continued

1.4 ESTIMATES AND JUDGMENTS continued

1.4.1 Key sources of estimates and assumptions continued

Limitation of sensitivity analysis continued

It should also be noted that these sensitivities are non-linear and larger or smaller impact 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.

Determining the lease term

In determining the lease term as per IFRS 16, management applies its judgement in considering all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options and periods after termination options are only included in the lease term if it is reasonably certain to be extended or not terminated.

1.4.2 Critical judgements in applying the accounting policies

Judgement is applied in certain areas based on historical experience and reasonable expectations relating to future events. Uncertainty around the future economic impact as a result of the COVID-19 pandemic has also been considered. Management also applied judgement in accounting for the impact of the COVID-19-related rent concessions. Key areas of judgement are noted below:

COVID-19-related rental concessions

During the first quarter of 2020, the South African government imposed a national lockdown and declared a state of disaster in response to the COVID-19 pandemic. In line with government guidance, Rebasis's malls in South Africa partially closed from 27 March 2020, with only essential tenants being allowed to trade through the "hard lockdown" period. Gradual re-opening of the stores commenced as lockdown restrictions started easing, with most of the portfolio able to trade by the second quarter of 2020, albeit under restricted trading conditions and within strict health and safety protocols.

Judgement has been applied in the determination of the appropriate accounting treatment of rent concessions granted in the context of the pandemic. COVID-19-related rent concessions will fall within the IFRS 16 definition of a lease modification if they result from changes to the terms of the original lease agreement. In assessing whether there has been a change in the consideration agreed upon in the original lease agreement, the group has considered the overall impact of the change in the rent payments. Both the terms and conditions of the original lease agreement and all relevant facts and circumstances were considered in the assessment of whether a lease modification exists. Accounting for the changes in lease payments over the term of the lease is an area of judgement that depends on several factors.

The group provided the following COVID-19-related rent concessions in South Africa:

- » The group provided limited discounts on rentals due by certain tenants. In terms of IFRS 16, if the change in lease payments was part of the original terms and conditions of the lease, then the change would not be considered a lease modification. This is an area of judgement. Additional judgement and legal consideration would be needed as to whether certain provisions such as *force majeure* (either in the lease contract or by interpretation of common law provisions) could be enforced in response to COVID-19. At Rebasis, we value partnerships and felt testing the leases legally was neither necessary nor warranted. We wanted to support our tenants to continue to trade as going concerns post the pandemic. In our judgement, the relief provided was in line with the spirit of the leases and the partnerships principle. Given the above and the fact that the rental relief and discounts provided to tenants were limited in nature and did not in any way alter or amend the original terms and conditions and the scope of the leases, management is of the view that the rental discounts provided did not constitute lease modifications. Since all leases are operating leases, the discounts provided were recognised as a reduction in income from leases.
- » For certain tenants, concessions were granted by the deferral of rent payments due. The deferred amount has not resulted in the alteration of the scope or term of the lease nor in the lease consideration. Deferrals are short-term in nature and do not include an additional interest charge. The group has also assessed the deferrals as having an immaterial impact on the fair value of lease receivables when the time value of money is considered. As such, the deferral of rent payments has also been treated as a non-modification of leases.

1. ACCOUNTING POLICIES continued

1.5 FAIR VALUE ESTIMATION FOR FINANCIAL INSTRUMENTS

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.

Refer to note 34 for the fair value hierarchy.

2. NEW STANDARDS AND INTERPRETATIONS

Standards and interpretations issued but 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	Impact on the financial statements
<i>IBOR Reform and its Effects on Financial Reporting – Phase 2</i>	In August 2020, the IASB issued amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. These amendments complement those made in 2019 ("IBOR – phase 1") and focus on the effects on entities when an existing interest rate benchmark is replaced with a new benchmark rate as a result of the reform.	01-Jan-21	The amendment is not expected to have a material impact on the group.
<i>Annual Improvements to IFRS: 2018–2020 Cycle</i>	In May 2020, the IASB issued minor amendments to IFRS 1: First-time Adoption of International Financial Reporting Standards, IFRS 9: Financial Instruments, IAS 41: Agriculture and the Illustrative Examples accompanying IFRS 16: Leases.	01-Jan-22	The amendment is not expected to have a material impact on the group.
<i>IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendment – Onerous Contracts – Cost of Fulfilling a Contract)</i>	In May 2020, the IASB issued amendments to IAS 37, which specify the costs a company includes when assessing whether a contract will be loss-making and is therefore recognised as an onerous contract. These amendments are expected to result in more contracts being accounted for as onerous contracts because they increase the scope of costs that are included in the onerous contract assessment.	01-Jan-22	The amendment is not expected to have a material impact on the group.
<i>IAS 16 Property, Plant and Equipment</i>	In May 2020, the IASB issued amendments to IAS 16, which prohibit a company from deducting amounts received from selling items produced while the company is preparing the asset for its intended use from the cost of property, plant and equipment. Instead, a company will recognise such sales proceeds and any related costs in profit or loss.	01-Jan-22	The amendment is not expected to have a material impact on the group.

Notes to the annual financial statements

for the year ended 31 August 2021

2. NEW STANDARDS AND INTERPRETATIONS continued

Standards and interpretations issued but not yet effective continued

Standard	Details of amendments	Annual periods beginning on or after	Impact on the financial statements
IAS 1 <i>Presentation of Financial Statements (Classification of Liabilities as Current or Non-Current)</i>	<p>In January 2020, the IASB issued amendments to IAS 1, which clarify how an entity classifies liabilities as current or non-current. The amendments initially had an effective date of 1 January 2022, however, in July 2020 this was deferred until 1 January 2023 as a result of the COVID-19 pandemic.</p> <p>At the IFRS Interpretations Committee's December meeting, the Committee discussed the amendments due to feedback from stakeholders which indicated that the requirements of the amendments may be unclear.</p> <p>These amendments are expected to have a significant impact on many entities, with more liabilities being classified as current, particularly those with covenants relating to borrowings.</p>	01-Jan-23	The amendment is not expected to have a material impact on the group.
IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	<p>The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with a new definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The requirements for recognising the effect of change in accounting prospectively remain unchanged.</p>	01-Jan-23	The amendment is not expected to have a material impact on the group.
IAS 12 <i>Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	<p>The amendment specifies how companies should account for deferred tax related to Assets and Liabilities arising from a Single Transaction on transactions such as leases and decommissioning obligations. In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations – transactions for which companies recognise both an asset and a liability. The amendments clarify that the exemption does not apply and that companies are required to recognise deferred tax on such transactions.</p>	01-Jan-23	The amendment is not expected to have a material impact on the group.

2. NEW STANDARDS AND INTERPRETATIONS continued

Standards and interpretations issued but not yet effective continued

Standard	Details of amendments	Annual periods beginning on or after	Impact on the financial statements
IAS 1 <i>Presentation of Financial Statements (Amendment – Disclosure of Accounting Policies)</i>	The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance added to the Standard to explain how an entity can identify material accounting policy information with examples of when accounting policy information is likely to be material.	01-Jan-23	The amendment is not expected to have a material impact on the group.

Standards and interpretations early adopted

In the financial year ended 31 August 2021, the following standards were early adopted by the group:

Standard	Details of amendments	Annual periods beginning on or after
IFRS 16 <i>COVID-19-Related Rent Concessions beyond 30 June 2021</i>	In March 2021 the IASB issued "COVID-19-Related Rent Concessions beyond 30 June 2021", in which the application was extended to also include rent concessions related to payments originally due on or before 30 June 2022. The amendment is effective for annual reporting periods beginning on or after 1 April 2021, with earlier application permitted for financial statements not authorised for issue at 31 March 2021.	01-Apr-21

Notes to the annual financial statements

for the year ended 31 August 2021

3. INVESTMENT PROPERTY

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 Restated R'000
Net carrying value				
Cost	5 929 720	7 478 616	3 108 883	5 712 371
Fair value surplus	953 115	4 278 051	379 647	1 065 456
	6 882 835	11 756 667	3 488 530	6 777 827
Movement for the year				
Balance at the beginning of the year	12 009 851	11 691 014	6 864 360	6 614 614
Straight-line rental adjustment	32 388	(19 209)	(661)	(14 021)
Unrealised gain on revaluation of investment property	179 551	287 913	253 715	237 575
Transfer from non-current asset held for sale	325 000	–	–	–
Transfer to prepayment land	(5 000)	–	(5 000)	–
Capital expenditure, tenant installations and lease commissions	46 210	54 328	15 786	26 192
Transferred to non-current assets held for sale (net of straight-lining)	(5 462 000)	(4 195)	(3 574 200)	–
Balance at the end of the year	7 126 000	12 009 851	3 554 000	6 864 360
Reconciliation to independent valuation				
Investment properties at valuation	4 861 714	9 359 498	3 026 193	6 177 730
Capital expenditure and tenant installations	2 021 632	2 395 729	462 442	599 668
Lease commission	(511)	1 440	(105)	429
Straight-line lease accrual	243 165	253 184	65 470	86 533
	7 126 000	12 009 851	3 554 000	6 864 360

3. INVESTMENT PROPERTY continued

	Group			
	2021			
	Retail R'000	Commercial R'000	Industrial R'000	Total R'000
Reconciliation of investment property:				
Balance at the beginning of the year	6 156 115	5 756 836	96 900	12 009 851
Straight-line rental adjustment	29 239	2 808	341	32 388
Unrealised (loss)/gain on revaluation of investment property	(79 404)	248 348	10 607	179 551
Transfer from non-current asset held for sale	–	325 000	–	325 000
Transfer to prepayment land	–	(5 000)	–	(5 000)
Capital expenditure, tenant installations and lease commissions	32 166	13 892	152	46 210
Transferred to non-current assets held for sale (net of straight-lining)	–	(5 354 000)	(108 000)	(5 462 000)
Balance at the end of the year	6 138 116	987 884	–	7 126 000

	Company			
	2021			
	Retail R'000	Commercial R'000	Industrial R'000	Total R'000
Reconciliation of investment property:				
Balance at the beginning of the year	2 935 000	3 832 460	96 900	6 864 360
Straight-line rental adjustment	(5 053)	4 051	341	(661)
Transfer to prepayment land	–	(5 000)	–	(5 000)
Capital expenditure, tenant installations and lease commissions	8 010	7 624	152	15 786
Unrealised gain on revaluation of investment property	124 043	119 065	10 607	253 715
Transferred to non-current assets held for sale (net of straight-lining)	–	(3 466 200)	(108 000)	(3 574 200)
Balance at the end of the year	3 062 000	492 000	–	3 554 000

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

	Company			
	2020			
	Retail R'000	Commercial R'000	Industrial R'000	Total R'000
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
Balance at the end of the year	2 935 000	3 832 460	96 900	6 864 360

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for the year ended 31 August 2021

3. INVESTMENT PROPERTY continued

INVESTMENT PROPERTY VALUATION

Valuation process

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. More than one independent valuer may be used to provide the valuation. As at 31 August 2021, all properties are reflected at fair value. The portfolio including investment property held for sale was valued at R13.1 billion (2020: R13.2 billion) for the group and R7.0 billion (2020: R7.4 billion) for the company at 31 August 2021.

Valuer and qualifications

Quadrant Properties, led by Mr. Peter Parfitt, was responsible for the valuation of the South African retail, office and industrial portfolios. The valuer is a registered valuer in terms of Section 19 of the Property Valuers Professional Act (Act No. 47 of 2000). The registered valuer undertook the valuations for the entire Rebasis property portfolio for the year ending 31 August 2021.

Investment property and held for sale portfolio valuation

The most significant inputs to the valuation process, all of which are unobservable, are the estimated rentals at the end of the lease, assumptions regarding vacancy levels (based on current and expected future market conditions), the discount rate, the capitalisation rate and terminal value taking into account rental and maintenance projections. The estimated fair value increases if the estimated rental increases, vacancy levels decline or if discount rates (market yields) and reversionary capitalisation rates decline.

The valuation of all revenue producing real estate is calculated by determining future contractual and market-related net income streams, as well as a terminal realisation value for the property and discounting this income stream to calculate a net present value.

This is performed over a five-year period in order to reasonably revert all cash flow to a market-related rate. The terminal value (residual value) is calculated by capitalising the 11th years net revenue and discounting this value to present.

The discount rate is determined as a forward yield rate (capitalisation rate) and to it is added a risk (as related to the nature and contracts of the property) and forward growth rate associated with the cash flow as related to the market.

There are reasonable market observable transactions to support the capitalisation rate, growth rate and risk considerations as applied.

SAPOA publishes data tables on which these assumptions may be benchmarked.

Adjustments are made to the present value calculated, to adjust for immediate capex requirements or roundings, as would be reasonably considered between a willing buyer and a willing seller.

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 and Risk Committee and the board of directors at each reporting date. The directors confirm that there have been no material changes to the assumptions applied by the registered valuers.

3. INVESTMENT PROPERTY continued**INVESTMENT PROPERTY VALUATION** continued

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:

		2021			
		Significant unobservable inputs and range of estimates used			
Description	Valuation method	Discount rate (%)	Exit capitalisation rate (%)	Capitalisation rate (%)	Rental growth rate (%)
Retail portfolio	Discounted cash flow model	12.75–14.25	8.00–9.25	8.00–9.25	3.20–3.20
Office and industrial portfolio		13.25–16.00	9.25–11.50	8.75–11.00	4.00–6.00

		2020			
		Significant unobservable inputs and range of estimates used			
Description	Valuation method	Discount rate (%)	Exit capitalisation rate (%)	Capitalisation rate (%)	Rental growth rate (%)
Retail portfolio	Discounted cash flow 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 2021, 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.

Notes to the annual financial statements

for the year ended 31 August 2021

3. INVESTMENT PROPERTY continued

INVESTMENT PROPERTY VALUATION continued

The valuation inputs vary, not only according to sector, but also in terms of grade and geographic location. Accordingly, the inputs have been disaggregated as follows:

	2021						
	Total	Gauteng	Eastern Cape	Mpumulanga	Western Cape	KwaZulu-Natal	North West
CAPITALISATION RATES %							
Office	10.54%	10.58%	–	10.10%	10.35%	10.46%	10.50%
Retail	8.34%	8.65%	8.12%	–	–	–	–
Industrial	9.75%	9.75%	–	–	–	–	–
EXIT CAPITALISATION RATES %							
Office	10.73%	10.71%	–	10.80%	10.26%	10.81%	10.75%
Retail	8.34%	8.65%	8.12%	–	–	–	–
Industrial	9.75%	9.75%	–	–	–	–	–
DISCOUNT RATES (%)							
Office	15.31%	15.33%	–	15.30%	15.17%	15.81%	14.75%
Retail	13.22%	13.54%	12.99%	–	–	–	–
Industrial	14.00%	14.00%	–	–	–	–	–
MARKET RENTAL ESCALATION RATES (%)							
Office	6.02%	6.00%	–	5.38%	6.45%	3.77%	9.81%
Retail	8.00%	8.00%	8.00%	–	–	–	–
Industrial	6.10%	6.10%	–	–	–	–	–
VACANCY (%)							
Office	2.47%	2.23%	–	3.85%	4.43%	1.61%	5.00%
Retail	2.18%	2.10%	2.25%	–	–	–	–
Industrial	1.00%	1.00%	–	–	–	–	–

3. INVESTMENT PROPERTY continued**INVESTMENT PROPERTY VALUATION** continued

	FY2020						
	Total	Gauteng	Eastern Cape	Mpumulanga	Western Cape	KwaZulu-Natal	North West
CAPITALISATION RATES %							
Office	10.59%	10.62%	–	10.16%	10.52%	10.47%	10.50%
Retail	8.33%	8.62%	8.12%	–	–	–	–
Industrial	9.75%	9.75%	–	–	–	–	–
EXIT CAPITALISATION RATES %							
Office	10.41%	10.54%	–	11.00%	10.33%	11.00%	11.75%
Retail	8.41%	8.80%	8.12%	–	–	–	–
Industrial	10.50%	10.50%	–	–	–	–	–
DISCOUNT RATES (%)							
Office	15.04%	15.20%	–	15.50%	13.50%	15.81%	14.50%
Retail	13.39%	13.74%	13.12%	–	–	–	–
Industrial	14.00%	14.00%	–	–	–	–	–
MARKET RENTAL ESCALATION RATES (%)							
Office	6.00%	6.00%	–	6.00%	6.00%	6.00%	6.00%
Retail	6.50%	7.60%	6.00%	–	–	–	–
Industrial	6.00%	6.00%	–	–	–	–	–
VACANCY (%)							
Office	0.77%	0.81%	–	2.00%	–	1.40%	–
Retail	2.75%	2.93%	2.60%	–	–	–	–
Industrial	0.00%	0.00%	–	–	–	–	–

Notes to the annual financial statements

for the year ended 31 August 2021

3. INVESTMENT PROPERTY continued

INVESTMENT PROPERTY VALUATION continued

Input	Change %	2021 R'000	2020 R'000
Increase in capitalisation rate	0.50	(741 100)	(702 000)
Decrease in capitalisation rate	0.50	664 700	742 000
Increase in discount rate	0.50	(467 300)	(239 000)
Decrease in discount rate	0.50	435 300	243 000
Increase in exit capitalisation rate	0.50	(724 800)	(523 000)
Decrease in exit capitalisation rate	0.50	651 100	378 000
Increase in market rental rate	0.50	(1 104 990)	(1 224 368)
Decrease in market rental rate	0.50	953 544	1 031 552
Increase in Vacancy Factors	0.50	(67 331)	(66 597)
Decrease in Vacancy Factors	0.50	67 331	66 597

Investment property pledged as security

Investment properties are valued at R13.1 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 (R9.5 billion).

3.1 STRAIGHT-LINE RENTAL INCOME ACCRUAL

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Balance at the beginning of the year	253 184	290 415	86 533	100 555
Movement for the year	32 388	(19 209)	(661)	(14 021)
Transfer from investment property held for sale	6 601	-	-	-
Transfer to investment property held for sale	(49 008)	(18 022)	(20 402)	-
Balance at the end of the year	243 165	253 184	65 470	86 533

4. INVESTMENT PROPERTIES HELD FOR SALE

The investment property held for sale was valued at the end of the year. The investment property held for sale has been valued applying the same basis as disclosed in note 3.

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Balance at the beginning of the year	1 149 829	1 591 986	149 039	702 486
Realised loss on disposal of investment property	(4 588)	(48 292)	–	(48 291)
Unrealised (loss)/gain on revaluation of investment property	(166 109)	104 358	10 462	6 000
Capital expenditure, tenant installations and lease commissions	(186)	14 081	499	5 344
Straight-line rental adjustment	(8 346)	4 195	–	–
Transfer from Investment property	5 462 000	–	3 574 200	–
Transfer to investment property held for sale	(325 000)	–	–	–
Sale of investment property	(89 100)	(516 500)	–	(516 500)
Balance at the end of the year	6 018 500	1 149 829	3 734 200	149 039

INVESTMENT PROPERTIES HELD-FOR-SALE INCLUDE:

The group released a cautionary on 7 April 2021 informing shareholders that it had signed non-disclosure agreements relating to the possible sale of the government and state tenanted office assets. The board made the decision to continue with the disposal on 17 August 2021. On 21 October 2021, the group announced that it had concluded agreements with Ulricraft for the sale of these assets, as a going concern, for a cash consideration of R6 319 099 000. Ulricraft is a wholly-owned subsidiary of VCP, a company listed on Equity Express Securities Exchange.

It must be noted that while VCP is currently the owner of all of the issued share capital of Ulricraft, upon fulfilment of all conditions precedent, it is expected that VCP will only own between 6% and 9% of the Purchaser, with the balance being owned by the equity funders.

The transaction is consistent with the group's strategy to deleverage and optimise its balance sheet by reducing its LTV, and, in addition, to realise the value of the office segment of its portfolio, to restructure the business as a retail focused fund and to position the group to resume dividend payments to shareholders.

The purchase consideration payable for the portfolio comprises a consideration of R3 943 681 000 for the acquisition of portfolio assets owned by Rebasis Property Fund and R2 375 418 000 for the acquisition of portfolio assets held by Ascension Properties.

Three of the properties being sold (namely NBC Building, 373 Pretorius Building and 174 Visagie Street Building) are in the process of being converted from office space into purpose-built student accommodation.

The group has provided warranties to and in favour of Ulricraft in respect of the portfolio acquired, which is typical for a transaction of this nature. The transaction constitutes a category 1 transaction and therefore, in terms of the JSE Listings Requirements, the group requires shareholder approval.

Notes to the annual financial statements

for the year ended 31 August 2021

4. INVESTMENT PROPERTIES HELD FOR SALE continued

INVESTMENT PROPERTIES HELD-FOR-SALE INCLUDE: continued

Property specific details of the portfolio to be sold, including property name and address, location, rentable area and valuation are set out below:

The transaction is subject to the fulfilment of several conditions precedent, namely:

1. Confirmation, in writing, of satisfactory outcome of the due diligence investigations, which is expected to terminated on 15 January 2022;
2. By no later than 28 February 2022 Rebasis is satisfied that Ulicraft has obtained sufficient funding in order to discharge its payment obligations;
3. Ulicraft to provide one or more acceptable guarantees to the group for full payment of the purchase consideration, in accordance with the transaction agreements;
4. Securing written consents and approvals from the group's lenders;
5. Obtaining the consent of the mortgagees in respect of any mortgage bonds registered over any of the immovable properties that are to be sold;
6. Shareholder approval from the group's shareholder in terms of the JSE Listings Requirements in respect of a category 1 transaction and the Companies Act;
7. Approval by the Competition Authorities in terms of the Competition Act, No. 89 of 1998.

Properties held by Rebasis Property Fund

OFFICE SECTOR

Property name	Physical address	Rentable area (m ²)	Consideration
11 Diagonal Street	11 Diagonal Street, Gauteng	37 160	729 430
Liberty Building	278 Madiba Street, Gauteng	33 885	519 349
Victoria Mxenge	Hartley Street, Weavind, Park, Gauteng	24 720	582 492
124 Main Street	124 Main street, Gauteng	20 818	341 363
Bank of Lisbon	400 Paul Kruger Street, Gauteng	14 599	205 909
18 Rissik Street	18 Rissik Street, Gauteng	11 204	197 373
Arbour Square	82–98 Juta Street, Braamfontein, Gauteng	9 206	129 361
Revenue Building	205 Pietermaritz Street, KwaZulu-Natal	7 314	112 910
189 Schoeman Street	189 Schoeman Street, Gauteng	19 332	258 451
28 Harrison Street	28 Harrison Street, Gauteng	20 984	304 813
64 Eloff Street	64 Eloff Street, Gauteng	4 938	66 885
99 Market Street	99 Market Street, Gauteng	11 659	80 391
Jabu Ndlovu	270 Jabu Ndlovu Street, KwaZulu-Natal	11 455	169 567
SASSA Campus	2460 Dr Makgobo Avenue, North West	11 665	151 774
INDUSTRIAL SECTOR			
Antalis	John Street, Selby, Gauteng	18 954	93 613
		257 893	3 943 681

4. INVESTMENT PROPERTIES HELD FOR SALE continued**Properties held by Ascension****OFFICE SECTOR**

Property name	Physical address	Rentable area (m²)	Consideration
Game Building	64 Pritchard Street, Gauteng	21 438	313 505
VWL Building	202 Madiba Street, Gauteng	17 989	280 938
Prorom	30–35 Brown Street, Mpumulanga	6 431	83 353
Spectrum	52 Voortrekker Road, Bellville, Western Cape	7 550	93 110
Sigma Building	9 Blanckenberg Street, Bellville, Western Cape	3 751	38 034
174 Visage Street	174 Visage Street, Gauteng	13 537	248 591
238 Roan Crescent	238 Roan Crescent, Gauteng	9 035	98 285
373 Pretorius Street	373 Pretorius Street, Gauteng	13 340	163 214
Kingfisher	10 Kingfisher Drive, Gauteng	1 405	12 974
Meyersdal	65 Phillip Engelbrecht Street, Gauteng	4 957	63 546
Mishumo House	77 De Korte Street, Gauteng	6 154	107 149
NBC	76 Juta Street, Gauteng	10 000	137 486
Riverpark	Cnr Emtoweni & Cascade Close, Mpumulanga	4 216	81 690
Riverview	Cnr Emtoweni & Cascade Close, Mpumulanga	4 303	63 564
Schreiner Chambers	94 Pritchard Street, Gauteng	18 815	279 143
Surrey House	35 Rissik Street, Gauteng	11 840	194 310
Swiss House	86 Main Street, Gauteng	8 008	116 526
TOTAL		162 769	2 375 418
		420 662	6 319 099

All properties held for sale in 2020, except Grand Central, are classified as held for sale in the current year as they are part of the sales transaction described above.

Grand Central is not one of the buildings that are being sold as part of the sales transaction described above and there is no interest from the market, therefore management deemed it sensible to no longer classify the building as held for sale.

Notes to the annual financial statements

for the year ended 31 August 2021

5. PREPAYMENT LAND

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Transfer from investment property land	5 000	–	5 000	–
Additional prepayment on the land	37 000	–	37 000	–
Prepayment land	42 000	–	42 000	–

Rebasis purchased land from the Billion Group as the land is adjacent to the Forest Hill City Mall. The purchase of the land formed part of the larger transaction as set out in note 17. The dispute resolution process was resolved during the year and the land acquired from Billion Group. Legal transfer of the land had not yet occurred at year end and a receivable has been raised to reflect the correct financial position. Refer to note 18.

6. GROUP COMPANIES LOANS

	Company	
	2021 R'000	2020 R'000
Loans to group companies		
Subsidiaries		
Baywest City (Pty) Limited	140 706	156 142
Ascension Properties Limited	48	–
Forest Hill City Shopping Centre (Pty) Limited	–	–
Dalolex (Pty) Limited	8 469	8 428
	149 223	164 570
Movement in loans to group companies		
Balance at the beginning of the year	164 570	434 044
Loans impaired	(45 520)	(378 430)
Loans repaid	(181 839)	(220 016)
Non-cash items	(64 025)	1 472
Loans advanced	276 037	327 500
Balance at the end of the year	149 223	164 570

	Company	
	2021 R'000	2020 R'000
Loans from group companies		
Subsidiaries		
Ascension Properties Limited	(858 139)	(770 822)
Rebasis Asset Managers (Pty) Limited	(2 436)	(2 478)
Rebasis Property Services (Pty) Limited	(16 878)	(19 643)
	(877 453)	(792 943)
Movement in loans from group companies		
Balance at the beginning of the year	(792 943)	(656 732)
Loans advanced	(138 716)	(377 900)
Non-cash items	51 522	–
Loans repaid	2 684	241 689
Balance at the end of the year	(877 453)	(792 943)

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.

6. GROUP COMPANIES LOANS continued

Exposure to credit risk

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

In determining the amount of ECLs, the company has taken into account:

- » Dalolex holds treasury shares and therefore the amount is carried at cost, therefore no negative variation in performance.
- » Baywest net asset value has increased by R438 million (2020: R416 million), management expects that this trend will continue going forward as the market recovers from the effects of COVID-19.
- » Forest Hill City debt is irrecoverable and the amount owed has been written off.
- » Ascension Properties net asset value is higher than the carrying value, therefore the amount is deemed recoverable.

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

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

Credit rating framework

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

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

Internal credit grade	Description	Basis for recognising ECLs
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 ECLs 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 (Pty) Limited	140 706	Performing
Dalolex (Pty) Limited	8 469	Performing
Ascension Properties Limited	49	Performing
Forest Hill City Shopping Centre (Pty) 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 (Pty) 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.

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7. INVESTMENT IN SUBSIDIARIES

	Company	
	2021 R'000	2020 R'000
Ascension Properties Limited**	629 641	629 641
Ascension Property Management Company (Pty) Limited***	41 710	41 710
Baywest City (Pty) Limited**	438 182	438 182
Rebois Asset Managers (Pty) Limited*	–	98 272
Rebois Property Services (Pty) Limited*	–	146 130
Balance at the end of the year	1 109 533	1 353 935
Movement in investment in subsidiaries		
Balance at the beginning of the year	1 353 935	1 510 925
Impairment of investments	(244 402)	(156 990)
Balance at the end of the year	1 109 533	1 353 935

* The impairment of the asset and property management companies are determined by discounting the expected free cash flows at a capitalisation rate of 13.49% (2020: 14.31%). A growth rate of 6.6% (2020: 6.6%) was applied. Rebois Asset Managers and Rebois Property Services perform admin and management services for properties. As a result of the disposal of most of our commercial portfolio, the future cash flow is expected to decline which affects the value of our investment in these companies.

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

*** The impairment was determined by discounting the expected free cash flows at a capitalisation rate of 13.49% (2020: 14.31%). A growth rate of 6.6% (2020: 6.6%) was applied. Ascension Property Management Company performs management services for the group.

8. INVESTMENT IN SECURITIES

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2021 R'000
Edcon				
Movement in investment in securities:				
Balance at the beginning of the year	–	4 275	–	2 491
Increase in investment	658	13 287	–	5 700
Impairment of investment	(658)	(17 562)	–	(8 191)
Reversal of impairment of investment	18 220	–	8 191	–
Transfer to trade receivables	(18 220)	–	(8 191)	–
	–	–	–	–

The Investment in Edcon was raised as per the Landlord Agreement between Edcon Limited and various Landlords. Rebois Property Fund Limited and Forest Hill City Shopping Centre (Pty) Ltd fell under the category "Delayed Landlord".

In September 2019 a credit of 40.39% of the outstanding amount was processed in the tenant accounts. The remainder was to be credited to the relevant tenants account on a monthly basis. The Delayed Landlord was to receive shares in New Holdco and would become beneficial owners of these shares.

The amounts credited were impaired in the same period.

This Landlord Agreement did not come into effect as Edcon entered Business Rescue on 29 April 2020. The rental was still being recognised as an investment for the first few months of the current year. All credits processed and capitalised were reversed and the corresponding impairment was also reversed. The reversal in the Investment processed as a credit on the tenant account, were reversed on the tenant account causing the arrears to increase.

Adjusted claims were sent to the Business Rescue Practitioner. A dividend of 19 cents/R1 for all pre-commencement claims and 100 cents/R1 for post-commencement claims is expected. This will result in an expected under recovery of 9.87%. A provision was raised to cover 100% the ECL of Edcon.

9. GOODWILL

	Group	
	2021 R'000	2020 R'000
Goodwill arising on business combination	–	238 733
Movement in goodwill:		
Balance at the beginning of the year	238 733	312 219
Impairment	(238 733)	(73 486)
Balance at the end of the year	–	238 733
Cost	676 412	676 412
Accumulated impairment	(676 412)	(437 679)

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

	Group	
	2021 R'000	2020 R'000
Rebosis Asset Managers CGU	–	98 274
Rebosis Property Services CGU	–	140 459
Balance at the end of the year	–	238 733

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 lower than the recoverable amount resulting in a R239 million (2020: R73 million) impairment loss.

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.

	Group	
RAM & RPS CGU	2021 %	2020 %
Terminal value growth rate	6.60	6.60
Growth rate	6.60	6.60

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 cash flows 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.

		Group	
Sensitivity analysis	Change %	2021 R'000	2020 R'000
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

As a result of the negative cash flows forecasted, goodwill was fully impaired and no sensitivity analysis was performed.

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for the year ended 31 August 2021

10. LEASES

The company leases its head office facilities from a subsidiary. 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 last financial year.

10.1 RIGHT-OF-USE ASSETS

	Company	
	2021 R'000	2020 R'000
Right-of-use assets	46 831	52 083
Reconciliation of right-of-use assets		
Balance as at 1 September 2020	52 083	
Additions	–	52 520
Amortisations	(5 252)	(437)
Balance at the end of the year	46 831	52 083

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

10.2 LEASE LIABILITIES

	Company	
	2021 R'000	2020 R'000
Balance as at 1 September 2020	51 795	–
Additions	–	52 520
Interest expense incurred	3 439	295
Less:	(6 181)	(1 020)
Capital payment	(2 742)	–
Interest expense payment	(3 439)	(1 020)
Balance at the end of the year	49 053	51 795
Non-current	45 736	45 614
Current	3 317	6 181

Future lease payments due

	Up to 3 months	Between 3 and 12 months	Between and 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 August 2021					
Interest expense	829	2 406	2 990	7 041	3 610
Lease payments	(1 622)	(4 930)	(6 945)	(22 815)	(29 618)

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

11. PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2021 R'000
Computer equipment	622	533	598	506
Cost	2 443	2 237	1 765	1 577
Accumulated depreciation	(1 821)	(1 704)	(1 167)	(1 071)
Computer software	100	57	100	57
Cost	1 123	1 032	1 107	1 016
Accumulated depreciation	(1 023)	(975)	(1 007)	(959)
Furniture, fittings and equipment	8 190	10 290	3 405	3 647
Cost	21 649	21 948	10 387	10 534
Accumulated depreciation	(13 459)	(11 658)	(6 982)	(6 886)
Motor vehicles	409	660	365	575
Cost	2 614	2 614	1 686	1 686
Accumulated depreciation	(2 205)	(1 954)	(1 321)	(1 112)
	9 321	11 540	4 468	4 785
Movement for the year				
Balance at the beginning of the year	11 540	5 848	4 785	4 074
Acquisitions	1 194	11 096	1 179	4 203
Computer equipment	583	215	558	193
Computer software	99	3	99	3
Furniture, fittings and equipment	512	10 721	522	3 849
Motor vehicles	–	157	–	158
Depreciation	(3 413)	(5 404)	(1 496)	(3 492)
Computer equipment	(414)	(412)	(392)	(390)
Computer software	(149)	(95)	(148)	(94)
Furniture, fittings and equipment	(2 595)	(4 610)	(744)	(2 810)
Motor vehicles	(255)	(287)	(212)	(198)
Balance at the end of the year	9 321	11 540	4 468	4 785

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.

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12. DERIVATIVE INSTRUMENTS

Instrument	Rate (%)	Nominal value			Maturity date	Group		Company	
		2021 R'000	2020 R'000			2021 R'000	2020 R'000	2021 R'000	2020 R'000
Assets									
<i>Interest rate caps</i>		–	1 000 000			–	1 431	–	1 431
Rebasis	7.0	–	1 000 000	23-Nov-20	–	1 431	–	1 431	
Total assets		–	1 000 000		–	1 431	–	1 431	
Less: Current assets		–	(1 000 000)		–	(1 431)	–	(1 431)	
Non-current assets		–	–		–	–	–	–	
Liabilities									
Long-term cancellable									
<i>interest rate swaps</i>		2 700 000	2 700 000			(20 275)	(99 941)	(20 275)	(99 941)
Rebasis	6.7	2 700 000	2 700 000	20-Oct-21	(20 275)	(99 941)	(20 275)	(99 941)	
Total liabilities		2 700 000	2 700 000		(20 275)	(99 941)	(20 275)	(99 941)	
Less: Current liabilities		(2 700 000)	(2 700 000)		20 275	–	20 275	–	
Non-current liabilities		–	–		–	(99 941)	–	(99 941)	

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.

13. STATED CAPITAL

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Authorised				
5 000 000 000 REB ordinary no par value shares				
70 000 000 REA A ordinary no par value shares				
Issued				
696 844 874 (2020: 696 844 874) REB ordinary shares, net of treasury shares	7 422 441	7 422 441	7 447 573	7 447 573
63 266 012 (2020: 63 266 012) REA ordinary shares	1 592 627	1 592 627	1 592 627	1 592 627
	9 015 068	9 015 068	9 040 200	9 040 200
Movement in stated capital				
Balance at the beginning of the year	9 015 068	9 015 068	9 040 200	9 040 200
Balance at the end of the year	9 015 068	9 015 068	9 040 200	9 040 200
Reconciliation of number of ordinary shares in issue:				
Balance at the beginning of the year			699 253 200	699 253 200
Balance at the end of the year			699 253 200	699 253 200
Reconciliation of number of A ordinary shares in issue:				
Balance at the beginning of the year			63 266 012	63 266 012
			63 266 012	63 266 012
Reconciliation of number of treasury shares in issue:				
Balance at the beginning of the year			(2 408 326)	(2 408 326)
			(2 408 326)	(2 408 326)

REA: A ordinary shares no par value.

REB: Ordinary shares no par value.

The rights and restrictions applicable for the various share classes are stated in the MOI, which is available for viewing.

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Trade receivables	187 220	204 526	79 463	95 821
Loss allowance	(104 609)	(53 605)	(39 173)	(22 837)
	82 611	150 920	40 290	72 984
Accrued recoveries	44 413	40 283	25 292	22 138
Municipal deposits	10 094	9 886	7 023	7 013
Prepayments	10 237	12 114	9 482	9 254
Vat refundable	2 042	-	-	-
Sundry receivables and accrued income	40 987	47 002	15 026	25 523
	190 384	260 206	97 113	136 912
Movement in loss allowance				
Balance at the beginning of the year	53 605	22 624	22 837	5 208
Increase in allowance	96 720	87 860	27 273	26 371
Receivables written off during the year	(45 716)	(56 878)	(10 937)	(8 742)
Balance at the end of the year	104 609	53 605	39 173	22 837

Other receivables, accrued recoveries, municipal deposits and sundry receivables and accrued income were not considered in the ECL calculations as the other receivable accounts do not have the risk exposure like trade receivables. Accrued recoveries and accrued income in nature are balances for income still to be billed to tenants. Municipal Deposits are funds held by municipal institutions which will only be due back to the business if ever the municipal accounts were to be closed. Sundry Receivables are often ad hoc receivables that arise in various forms.

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14. TRADE AND OTHER RECEIVABLES continued

The allowance for the impairment of tenant receivables for the group increased to R104 million (2020: R53.6 million) and company to R39 million (2020: R22.8 million) under the IFRS 9 requirements which applies an ECL model to calculate impairment against trade receivables.

The tenant base is diverse with differing loss patterns for different customer segments. Tenants have been segmented according to their risk factors that provide sufficiently homogenous groupings for the purpose of determining the credit loss allowance. The credit risk groupings include the sector (commercial and retail), size (small, medium, large and government) and the arrear status of the debtor. A loss ratio matrix is developed and contains a loss ratio assumption for each combination of the risk factors stated herein.

The group has assessed that there is a concentration of credit risk relating to specific groups of tenants who are considered to be impacted similarly by economic conditions. These tenants operate in the entertainment and restaurant industries and make up R45.4 million (2020: R22 million) of the total debtors balance.

Large tenants consist of JSE-listed entities and national retailers. National retailers that occupy a less significant GLA (gross lettable area) as well as local entities that occupy a larger GLA are considered to be medium. All other tenants are small.

The increase in ECL rates from the prior to the current year are the result of applying a more conservative approach in assessing ECLs to give effect to the deterioration in the credit quality of the tenants, stemming from the continued impact of COVID-19 and economic depression it caused in the South African economy. South Africa is experiencing low levels of growth and slow recovery from the COVID-19 pandemic. This is evidenced by the ageing spread of the trade receivable balances in the current year being predominantly within the 90-day and 120-day past due brackets.

The ECL rate which is a function of the PD and the LGD was determined by making use of default and loss rate assumptions that are applicable to the economy in which we operate. These loss inputs incorporate historical default and loss given default experience of the broader economy which is considered to be comparable to our tenant portfolio. Entity-specific loss data was not used in this assessment as the COVID-19 pandemic gave rise to unprecedented losses in the property rental sector in the current period for which it would be inappropriate to rely on entity-specific historical loss data. Given the current economic volatility and the impact of COVID-19, emphasis has been placed on incorporating current and forward-looking information when determining the ECL. When trade receivables are in default the PD is at 100% and the ECL rate is thereafter driven by the LGD rate.

LGD rates are determined with reference to historical and forward-looking market data on unsecured credit for large corporate tenants and unsecured microfinancing transactions for small tenants. LGD rates on unsecured credit for large corporates that are in default is considered to be comparable to the group's large tenants whereas LGD rates for micro financing debts is considered to be comparable to small tenants that are in default. Therefore, the LGD rates for the group's medium-sized tenants are expected to fall within the range of LGD on unsecured microfinancing debts and the LGD for large tenants. These rates are adjusted to reflect the risk profile of the group's tenant portfolio that is not in default.

The arrears status of a trade receivable is a strong indication of the likely credit experience going forward and as such the provision matrix utilises the receivable's ageing in determining the PD rates. These rates will increase in line with the ageing bracket to reflect the expected increase in credit risk.

Forward-looking data that has been factored into the PD includes the continued impact that COVID-19 is expected to have on tenants as well as the continuing economic depression within South Africa.

Higher arrears statuses on government entities are associated with slow payment behaviour, administrative delays and disputes relating to amounts owed. The time value of money as well as a forward-looking allowance for expected dispute losses are therefore factored into the loss rates based on management's past experience with this specific trade receivable. The risk of disputes as well as the impact of the time value of money is more significant as the receivable moves into the 90-day and 120-day brackets as reflected in increased ECL rates.

The rapidly changing impact that the stage and progression of the COVID-19 pandemic continues to have results in significant uncertainty as to how the tenants in either sector will be affected in future. Consistent loss rates have been applied to the retail and commercial sectors as the expectation is that historical default experience on these trade receivables is not reflective of the current economic climate. Management believes that future credit losses on the retail and commercial portfolios should not differ materially.

14. TRADE AND OTHER RECEIVABLES continued

Total (R'000)	2021					Group
	Current	30 days	60 days	90 days	120+ days	Total
	Gross carrying amount	20 321	11 247	6 784	8 420	140 448
ECL allowance	129	383	1 235	2 774	100 088	104 609
Net amount	20 192	10 864	5 549	5 646	40 360	82 611
ECL as a % of gross carrying amount	1%	3%	18%	33%	71%	56%

Total (R'000)	Company					
	Current	30 days	60 days	90 days	120+ days	Total
Gross carrying amount	11 907	7 847	4 189	5 505	50 015	79 463
ECL allowance	89	205	615	1 576	36 689	39 173
Net amount	11 819	7 643	3 574	3 929	13 326	40 290
ECL as a % of gross carrying amount	1%	3%	15%	29%	73%	49%

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14. TRADE AND OTHER RECEIVABLES continued

Sector	Size						Group
		Current	30 days	60 days	90 days	120+ days	Total
Gross carrying amount							
Retail	Small	393	272	670	405	8 356	10 096
Retail	Medium	3 075	2 254	2 165	853	24 788	33 136
Retail	Large	7 116	3 609	2 014	1 624	66 527	80 889
	Total retail	10 584	6 136	4 849	2 882	99 670	124 121
Commercial	Small	59	97	64	45	10 577	10 842
Commercial	Medium	382	80	357	433	21 692	22 943
Commercial	Large	130	–	–	–	495	625
Commercial	Government	9 167	4 935	1 514	5 060	8 013	28 689
	Total commercial	9 737	5 112	1 935	5 538	40 777	63 099
Total gross carrying amount		20 321	11 247	6 784	8 420	140 448	187 220
ECL allowance							
Retail	Small	2	23	159	185	6 464	6 833
Retail	Medium	10	26	458	419	19 445	20 358
Retail	Large	35	211	483	913	45 278	46 920
	Total retail	47	259	1 100	1 518	71 187	74 111
Commercial	Small	–	–	12	23	9 348	9 383
Commercial	Medium	–	–	47	207	17 064	17 318
Commercial	Large	1	–	–	–	347	347
Commercial	Government	81	123	76	1 026	2 143	3 449
	Total commercial	82	124	135	1 256	28 901	30 498
Total ECL allowance		129	383	1 235	2 774	100 088	104 609
Net amount							
Retail		10 537	5 877	3 749	1 364	28 484	50 010
Commercial		9 656	4 988	1 800	4 282	11 876	32 601
Total net amount		20 193	10 865	5 549	5 646	40 360	82 611
ECL %							
Retail	Small	–	8%	24%	46%	77%	68%
Retail	Medium	–	1%	21%	49%	78%	61%
Retail	Large	–	6%	24%	56%	68%	58%
	Total retail	–	4%	23%	53%	71%	60%
Commercial	Small	–	–	19%	51%	88%	87%
Commercial	Medium	–	1%	13%	48%	79%	75%
Commercial	Large	–	–	–	–	70%	56%
Commercial	Government	–	3%	5%	20%	27%	12%
	Total commercial	1%	2%	7%	23%	71%	48%

14. TRADE AND OTHER RECEIVABLES continued

Sector	Size	Company					Total
		Current	30 days	60 days	90 days	120+ days	
Gross carrying amount							
Retail	Small	13	66	–	120	4 893	5 091
Retail	Medium	1 866	2 108	1 552	135	17 311	22 971
Retail	Large	2 482	1 138	1 060	1 158	20 045	25 883
	Total retail	4 360	3 312	2 611	1 412	42 249	53 945
Commercial	Small	21	58	64	2	5 563	5 708
Commercial	Medium	–	–	–	–	398	398
Commercial	Large	–	–	–	–	–	–
Commercial	Government	7 526	4 476	1 514	4 090	1 805	19 412
	Total commercial	7 547	4 535	1 578	4 092	7 766	25 518
Total gross carrying amount		11 907	7 847	4 189	5 505	50 015	79 463
ECL allowance							
Retail	Small	–	5	–	55	3 932	3 992
Retail	Medium	8	19	273	44	13 313	13 658
Retail	Large	9	68	254	634	13 740	14 705
	Total retail	18	92	527	733	30 984	32 355
Commercial	Small	–	–	12	2	4 936	4 950
Commercial	Medium	–	–	–	–	300	300
Commercial	Large	–	–	–	–	–	–
Commercial	Government	71	112	76	841	470	1 569
	Total commercial	71	112	88	843	5 705	6 818
Total expected credit loss allowance		89	205	615	1 576	36 689	39 173
Net amount							
Retail		4 343	3 220	2 084	679	11 265	21 590
Commercial		7 476	4 423	1 490	3 250	2 061	18 700
Total net amount		11 819	7 643	3 574	3 929	13 326	40 290
ECL %							
Retail	Small	78%	–	7%	0%	46%	80%
Retail	Medium	59%	–	1%	18%	33%	77%
Retail	Large	57%	–	6%	24%	55%	69%
	Total retail	60%	–	3%	20%	52%	73%
Commercial	Small	87%	–	–	19%	80%	89%
Commercial	Medium	75%	–	–	–	–	75%
Commercial	Large	–	–	–	–	–	–
Commercial	Government	8%	1%	3%	5%	21%	26%
	Total commercial	27%	1%	2%	6%	21%	73%

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14. TRADE AND OTHER RECEIVABLES continued

Group

2020

Carrying value of debtors with specific credit losses recognised 14 207
 Carrying value of debtors with ECLs

	Gross Amount	ECL rate	Lifetime ECL
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 ECL			53 605

Company

Carrying value of debtors with specific credit losses recognised –
 Carrying value of debtors with ECLs –

	Gross Amount	ECL rate	Lifetime ECL
Current	43 572	10%	4 268 610
Due 30 days and less	20 852	13%	2 653 759
Due 30 to 60 days	7 329	22%	1 592 083
Due 60 to 90 days	5 491	40%	2 202 627
Due 90 days to 120 days	4 355	68%	2 960 635
Due 120 days to 150 days	14 222	68%	9 159 181
	95 821		22 837
Total allowance for ECL			22 837

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
For purposes of the statement of cash flows, cash and cash equivalents comprise:				
Bank balances	126 022	59 233	82 763	28 245

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 FirstRand Bank Limited with a limit of R1 225 000.

16. INTEREST-BEARING BORROWINGS

Interest rate	Entity	Maturity	Group		Company	
			2021 R'000	2020 R'000	2021 R'000	2020 R'000
Nedbank Corporate (a division of Nedbank Limited)						
1-month JIBAR + 3.15%	Rebosis	07-Mar-22	637 938	638 280	637 938	638 280
1-month JIBAR + 3.15%	Forest Hill City Shopping Centre	07-Mar-22	1 514 125	1 514 460	–	–
1-month JIBAR + 2.47%	BWC	07-Mar-22	1 221 735	1 222 289	–	–
1-month JIBAR + 3.15%	Rebosis	07-Mar-22	926 435	926 931	926 435	926 931
1-month JIBAR + 3.15%	Ascension	07-Mar-22	45 179	45 204	–	–
1-month JIBAR + 3.15%	Rebosis	07-Mar-22	150 554	150 551	150 554	150 551
1-month JIBAR + 3.15%	Ascension	07-Mar-22	50 540	50 567	–	–
1-month JIBAR + 3.15%	Ascension	07-Mar-22	34 453	34 472	–	–
1-month JIBAR + 3.15%	Ascension	07-Mar-22	26 178	26 192	–	–
1-month JIBAR + 3.15%	Ascension	07-Mar-22	152 675	152 758	–	–
1-month JIBAR + 3.15%	Rebosis	07-Mar-22	121 168	121 233	121 168	121 233
1-month JIBAR + 3.15%	Rebosis	07-Mar-22	349 252	349 251	349 252	349 251
1-month JIBAR + 3.15%	Rebosis	07-Mar-22	25 459	25 464	25 459	25 464
1-month JIBAR + 3.15%	Rebosis	07-Mar-22	485 487	485 585	485 487	485 585
1-month JIBAR + 3.15%	Rebosis	07-Mar-22	261 909	261 962	261 909	261 962
1-month JIBAR + 3.15%	Ascension	07-Mar-22	41 905	41 906	–	–
1-month JIBAR + 3.15%	Rebosis	07-Mar-22	1 115 795	1 116 392	1 115 795	1 116 392
1-month JIBAR + 3.15%	Rebosis	07-Mar-22	185 248	185 347	185 248	185 347
1-month JIBAR + 3.15%	Rebosis	07-Mar-22	492 536	492 540	492 536	492 540
1-month JIBAR + 3.5%	Rebosis	07-Mar-22	141 836	141 836	141 836	141 836
1-month JIBAR + 3.5%	Rebosis	07-Mar-22	94 557	94 557	94 557	94 557
3-month JIBAR + 5.80%	Rebosis	07-Mar-22	21 005	–	21 005	–
			8 095 969	8 077 774	5 009 179	4 989 929
Investec Private Bank Limited						
Prime – 0.65%	Ascension	15-May-23	372 312	372 428	–	–
Prime – 0.5%	Rebosis	28-Feb-22	291 403	290 727	291 403	290 726
			663 715	663 154	291 403	290 726
Standard Bank of South Africa						
Prime – 0.5%	Ascension	28-Feb-22	151 114	250 232	–	–
			151 114	250 232	–	–
Sanlam Limited						
Prime	Rebosis	07-Mar-22	356 026	356 232	356 026	356 232
			356 026	356 232	356 026	356 232

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16. INTEREST-BEARING BORROWINGS continued

Interest rate	Entity	Maturity	Group		Company	
			2021 R'000	2020 R'000	2021 R'000	2020 R'000
Rand Merchant Bank*						
1-month JIBAR + 5%	Rebasis	31 -Aug-21	242 900	245 791	242 900	245 791
Total debt			9 509 724	9 593 187	5 899 508	5 882 678
Less: debt structuring fees			(524)	(4 208)	–	(25)
Balance at the beginning of the year			(4 208)	(10 611)	(25)	(2 715)
Settled during the year			(150)	(2 285)		(2 285)
Amortisation for the year			3 834	8 688	25	4 975
			9 509 200	9 588 979	5 899 508	5 882 653
Less: short-term portion			(9 509 200)	(9 588 979)	(5 899 508)	(5 882 653)
Non-current portion			–	–	–	–

All interest-bearing borrowings have been disclosed as a short-term portion due to the group breaching its loan covenants (refer to note 33 regarding the covenants breached).

The loan with Rand Merchant bank has expired and negotiations are still underway to renew the facility. At year-end and at the time of the release of the financial statements, the loan had not been recalled and management is hopeful that this loan will be renewed. The uncertainty of the renewal of the loan may cast significant doubt on the entity's ability to continue as a going concern. Refer to note 41 – Going Concern.

Weighted average rate of interest	Group	
	2021 R'000	2020 R'000
Nedbank	6.41	8.59
DMTN Programme	–	7.97
Investec	6.20	7.39
RMB	6.78	9.14
Standard Bank	6.50	8.44
Sanlam	7.00	8.64

At year-end, the group had no unutilised loan facilities, the gearing ratio was 71.4% (2020: 72.4%), (company: 79.8% (2020: 83.5%)) and the average all-inclusive rate of interest for the year under review was 6.36% (2020: 8.5%). Facilities of R8.0 billion from Nedbank and Sanlam are secured by mortgage bonds over investment properties valued at R11.5 billion (note 3).

Facilities of R1.4 billion from Investec, Sanlam, RMB and Standard Bank are secured by mortgage bonds over investment properties valued at R1.64 billion (note 3).

17. DEFERRED PAYMENT LIABILITY

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Claw-back	283 738	146 226	216 293	146 224
Total deferred payment liability	283 738	146 226	216 293	146 224

In 2016, Rebasis entered into a related party transaction with Billion Group in which it acquired 100% shareholding in Baywest City (Pty) Ltd (Baywest), Billion Property Developments (Pty) Ltd (Forest Hill City), Billion Asset Managers (Pty) Ltd and Billion Property Services (Pty) Ltd. ("Transaction")

The aggregate transaction consideration payable by the company to acquire the entire issued share capital of Baywest, Forest Hill, Billion Asset Managers and Billion Property Services was an amount of R4.9 billion (the "Aggregate Transaction Amount").

17. DEFERRED PAYMENT LIABILITY continued

R3.7 billion of the Aggregate Transaction Amount was funded through debt with the approximate balance of R1.2 billion being payable in cash.

In terms of the Transaction, the balance payable in cash was to be funded through a series of claw-back offers which would be effectively underwritten through the subscription by the Billion Group, Abacus and Nedbank in terms of the Claw-Back Agreement.

The transaction	R'000
Total aggregate purchase price including Agterskot	4 999 000
Billion Asset Managers	360 000
Billion Property Services	209 000
Forest Hill City	2 093 000
Baywest	2 272 000
Agterskot	65 000
Debt assumed	(3 700 200)
Cash payment "Claw-back"	1 298 800

A. Claw-back**Initial Claw-Back Offer**

The first in the series of claw-back offers ("Initial Claw-Back Offer") took place in 2016, in accordance with the Claw-Back Agreement, raising cash proceeds of R533.8 million from Rebosis shareholders, by way of a fully subscribed claw-back offer at a price of R10.71. The proceeds received from Initial Claw-Back Offer were used to discharge the applicable payment obligations to Billion Group and Nedbank under the Transaction.

Second Claw-Back Offer, i.e 1st deferred payment

In terms of the Transaction, an amount of R350.0 million ("Second Cash Transaction Amount"), being a portion of the Aggregate Transaction Amount, was payable in cash to Billion Group, Nedbank and Abacus (collectively, the "Subscribers") on Monday, 15 January 2018 ("Second Payment Date"). In terms of the Claw-Back Agreement the Second Cash Transaction Amount was funded by way of a claw-back offer to Rebosis shareholders, at a price of R11.30 per share ("Second Claw- Back Offer").

Third Claw-Back Offer i.e. 2nd deferred payment

In terms of the Transaction, an amount of R350.0 million ("Third Transaction Amount") being a portion of the Aggregate Transaction Amount, was payable in cash to Billion Group, Nedbank and Abacus (collectively, the "Subscribers").

The loan with Billion Group and Nedbank is repayable by mutual consent, with payments not expected within 12 months. As of November 2020 R3 million is payable to Abacus on a monthly basis. This amount remains outstanding to the parties.

Fourth Claw-Back Offer, i.e 3rd deferred payment (Agterskot)

In terms of the Transaction, an amount of R65.0 million ("Fourth Transaction Amount"), being the Agterskot payment, in recognition of the fact that a significant portion of the aggregate transaction amount due to Billion Group and Nedbank had been deferred, was payable in cash to Billion Group and Nedbank, (collectively, the "Subscribers").

	Billion Group "Related party"	Abacus	Nedbank	Total
Amounts due per circular	974 000	145 000	179 800	1 298 800
Less 1st claw-back offer	(447 900)	–	(85 900)	(533 800)
Deferred payments	526 100	145 000	93 900	765 000
Less: 1st deferred payment	(232 050)	(75 000)	(42 950)	(350 000)
Balance due with 2nd and 3rd deferred payments	294 050	70 000	50 950	415 000

As a result of non-payment of the balance of the clawback, interest accrued to the parties at a rate of prime plus 3% and prime plus 2% respectively, effective 15 January 2019.

The loans are unsecured, with an interest of prime plus 3% (Nedbank) and prime plus 2% (Billion Group and Abacus). The loan with Billion Group and Nedbank is repayable by mutual consent, with payments not expected within 12 months. As of November 2020 R3 million is payable to Abacus on a monthly basis. This amount remains outstanding to the parties.

Notes to the annual financial statements

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17. DEFERRED PAYMENT LIABILITY continued

Reconciliation of claw-back

	Group	
	2021 R'000	2020 R'000
Balance at the beginning of the year	146 226	123 476
Billion Group*	2 526	2 526
Abacus	83 000	70 000
Nedbank	60 700	50 950
Reversal on "non-claw-back" transactions in opening balance	291 524	–
Rental guarantee	175 000	–
Adjustment account	116 524	–
Opening balance	146 226	
Balance on claw-back after non-related adjustments	87 875	123 476
Interest	111 637	22 750
Repayment of claw-back	(62 000)	–
Balance at the end of the year	283 738	146 226

* In the disclosure of the deferred payment liability, the Billion Group portion was offset against other amounts owing to/by the company hence an opening balance of R2.5 million

The amount owing of R2.5 million did not reflect a movement or adjustment for interest in FY2020 as there was a dispute between Billion Group and Rebasis regarding several matters relating to this transaction.

The parties engaged in a dispute resolution process in respect of several matters relating to the transaction and the amounts due to Billion Group.

It was agreed by both parties that an adjustment account would be kept and reconciled between the entities. These amounts were not recognised in the statement of financial position of FY2020 as no reliable estimate of these liabilities could be made at the time. Refer to note 38 of the 2020 group annual report which sets out the details of the contingent liability pertaining to this matter.

This process has since been concluded and the resulting effect reflected in the financial statements.

B. Rental guarantee

Rebasis entered into a rental guarantee agreement with Billion Group whereby Billion Group had undertaken to pay a guaranteed six-monthly amount to the extent that existing premises remain vacant or are forecast to become vacant from the commercial effective date of the transaction until 31 August 2018, being the end of the forecast period in respect of Forest Hill City Shopping Centre and Baywest Mall.

An amount of R175 million is due in terms of an unlimited two-year rental guarantee furnished by Billion Group to Rebasis in respect of Forest Hill City Shopping Centre and Baywest Mall.

As part of the dispute resolution process, it was agreed by both parties that interest will not be charged on this amount as a result of certain commitments/responsibilities not being performed under the management contract by management at the time.

C. Adjustment account

An adjustment account was in terms of the relevant transaction agreements meant to be completed between Rebasis and Billion Group post the implementation of the transaction.

Billion Group raised certain claims against Rebasis Asset Managers (Pty) Ltd and Rebasis Property Services (Pty) Ltd (previously Billion Asset Managers and Billion Property Services respectively) in respect of an asset management and a property management agreement with Mthatha Mall.

A net amount of R116 million was believed to be owing to Rebasis in respect of the adjustment account before the dispute resolution process.

17. DEFERRED PAYMENT LIABILITY continued

Aggregate amount owing to Billion Group "related party transaction"

The parties obtained a legal opinion and based on the legal opinion the parties are permitted to offset the amounts and obtain a balance outstanding.

	2021 R'000	2020 R'000
Billion Group*		
Claw-back	294 050	294 050
Rental guarantee	(175 000)	(175 000)
Adjustment account	(116 524)	(116 524)
	2 526	2 526
Interest on Third and Fourth claw-back	97 083	-
Repayment on claw-back	(32 000)	-
Disputed amounts reversed	87 875	-
Total	155 484	2 526

18. LOAN BILLION GROUP LAND

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Loan – Billion Group land	7 440	-	7 440	-
Total Loan Billion Group land	7 440	-	7 440	-

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Loan Billion Group land	42 000	-	42 000	-
Interest on amount owed on land	10 440	-	10 440	-
Payment	(45 000)	-	(45 000)	-
Closing balance	7 440	-	7 440	-

Rebosis purchased land from Billion Group for a purchase consideration of R42 million. The purpose of the purchase was to develop an office park. The terms of the contract were only finalised in the current year after a lengthy arbitration process to determine the amounts due to each party (refer to note 17 for the arbitration process followed). The interest accrued at a rate of prime and started accruing from 15 January 2019 resulting in a total liability of R52 million. Payment of R45 million was paid to Billion Group towards reducing the debt on 26 July 2021.

The loans are unsecured and are repayable by mutual consent, with payments not expected within 12 months.

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Income received in advance	116 271	27 551	93 454	6 191
Trade payables	122 731	127 377	82 763	59 874
Value added taxation	-	568	5 241	6 528
Tenant deposits	21 651	23 757	8 216	9 326
Other payables	27 431	48 885	8 638	6 081
Accrued expenses	99 648	104 891	44 296	48 157
	387 732	333 030	242 608	136 157

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20. INVESTMENT PROPERTY INCOME

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Rental income	1 177 297	1 303 418	666 694	719 460
COVID-19 reprieve	(23 011)	(69 450)	(12 703)	(26 588)
Other income	4 431	–	–	–
Recoveries	453 995	460 300	270 162	272 441
Investment property income	1 612 712	1 694 269	924 153	965 313

21. PROPERTY EXPENSE

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Impairment loss on trade receivables	51 582	21 188	16 336	10 877
Repairs and maintenance	35 649	34 256	20 677	18 976
Municipals (electricity, water, sewerage, refuse and rates)	421 593	397 512	232 546	196 777
Security contract	39 097	39 380	18 922	19 041
Cleaning costs	28 540	28 938	13 934	14 580
Bad debt written off	97 388	54 258	32 609	8 206
Operating costs	24 710	23 332	–	–
Insurance	8 413	7 860	–	–
Marketing	6 382	8 997	–	–
Other	7 870	5 532	3 808	605
Property expense	721 224	621 254	338 832	269 063

22. OPERATING INCOME

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Operating income includes the following charges:				
Asset management fees	–	–	24 097	22 317
Salaries	76 719	98 236	76 719	98 236
Audit fees				
Paid to external auditors – current year	2 051	3 530	1 117	2 515
For the attest function – current year	2 029	3 526	1 117	2 511
For other services	22	4	–	4
Paid to internal auditors – current year	203	–	203	–
Depreciation	3 413	5 404	1 496	3 492
Margin paid on derivatives	1 431	6 309	1 431	6 309
Property management fees paid	–	4	17 183	25 200

23. DIRECTORS' EMOLUMENTS

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Executive director remuneration				
SM Ngebulana	6 576	7 332	6 576	7 332
Salary and allowances	5 883	5 772	5 883	5 772
Retirement benefits	477	468	477	468
Incentive	216	1 092	216	1 092
AL Magwentshu[^]	2 589	167	2 589	167
Salary and allowances	2 206	157	2 206	157
Retirement benefits	169	10	169	10
Retention bonus	146	–	146	–
Incentive	68	–	68	–
Z Kogo	1 969	1 896	1 969	1 896
Salary and allowances	1 787	1 754	1 787	1 754
Retirement benefits	145	142	145	142
Retention bonus	36	–	36	–
R Becker⁺	1 343	4 888	1 343	4 888
Salary and allowances	888	3 848	888	3 848
Retirement benefits	80	312	80	312
Incentive	–	728	–	728
Leave paid out	375	–	375	–
I King[#]	–	3 162	–	3 162
Salary and allowances	–	2 340	–	2 340
Retirement benefits	–	260	–	260
Sign-on bonus	–	–	–	–
Leave paid out	–	107	–	107
Incentive	–	455	–	455

[#] Mrs I King was appointed as the Chief Financial Officer on 1 December 2018 and resigned on 31 August 2020

[^] Asathi Magwentshu was appointed as Interim Chief Financial Officer on 4 August 2020 and the role was made permanent on 18 December 2020

⁺ Mr R Becker resigned as the Chief Investment Officer on 25 November 2020

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23. DIRECTORS' EMOLUMENTS continued

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Non-executive director attendance fees				
ATM Mokgokong	798	741	798	741
K Keshav ⁺	922	–	922	–
WJ Odendaal ^{>}	–	308	–	308
NV Qangule ⁶	650	479	650	479
TSM Seopa [†]	194	530	194	530
MM Mdlolo [‡]	365	484	365	484
GFvL Froneman ^{<}	–	388	–	388
MR Burton [‡]	291	–	291	–
S Naidoo [®]	296	–	296	–
LC Pengilly [*]	445	–	445	–
Total	3 960	2 929	3 960	2 929

[†] Mr TSM Seopa resigned as the Chairperson of Social & Ethics Committee on 8 February 2021

[‡] Mr MM Mdlolo resigned as the Chairman of Investment Committee on 01 April 2021

⁶ Ms NV Qangule was appointed as Chairwoman of Social & Ethics Committee on 16 April 2021

[‡] Mr MR Burton was appointed on 16 April 2021 as the Chairman of Investment Committee

[®] Mr S Naidoo was appointed on 01 April 2021 as a non-executive director and on 16 April 2021 as the Chairman of the Remuneration Committee

⁺ Mr K Keshav was appointed as the Chairman of Audit and Risk Committee on 11 November 2020 and Deputy Chairman of the board on 16 April 2021

[<] Mr GFvL Froneman resigned as the Chairman of the Audit and Risk 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

24. CHANGES IN FAIR VALUES AND IMPAIRMENTS

	Group		Company	
	2021 R'000	2020 R'000 Restated	2021 R'000	2020 R'000 Restated
Unrealised gain on revaluation of investment property	48 072	392 268	264 177	243 575
Realised loss on disposal of investment property	(32 927)	(48 292)	(321)	(48 292)
Unrealised fair value adjustment – capex post disposal	(1 703)	(3 789)	(1 703)	(3 789)
Investment in subsidiaries – impairment	–	–	(244 402)	(156 989)
Investment in securities – impairment reversal/(impairment)	18 220	(17 562)	8 191	(8 191)
Derivative instrument	79 667	(68 535)	79 667	(76 703)
Intercompany loan impairment	–	–	(45 520)	(378 430)
Goodwill impairment	(238 733)	(73 487)	–	–
	(127 404)	180 603	60 089	(428 820)

25. NET INTEREST

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Interest paid – secured loans*	(602 187)	(827 683)	(382 693)	(521 788)
Interest paid – derivatives	(83 060)	(44 161)	(83 060)	(37 571)
Interest paid – other*	(117 005)	(24 475)	(110 872)	(23 854)
Interest expense lease	–	–	(3 439)	(295)
Debt restructuring fee	(21 829)	(16 138)	(17 770)	(11 887)
Interest on land	(10 440)	–	(10 440)	–
	(834 522)	(912 457)	(608 274)	(595 394)
Interest received – bank	1 059	2 216	730	1 808
Interest received – derivatives	–	1 854	–	1 854
	1 059	4 070	730	3 662
	(833 463)	(908 387)	(607 543)	(591 732)

* Restatement of the prior year comparative was made to the interest paid secured loans for, the interest paid on deferred payment liability of R23 million (group and company) which was moved to interest paid other. This has no impact on the statement of profit or loss and other comprehensive income and the statement of financial position.

26. TAXATION

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
South Africa normal taxation:				
Current taxation – Current period	39 849	44 468	4 887	–
Current taxation – Prior year under provision	4 887	–	–	–
Deferred tax asset release*	–	30 859	–	–
Total taxation	44 736	75 327	4 887	–
Reconciliation of taxation rate:				
Tax at the applicable tax rate of 28%	28.00%	28.00%	28.00%	28.00%
Reconciling items	(46.13%)	12.98%	(31.51%)	(28.00%)
Fair value adjustment in Investment Property	2.89%	(51.13%)	53.14%	11.50%
Goodwill impairment**	(27.10%)	11.19%	–	–
Prior year tax under provision	(1.98%)	–	(3.51%)	–
Impairment of inter-company loan	–	–	(9.16%)	(25.20%)
Reversal of investment impairment in securities/ (Investment impairment in securities)	2.07%	2.68%	1.65%	0.50%
Straight-line lease accrual	2.73%	2.93%	(0.13%)	(0.86%)
Impairment of investment in subsidiaries	–	–	(49.16%)	(8.67%)
Fair value adjustment in financial instruments	9.04%	10.44%	16.03%	(4.71%)
Non-deductible expenditure	(4.20%)	2.35%	(1.85%)	0.33%
Impact of deferred taxation	(14.01%)	(1.24%)	(19.88%)	–
Other	(2.21%)	0.66%	(1.72%)	(1.20%)
Deferred tax asset release	–	16.70%	–	–
Assessed loss carried forward	(13.36%)	18.40%	(16.92%)	0.30%
Effective rate	(18.13%)	40.98%	(3.51%)	–

* Deferred tax asset was raised in the 2019 financial year and was released in 2020 as management made an assessment that this would not be utilised.

** The prior year goodwill was incorrectly disclosed as 0%, this has been correctly restated to the correct amount of 11%. The restatement results in an increase in the assessed loss carried forward. This adjustment has no effect on the statement of profit or loss and other comprehensive income and the statement of financial position.

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26. TAXATION continued

The deferred tax assets resulting from assessed losses incurred by the group and company have not been recognised. The REIT status results in the position whereby it is unlikely that there will be future taxable income against which to utilise the deferred tax asset as the qualifying distribution is deductible.

The tax position of each subsidiary within the group has been assessed to determine whether it is appropriate to recognise deferred tax assets arising from assessed losses. It was determined that for all the subsidiaries that there will be no taxable income for which the assessed loss will be utilised and therefore the deferred tax asset will not be recognised.

The group has R350 million (2020: R229 million) and company R84 million (2020: nil) of assessed loss amounts, which will be carried forward.

27. NOTE TO THE STATEMENT OF CASH FLOWS

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Cash generated by operations				
(Loss)/profit before tax	(246 619)	184 299	(139 193)	(454 184)
Adjusted for:				
Non-cash items				
Increase in fair value adjustment	(13 442)	(392 268)	(264 177)	(243 575)
Loss on sale of investment property	5 604	48 292	321	48 292
Straight-line rental income accrual	(24 042)	15 013	661	14 021
Depreciation	3 257	5 404	1 399	3 492
Amortisation of lease commission and tenant installation	2 195	-	-	-
Depreciation – right-of-use asset	-	-	5 252	438
Investment in securities	-	(13 287)	-	(5 700)
(Impairment reversal)/Impairment of investment in securities	(18 220)	17 562	(8 191)	8 191
Impairment in intercompany loan	-	-	45 520	378 430
Impairment in subsidiaries	-	-	244 402	156 989
Non-cash expenses (penalties and fines)	13 765	5 487	782	16 374
Non-cash income tax write off	-	(385)	-	(385)
Unrealised fair value adjustment	-	3 789	-	-
Decrease in fair value of derivative asset (current)	1 431	603	1 431	595
Decrease/(Increase) in fair value of derivative liability (current)	20 275	(32 010)	20 275	(23 833)
(Increase)/Decrease in fair value of derivative liability (non-current)	(99 941)	99 941	(99 941)	99 941
Movement in allowance for ECLs	51 004	87 860	16 336	26 371
Debt structuring fees	3 143	-	25	-
Goodwill impairment	238 733	73 487	-	-
Interest Received	(1 059)	(4 070)	(3 044)	(3 662)
Non-cash expenditure	88 209	-	36 026	-
Finance Cost	834 521	912 457	590 504	595 394
Operating income before working capital changes	858 814	1 012 177	448 388	617 190
Working capital changes	92 399	(26 807)	141 495	(25 746)
Trade and other receivables	37 036	(140 975)	35 043	(91 931)
Increase in operating group loans	-	-	-	(450)
Trade and other payables	55 363	114 168	106 452	66 635
Cash generated from operations	951 213	985 370	589 883	591 443

27. NOTE TO THE STATEMENT OF CASH FLOWS continued

	Group		
	Interest-bearing borrowings R'000	Interest rate swap recognised in trade and other payables R'000	Deferred payment liability R'000
2021			
At 1 September 2020	9 588 979	8 932	146 226
Interest accrued	602 187	83 060	111 637
Proceeds	21 000	–	–
Repayment of capital	(99 100)	–	(54 140)
Repayment of interest	(603 342)	(82 696)	(7 860)
Non-cash movement	–	–	87 875
Balance 31 August 2021	9 509 724	9 296	283 738

	Group		
	Interest-bearing borrowings R'000	Interest rate swap recognised in trade and other payables R'000	Deferred payment liability R'000
2020			
At 1 September 2019	10 131 357	–	123 471
Interest accrued	868 050	–	22 755
Cash flow – capital	(598 231)	(4 236)	–
Capital raised	51 400	22 954	–
Cash flow – interest	(863 597)	(9 786)	–
Balance 31 August 2020	9 588 979	8 932	146 226

	Company		
	Interest-bearing borrowings R'000	Interest rate swap recognised in trade and other payables R'000	Deferred payment liability R'000
2021			
At 1 September 2020	5 882 653	8 932	146 226
Interest accrued	382 693	83 060	107 864
Proceeds	21 000	–	–
Repayment of capital	–	–	(54 140)
Repayment of interest	(386 838)	(82 696)	(7 860)
Transfer to other subsidiaries*	–	–	(63 672)
Non-cash movement	–	–	87 875
Balance 31 August 2021	5 899 508	9 296	216 293

* Transfer of the Nedbank clawback from Rebois to Forest Hill City and Baywest City

	Company		
	Interest-bearing borrowings R'000	Interest rate swap recognised in trade and other payables R'000	Deferred payment liability R'000
2020			
At 1 September 2019	6 445 884	–	123 471
Interest accrued	550 065	–	22 755
Cash flow – capital	(561 255)	(4 236)	–
Capital raised	–	22 954	–
Cash flow – interest	(552 040)	(9 786)	–
Balance 31 August 2020	5 882 653	8 932	146 226

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28. EARNINGS AND HEADLINE EARNINGS

	Group	
	2021	2020
Number of REA ordinary shares in issue at year end	63 266 012	63 266 012
Weighted average number of REA ordinary shares in issue used for the calculation of earnings and headline earnings per share	63 266 012	63 266 012
Number of REB ordinary 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
	R'000	R'000
(Loss)/Profit attributable to ordinary equity holders of the parent entity	(291 356)	108 973
<i>Adjusted for:</i>		
Change in fair value of investment properties	(13 442)	(340 187)
Goodwill impairment	238 733	73 487
Headline loss attributable to shareholders	(66 064)	(157 729)
REA ordinary shares		
Basic and diluted earnings per REA ordinary share (cents)	292.72	278.78
Basic and diluted headline earnings per REA ordinary share (cents)	292.72	278.78
REB ordinary shares		
Basic and diluted loss per REB ordinary share (cents)	(68.39)	(9.67)
Basic and diluted headline (loss)/earnings per REB ordinary share (cents)	(36.06)	(47.94)

29. 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	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Total equity	3 188 131	3 479 486	1 501 568	1 645 648
Less: NAV for REA ordinary share (Share price @ 0.75)	(47 450)	(72 756)	(47 450)	(72 756)
NAV for REB ordinary share	3 140 681	3 406 730	1 454 118	1 572 892
Number of REB ordinary share in issue at year end	696 844 874	696 844 874	696 844 874	696 844 874
Net asset value per REB ordinary share	4,51	4,89	2,09	2,26

30. COMMITMENTS

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
30.1 CAPITAL COMMITMENTS				
Capital improvements in respect of investment properties				
– Approved and committed	16 994	5 944	6 418	698
– Approved not yet committed	5 089	20 679	–	–
	22 083	26 623	6 418	698
30.2 OPERATING EXPENSE COMMITMENTS				
The company has entered into various service contracts for the cleaning and general maintenance of the property portfolio. The operating expense commitments payable to service providers in future years are as follows:				
– Due one year	35 780	41 735	12 879	–
– Due two to five years	22 188	–	10 269	–
	57 968	41 735	23 149	–

31. 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	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Less than one year	708 312	728 088	352 725	331 144
One to two years	602 232	598 792	306 144	267 547
Two to three years	491 113	506 028	243 794	229 945
Three to four years	297 593	410 836	160 490	177 415
Four to five years	132 351	200 592	87 409	68 119
Beyond five years	415 939	958 284	114 426	209 062
	2 647 540	3 402 619	1 264 988	1 283 232

32. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

RELATIONSHIPS

Subsidiaries

Rebosis Property Services (Pty) Limited
Rebosis Asset Managers (Pty) Limited
Ascension Property Management Company (Pty) Limited
Ascension Properties Limited
Dalolex (Pty) Limited
Baywest City (Pty) Limited
Forest Hill City Limited Shopping centre (Pty) Limited

Related Parties

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 collectively owns 2.66% (2020: 5.84%) of the shares in Rebosis.

Zacacode Proprietary Limited is a wholly owned subsidiary of the Chartwell Trust which SM Ngebulana is an associate. The entity owns 10.58% of the ordinary shares and 28.86% of the A ordinary shares in Rebosis. This results in a total indirect shareholding of 17.51% by SM Ngebulana.

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32. RELATED PARTIES AND RELATED PARTY TRANSACTIONS continued

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Loans accounts – owing (to)/by related parties				
Rebasis Property Services (Pty) Limited	–	–	(16 878)	(19 643)
Rebasis Asset Managers (Pty) Limited	–	–	(2 436)	(2 478)
Ascension Properties Limited	–	–	(858 090)	(770 822)
Ascension Properties Limited	–	–	49	–
Dalolex (Pty) Limited	–	–	8 469	8 428
Baywest City (Pty) Limited	–	–	140 706	156 142
Forest Hill City Shopping Centre Proprietary Limited	–	–	–	–
Billion Group (Pty) Limited	(155 484)	(2 542)	(155 484)	(2 542)
Amounts included in trade and other receivables	–	–	–	–
Ascension Property Management Company (Pty) Limited	–	–	1 160	5 319
Loan – Billion Group land				
Billion Group (Pty) Limited	7 440	–	7 440	–
Administration fee received from related parties				
Rebasis Property Services (Pty) Limited	–	–	44 910	62 731
Rebasis Asset Managers (Pty) Limited	–	–	23 972	22 315
Ascension Property Management Company (Pty) Limited	–	–	13 387	14 078
Administration fee paid to related parties				
Rebasis Property Services (Pty) Limited	–	–	13 511	16 414
Property management fee paid to related parties				
Rebasis Property Services (Pty) Limited	–	–	17 183	25 102
Asset management fee expense to related parties				
Rebasis Asset Managers (Pty) Limited	–	–	24 097	22 317
Consultation fee paid to related parties				
Billion Group (Pty) Limited	–	6 000	–	6 000
Rental received from related parties				
Billion Group (Pty) Limited	1 193	–	–	–
Interest on land				
Billion Group (Pty) Limited	10 440	–	10 440	–
Interest on deferred liability				
Billion Group (Pty) Limited	97 083	–	97 083	–

33. 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 has entered into an agreement to dispose of its assets. Please refer to note 3 and note 38. This will assist to deleverage the fund.

Covenants in breach or not in breach

Institution	Covenant	Breach/Not in breach
Nedbank	Gearing covenant	Breached
	Interest cover covenant	Breached
FirstRand	Interest cover ratio	Breached
	Gearing ratio	Breached
	Net asset value	Breached
Standard Bank	Interest cover ratio	Breached
	Gearing ratio	Not in breach
Investec	Gearing ratio	Not in breach

As at 31 August 2021, the borrowing capacity of the company was as follows:

	Group	
	2021 R'000	2020 R'000
Net debt	9 383 178	9 529 746
Interest-bearing borrowings (excluding derivatives)	9 509 200	9 588 979
Less: cash and cash equivalents	(126 022)	(59 233)
Property assets	13 144 500	13 159 680
Investment property	7 126 000	12 009 851
Investment property held for sale	6 018 500	1 149 829
Loan-to-value	71.4%	72.4%

As at 31 August 2021, the loan-to-value ratio for the Rebasis Group was 71.4%.

	Company	
	2021 R'000	2020 R'000
Net debt	5 816 745	5 854 408
Interest-bearing borrowings (excluding derivatives)	5 899 507	5 882 653
Less: cash and cash equivalents	(82 763)	(28 245)
Property assets	7 288 200	7 013 399
Investment property	3 554 000	6 864 360
Investment property held for sale	3 734 200	149 039
Loan-to-value	79.8%	83.5%

As at 31 August 2021, the loan-to-value ratio for the Rebasis company was 79.8%.

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for the year ended 31 August 2021

34. FAIR VALUE HIERARCHY

The different levels have been defined as:

Level 1 – quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2 – inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – inputs for the assets or liabilities that are not based on observable market data (unobservable 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
	Notes	Assets carried at fair value through profit and loss R'000	Level 1 R'000	Level 2 R'000	Level 3 R'000
Assets					
31-Aug-21					
RECURRING					
Investment property	3	7 126 000	–	–	7 126 000
Investment properties held for sale	3.1	6 018 500	–	–	6 018 500
31-Aug-20					
RECURRING					
Investment property	3	12 009 851	–	–	12 009 851
Derivative instruments	12	1 431	–	1 431	–
Investment properties held for sale	3.1	1 149 829	–	–	1 149 829
					Group
	Notes	Liabilities designated at fair value through profit and loss R'000	Level 1 R'000	Level 2 R'000	Level 3 R'000
Liabilities					
31-Aug-21					
RECURRING					
Derivative instruments	12	20 275	–	20 275	–
31-Aug-20					
RECURRING					
Derivative instruments	12	99 941	–	99 941	–

34. FAIR VALUE HIERARCHY continued

		Company			
	Notes	Assets carried at fair value through profit and loss R'000	Level 1 R'000	Level 2 R'000	Level 3 R'000
Assets					
31-Aug-21					
RECURRING					
Investment property	3	3 554 000	–	–	3 554 000
Investment properties held for sale	3.1	3 734 200	–	–	3 734 200
31-Aug-20					
RECURRING					
Investment property	3	6 864 360			6 864 360
Derivative instruments	12	1 431		1 431	
Investment properties held for sale	3.1	149 039			149 039
		Company			
	Notes	Liabilities designated at fair value through profit and loss R'000	Level 1 R'000	Level 2 R'000	Level 3 R'000
Liabilities					
31-Aug-21					
RECURRING					
Derivative instruments	12	20 275	–	20 275	–
31-Aug-20					
RECURRING					
Derivative instruments	12	99 941	–	99 941	–

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35. 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. Rebasis 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 to and from 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		
	At amortised cost R'000	At fair value through profit or loss R'000	At amortised cost R'000	At fair value through profit or loss R'000	Total R'000
As at 31 August 2021					
GROUP					
Financial assets					
Trade and other receivables*	168 011	–	–	–	168 011
Cash and cash equivalents	126 022	–	–	–	126 022
Total financial assets	294 033	–	–	–	294 033
Financial liabilities					
Deferred payment liability	–	–	283 738	–	283 738
Interest-bearing borrowings	–	–	9 509 200	–	9 509 200
Derivative instruments	–	–	–	20 275	20 275
Trade and other payables**	–	–	271 461	–	271 461
Total financial liabilities	–	–	10 064 398	20 275	10 084 673
COMPANY					
Financial assets					
Loan to group companies	149 223	–	–	–	149 223
Trade and other receivables*	80 608	–	–	–	80 608
Cash and cash equivalents	82 763	–	–	–	82 763
Total financial assets	312 594	–	–	–	312 594
Financial liabilities					
Deferred payment liability	–	–	216 293	–	216 293
Interest-bearing borrowings	–	–	5 899 508	–	5 899 508
Derivative instruments	–	–	–	20 275	20 275
Loans from group companies	–	–	877 453	–	877 453
Trade and other payables**	–	–	143 914	–	143 914
Total financial liabilities	–	–	7 137 168	20 275	7 157 443

* Excludes pre-payments, VAT, deposits and tax receivable.

** Excludes income received in advance and VAT payables.

35. 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	
As at 31 August 2020					
GROUP					
Financial assets					
Derivative instruments	–	1 431	–	–	1 431
Trade and other receivables*	238 207	–	–	–	238 207
Cash and cash equivalents	59 233	–	–	–	59 233
Total financial assets	297 440	1 431	–	–	298 871
Financial liabilities					
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
Total financial liabilities	–	–	10 040 116	99 941	10 140 057
COMPANY					
Financial assets					
Loan to group companies	164 570	–	–	–	164 570
Derivative instruments	–	1 431	–	–	1 431
Trade and other receivables*	120 645	–	–	–	120 645
Cash and cash equivalents	28 245	–	–	–	28 245
Total financial assets	313 461	1 431	–	–	314 892
Financial liabilities					
Deferred payment liability	–	–	146 224	–	146 224
Interest-bearing borrowings	–	–	5 882 653	–	5 882 653
Derivative instruments	–	–	–	99 941	99 941
Loans from group companies	–	–	792 943	–	792 943
Trade and other payables**	–	–	123 438	–	123 438
Total financial liabilities	–	–	6 945 258	99 941	7 045 200

* Excludes pre-payments, VAT, deposits and tax receivable.

** Excludes income received in advance and VAT payables.

MARKET RISK

The group is exposed to market risk through interest rate risk.

INTEREST RATE RISK

The group has significant exposure to interest rate risk through its interest-bearing borrowings. 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 28% (2020: 38.6%) (company: 46% (2020: 62.9%)) of borrowings were hedged in terms of interest rate swap, interest rate cap. The weighted average cost of borrowings for the group was 6.36% (2020: 8.5%) (company: 6.51% (2020: 8.6%)).

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

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35. FINANCIAL RISK MANAGEMENT continued

SENSITIVITY ANALYSIS

The below shows what the impact of an increase/(decrease) in interest rates relating to interest bearing borrowings, while holding the other inputs constant, would have to the profit before taxation:

Input	Change %	Group		Company	
		2021 R'000	2020 R'000	2021 R'000	2020 R'000
Increase in the prime interest rate	1.00	94 717	95 815	58 807	58 827
Decrease in the prime interest rate	1.00	(94 717)	(95 815)	(58 807)	(58 827)

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.

The group seeks to borrow for as long as possible at the lowest acceptable cost. The group regularly reviews the maturity profile of its interest-bearing debt and other financial liabilities and seeks to avoid concentration of maturities through the regular replacement of facilities well in advance of maturity dates. The group's objective in managing liquidity risk is to ensure that it has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. Forecast cash flows based on anticipated rentals net of operating expenses, finance costs, other income, corporate expenditure and capital expenditure are reviewed on a regular basis.

A maturity analysis of the group's financial assets and liabilities and its exposure to liquidity rate 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 R'000
As at 31 August 2021					
GROUP					
Financial assets					
Derivative instruments	7.0	–	–	–	–
Trade and other receivables*		168 011	–	–	168 011
Cash and cash equivalents	6.4	126 022	–	–	126 022
Total financial assets		294 033	–	–	294 033
Financial liabilities					
Deferred payment liability		283 738	–	–	283 738
Interest bearing borrowings***	6.4	9 509 200	–	–	9 509 200
Derivative instruments	6.7	20 275	–	–	20 275
Trade and other payables**		271 461	–	–	271 461
Total financial liabilities		10 084 673	–	–	10 084 673

* Excludes pre-payments, VAT, deposits and tax receivable.

** Excludes income received in advance and VAT payables.

*** For the interest bearing borrowings, the interest is accrued and paid on a monthly or bi-monthly basis, depending on the lender. No repayment of the capital portion has been made and there is no determined repayment date. The interest bearing borrowings are disclosed as less than one year due to the loan covenants having been breached

35. 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 R'000
As at 31 August 2021					
COMPANY					
Financial assets					
Derivative instruments	7.0	–	–	–	–
Trade and other receivables*	–	80 608	–	–	80 608
Loans to group entities	–	–	–	149 223	149 223
Cash and cash equivalents	6.4	82 763	–	–	82 763
Total financial assets	–	163 372	–	149 223	312 594
Financial liabilities					
Deferred payment liability	–	216 293	–	–	216 293
Interest bearing borrowings***	6.4	5 899 508	–	–	5 899 508
Derivative instruments	6.7	20 275	–	–	20 275
Loans from group entities	–	–	–	877 453	877 453
Trade and other payables**	–	143 914	–	–	143 914
Total financial liabilities	–	6 279 990	–	877 453	7 157 443
As at 31 August 2020					
GROUP					
Financial assets					
Derivative instruments	7	1 431	–	–	1 431
Trade and other receivables*	–	238 207	–	–	238 207
Cash and cash equivalents	6.4	59 233	–	–	59 233
Total financial assets	–	298 872	–	–	298 872
Financial liabilities					
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**	–	304 911	–	–	304 911
Total financial liabilities	–	10 040 116	99 941	–	10 140 057

* Excludes pre-payments, VAT, deposits and tax receivable.

** Excludes income received in advance and VAT payables.

*** For the interest bearing borrowings, the interest is accrued and paid on a monthly or bi-monthly basis, depending on the lender. No repayment of the capital portion has been made and there is no determined repayment date. The interest bearing borrowings are disclosed as less than one year due to the loan covenants having been breached

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35. 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 R'000
As at 31 August 2020					
COMPANY					
Financial assets					
Derivative instruments	7	1 431	–	–	1 431
Trade and other receivables*		120 645	–	–	120 645
Loan to group companies		–	–	164 570	164 570
Cash and cash equivalents	6.4	28 245	–	–	28 245
Total financial assets		150 321	–	164 570	314 891
Financial liabilities					
Deferred payment liability		146 224	–	–	146 224
Interest-bearing borrowings***	8.5	5 882 653	–	–	5 882 653
Derivative instruments	6.7	–	99 941	–	99 941
Loans from group companies		–	–	792 943	792 943
Trade and other payables**		123 438	–	–	123 438
Total financial liabilities		6 152 315	99 941	792 943	7 045 199

* Excludes pre-payments, VAT, deposits and tax receivable.

** Excludes income received in advance and VAT payables.

*** For the interest-bearing borrowings, the interest is accrued and paid on a monthly or bi-monthly basis, depending on the lender. No repayment of the capital portion has been made and there is no determined repayment date. The interest-bearing borrowings are disclosed as less than one year due to the loan covenants having been breached.

35. FINANCIAL RISK MANAGEMENT continued

CREDIT RISK

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The group is exposed to credit risk on loans receivable, trade and other receivables and cash and cash equivalents. Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The group prefers to only deal with reputable counterparties with consistent payment histories. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables consist of a large, widespread tenant base. Management has established a credit policy in terms of which each new tenant is analysed individually for creditworthiness before the group's standard payment terms and conditions are offered which include, in the majority of cases, the provision of a deposit of at least one month's rental. The group monitors the financial position of its tenants on an ongoing basis. The group's trade receivables are subject to the ECL model, and amounted to approximately R104.6 million for the group and R39 million for the company (2020: R53.6 million for the group and R22.8 million for the company), net of tenant deposits held as security.

ECLs are measured by taking into account the EAD, PD and the LGD (please refer to note 1.3.4). A default was considered to be at the point where a tenant passes 90 days. Once an amount passes the default point for the purposes of calculating the ECL, the recoveries, write-offs and timing is tracked to determine loss rates. The group performed the calculation of ECL rates separately for national tenants, government entities, and other tenants. Exposures within each group were segmented based on common credit risk characteristics. The weighted average loss rate was adjusted to reflect differences between economic conditions during the period over which the historical data was collected, current conditions and the group's view of economic conditions over the expected lives of the receivables, taking into consideration the pressure facing smaller tenants due to lockdown regulations and possible increase in probability of default, offset by the industry-wide rent concessions. Uncertainty brought about by COVID-19 and the financial impact on tenants have been incorporated in the ECL of tenant receivables.

Notes to the annual financial statements

for the year ended 31 August 2021

35. FINANCIAL RISK MANAGEMENT continued

CREDIT RISK continued

A summary of the group's and company's exposure to credit risk and ECLs for rental debtors is as follows:

	Group			
	2021			
	Weighted average loss rate R'000	Gross carrying amount R'000	Loss allowance R'000	Credit Impaired R'000
Rental debtors				
Up to 90 days past due	10%	46 772	4 521	NO
More than 90 days past due	71%	140 448	100 088	NO
Specific credit losses recognised	–	–	–	YES
Total gross carrying amount		187 220	104 609	

	Group			
	2020			
	Weighted average loss rate R'000	Gross carrying amount R'000	Loss allowance R'000	Credit Impaired R'000
Rental debtors				
Up to 90 days past due	14%	147 398	17 785	NO
More than 90 days past due	50%	42 921	21 613	NO
Specific credit losses recognised	100%	14 207	14 207	YES
Total gross carrying amount		204 526	53 605	

	Company			
	2021			
	Weighted average loss rate R'000	Gross carrying amount R'000	Loss allowance R'000	Credit Impaired R'000
Rental debtors				
Up to 90 days past due	8%	29 448	2 484	NO
More than 90 days past due	73%	50 015	36 689	NO
Total gross carrying amount		79 463	39 173	

	Company			
	2020			
	Weighted average loss rate R'000	Gross carrying amount R'000	Loss allowance R'000	Credit Impaired R'000
Rental debtors				
Up to 90 days past due	14%	77 244	10 717	NO
More than 90 days past due	65%	18 577	12 120	NO
Specific credit losses recognised	–	–	–	YES
Total gross carrying amount		95 821	22 837	

35. FINANCIAL RISK MANAGEMENT continued

The maximum exposure to credit risk is presented in the table below:

	2021			
	Notes	Gross carrying amount R'000	Credit loss allowance/ impairment R'000	Amortised cost R'000
GROUP				
Trade and other receivables	14	272 620	(104 609)	168 011
Cash and cash equivalents	15	126 022	–	126 022
Total financial assets		398 642	(104 609)	294 033
COMPANY				
Trade and other receivables	14	119 781	(39 173)	80 608
Cash and cash equivalents	15	82 763	–	82 763
Loans to group companies	6	194 743	(45 520)	149 223
Total financial assets		397 287	(84 693)	312 594
2020				
	Notes	Gross carrying amount R'000	Credit loss allowance/ impairment R'000	Amortised cost R'000
GROUP				
Trade and other receivables	14	291 811	(53 605)	238 206
Cash and cash equivalents	15	59 233	–	59 233
Total financial assets		351 044	(53 605)	297 439
COMPANY				
Trade and other receivables	14	143 482	(22 837)	120 645
Cash and cash equivalents	15	28 245	–	28 245
Loans to group companies	6	543 000	(378 430)	164 570
Total financial assets		714 727	(401 267)	313 460

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 2021 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 2021 is disclosed in Note 14.

Notes to the annual financial statements

for the year ended 31 August 2021

36. SEGMENT REPORT

2021	Property portfolio				Head office R'000	Total R'000
	Retail R'000	Office R'000	Industrial R'000	Total R'000		
Property portfolio	638 139	1 017 467	11 053	1 666 660	–	1 666 660
Investment property income	608 901	993 099	10 712	1 612 712	–	1 612 712
Net income from facilities management	–	29 906	–	29 906	–	29 906
Management fees received	–	–	–	–	–	–
Straight-line rental income accrual	29 238	(5 538)	342	24 042	–	24 042
Impairment loss on trade receivables	(48 272)	(3 310)	–	(51 582)	–	(51 582)
Property expenses	(322 270)	(345 947)	(1 425)	(669 642)	–	(669 642)
Net property income	267 597	668 210	9 628	945 435	–	945 435
Other operating expenses	–	–	–	–	(244 110)	(244 110)
Operating income/(loss)	267 597	668 210	9 628	945 435	(244 110)	701 326
Net interest	–	–	–	–	(833 463)	(833 463)
Net operating income/(loss)	267 597	668 210	9 628	945 435	(1 077 573)	(132 137)
Other income	–	–	–	–	12 921	12 921
Changes in fair values	(79 404)	82 239	10 607	13 442	(140 846)	(127 404)
Segment profit/(loss) before taxation	188 193	750 449	20 235	958 877	(1 205 498)	(246 621)
Investment property	6 007 000	1 119 000	–	7 126 000	–	7 126 000
Investment property held for sale	–	5 910 500	108 000	6 018 500	–	6 018 500
Other assets	259 122	(44 304)	817	215 633	152 095	367 728
Total assets	6 266 122	6 985 196	108 817	13 360 133	152 095	13 512 228
Total liabilities	167 880	175 899	181	343 960	9 980 138	10 324 098

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
Segment profit/(loss) before taxation	(81 622)	1 570 114	(12 622)	1 475 870	(1 291 572)	184 299
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
Total assets	6 102 241	7 232 815	101 930	13 436 987	293 837	13 730 822
Total liabilities	68 857	41 425	–	110 282	10 141 052	10 251 335

37. GROUP ENTITIES

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

	Country of incorporation	2021	2020
Ascension Properties Limited	South Africa	100.00%	100.00%
Ascension Property Management Company (Pty) Limited	South Africa	100.00%	100.00%
Bay West City (Pty) Limited	South Africa	100.00%	100.00%
Rebosis Asset Managers (Pty) Limited	South Africa	100.00%	100.00%
Forest Hill City Shopping Centre (Pty) Limited	South Africa	100.00%	100.00%
Rebosis Property Services (Pty) Limited	South Africa	100.00%	100.00%
Dalolex (Pty) Limited	South Africa	100.00%	100.00%
Hemingways Shopping Centre (Pty) Limited [#]	South Africa	100.00%	100.00%
Phomella Property Investments (Pty) Limited [#]	South Africa	100.00%	100.00%

[#] Entities are dormant

38. SUBSEQUENT EVENTS

On 21 October 2021, the group announced via SENS that it had concluded agreements with Ulicraft for the sale of a portfolio of government and state-tenanted office assets, as a going concern, for a cash consideration of R6 319 099 000. Ulicraft is a wholly-owned subsidiary of VCP, a company listed on Equity Express Securities Exchange.

It must be noted that while VCP is currently the owner of all of the issued share capital of Ulicraft, upon fulfilment of all conditions precedent, it is expected that VCP will only own between 6% and 9% of the Purchaser, with the balance being owned by the equity funders.

The transaction is consistent with the group's strategy to deleverage and optimise its balance sheet by reducing its LTV, and, in addition, to realise the value of the office segment of its portfolio, to restructure the business as a retail focused fund and to position the group to resume dividend payments to shareholders.

The purchase consideration payable for the portfolio comprises a consideration of R3 943 681 000 for the acquisition of portfolio assets owned by Rebosis Property Fund and R2 375 418 000 for the acquisition of portfolio assets held by Ascension Properties.

Three of the properties being sold (namely NBC Building, 373 Pretorius Building and 174 Visagie Street Building) are in the process of being converted from office space into purpose-built student accommodation.

Each property has its own consideration amount. For any property not transferred on date of registration an escalation shall be applied of 6% per annum calculated and expressed as an effective daily rate with reference to the number of days elapsed between anticipated transfer date and actual date of transfer.

The group has provided warranties to and in favour of the Ulicraft in respect of the portfolio acquired, which are typical for a transaction of this nature.

The transaction constitutes a category 1 transaction and therefore, in terms of the JSE Listings Requirements, the group requires shareholder approval.

Property-specific details of the portfolio to be sold, including property name and address, location, rentable area and valuation are set out below:

The transaction is subject to the fulfilment of several conditions precedent, namely:

1. Confirmation, in writing, of satisfactory outcome of the due diligence process is still ongoing, an outcome is expected in January 2022. Management's internal assessment on the probability of success of the transaction based on the due diligence process thus far is optimistic;
2. By no later than 28 February 2022 Rebosis is satisfied that Ulicraft has obtained sufficient funding in order to discharge its payment obligations;
3. Ulicraft to provide one or more acceptable guarantees to the group for full payment of the purchase consideration, in accordance with the transaction agreements;
4. Securing written consents and approvals from the group's lenders;
5. Obtaining the consent of the mortgagees in respect of any mortgage bonds registered over any of the immovable properties that are to be sold;
6. Shareholder approval from the group's shareholder in terms of the JSE Listings Requirements in respect of a category 1 transaction and the Companies Act; and

Notes to the annual financial statements

for the year ended 31 August 2021

7. Approval by the Competition Authorities in terms of the Competition Act, No. 89 of 1998.

38. SUBSEQUENT EVENTS continued

Property-specific details of the portfolio to be sold, including property name and address, location, rentable area and valuation are set out below:

Properties held by Rebasis Property Fund

OFFICE SECTOR

Property name	Physical address	Rentable area (m ²)	Consideration
11 Diagonal Street	11 Diagonal Street, Gauteng	37 160	729 430
Liberty Building	278 Madiba Street, Gauteng	33 885	519 349
Victoria Mxenge	Hartley Street, Weavind, Park, Gauteng	24 720	582 492
124 Main Street	124 Main Street, Gauteng	20 818	341 363
Bank of Lisbon	400 Paul Kruger Street, Gauteng	14 599	205 909
18 Rissik Street	18 Rissik Street, Gauteng	11 204	197 373
Arbour Square	82–98 Juta Street, Braamfontein, Gauteng	9 206	129 361
Revenue Building	205 Pietermaritz Street, KwaZulu-Natal	7 314	112 910
189 Schoeman Street	189 Schoeman Street, Gauteng	19 332	258 451
28 Harrison Street	28 Harrison Street, Gauteng	20 984	304 813
64 Eloff Street	64 Eloff Street, Gauteng	4 938	66 885
99 Market Street	99 Market Street, Gauteng	11 659	80 391
Jabu Ndlovu	270 Jabu Ndlovu Street, KwaZulu-Natal	11 455	169 567
SASSA Campus	2460 Dr Makgobo Avenue, North West	11 665	151 774
INDUSTRIAL SECTOR			
Antalis	John Street, Selby, Gauteng	18 954	93 613
		257 893	3 943 681

38. SUBSEQUENT EVENTS continued**Properties held by Ascension****OFFICE SECTOR**

Property name	Physical address	Rentable area (m²)	Consid-eration
Game Building	64 Pritchard Street, Gauteng	21 438	313 505
VWL Building	202 Madiba Street, Gauteng	17 989	280 938
Prorom	30–35 Brown Street, Mpumulanga	6 431	83 353
Spectrum	52 Voortrekker Road, Bellville, Western Cape	7 550	93 110
Sigma Building	9 Blanckenberg Street, Bellville, Western Cape	3 751	38 034
174 Visage Street	174 Visage Street, Gauteng	13 537	248 591
238 Roan Crescent	238 Roan Crescent, Gauteng	9 035	98 285
373 Pretorius Street	373 Pretorius Street, Gauteng	13 340	163 214
Kingfisher	10 Kingfisher Drive, Gauteng	1 405	12 974
Meyersdal	65 Phillip Engelbrecht Street, Gauteng	4 957	63 546
Mishumo House	77 De Korte Street, Gauteng	6 154	107 149
NBC	76 Juta Street, Gauteng	10 000	137 486
Riverpark	Cnr Emtoweni & Cascade Close, Mpumulanga	4 216	81 690
Riverview	Cnr Emtoweni & Cascade Close, Mpumulanga	4 303	63 564
Schreiner Chambers	94 Pritchard Street, Gauteng	18 815	279 143
Surrey House	35 Rissik Street, Gauteng	11 840	194 310
Swiss House	86 Main Street, Gauteng	8 008	116 526
TOTAL		162 769	2 375 418
GRAND TOTAL		420 662	6 319 099

39. IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

Notwithstanding the adjusted COVID-19-related level four lockdowns during the reporting period, retail trade recovered, albeit still at lower levels than what was experienced pre the pandemic. Restaurants, entertainment venues and liquor outlets were the most significant of retail trade negatively impacted by these lockdown restrictions.

Rental concessions to the value of R100 million, including bad debt write-offs and changes in ECL allowances, were reported for the year under review, (FY2020: R148 million). The bulk of relief was allocated to smaller tenants who are still struggling from the impact of the pandemic. The company is pursuing an insurance claim for associated losses and awaiting a response from the insurers.

Rental recoveries as a percentage of normalised income increased steadily during the financial year under review with a 104% recovery for August 2021. Non-recovered income relates mainly to tenants with limited trading abilities under adjusted lockdown level three, and tenants in business rescue, such as Ster-Kinekor and Virgin Active.

Further, the directors' response to the pandemic included:

- » A task team led by Reboasis' executive management to monitor and provide an operational response to the pandemic.
- » Domestic and international travel restrictions with remote working policies where applicable across all its operations.
- » As a preventative measure, Reboasis has increased the number of cleaning hours and escalated our cleaning protocol using high-grade disinfectants across the portfolio.
- » A five-tier response plan for shopping centres, depending on the severity of the pandemic.
- » Rental concessions for tenants that met specified criteria. The company has seen improved rental and arrears collections in FY2021.

Notes to the annual financial statements

for the year ended 31 August 2021

40. CONTINGENT LIABILITY

The City of Cape Town has applied for eviction of Ascension (Grand Central building) and all tenants from certain parts of the street level encroaching on the City's property. The City is also asking the court to order Ascension to demolish and remove any structures encroaching upon the street level. 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 of Cape Town will be required to follow the procurement process to deal with the sale. Ascension counter applied for an order to acquire the encroachments, with equitable compensations to City of Cape Town to be ascertained and settled down the line.

The matter has reasonable prospects of ultimately being resolved by way of arbitration. Failing that Ascension's counter application is likely to succeed. We believe mediation to be an eminently suitable approach to resolving this matter, and possibly dispositive thereof before incurring unnecessary legal costs, and are desirous to commence mediation as soon as is practicably possible. The matter is still ongoing and we are unable to quantify the possible compensation amount.

41. GOING CONCERN

Current liabilities, which includes all interest-bearing borrowings is in excess of the current assets (including non-current assets held for sale) of the group by R3.9 billion and the company by R2.5 billion. As a result, the group and the company does not pass the liquidity test.

The group and company are also in a net operating loss position. The group has been 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.

Bank facilities have been extended on a six-month basis with the exception of RMB (R243 million) which is still under negotiation. The group is in breach of its bank covenants with the loan-to-value % in excess of 50% and interest cover ratio less than two times.

However, the recently announced portfolio sale of assets to Vunani Group for the value of R6.3 billion is the single targeted business disposal activity by the group to restructure the company's balance sheet successfully (refer to note 38).

The consummation of this transaction will allow the company to settle a large portion of its current debt, potentially resetting the LTV to c.43%. This will also afford the company to refinance remaining debt on the balance sheet to longer-term debt profiles along with adequate hedging instruments.

Despite the above plans, the transaction only becomes unconditional when all conditions precedent being met. As at the 31 August 2021 there existed 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 realise its assets and discharge its liabilities in the normal course of business without the continued support of our funders.

The group's ability to continue as a going concern is dependent on the roll forward of the debt facilities by the banks and/or the successful completion of the portfolio sale of assets above as disclosed per note 38.



Shareholders information

We ask our shareholders to please familiarise themselves with the following dates found in the shareholders' diary.

Financial year end	31 August
Notice of AGM posted	Friday, 7 January 2022
Annual general meeting	Tuesday, 31 May 2022
Announcement of interim results	April 2022
Announcement of annual results	November 2022

Dividend details

for the year ended 31 August 2021

	Dividend number	Cents per share
REA dividend		
Six months ended 28 February 2018	3	126.43
Six months ended 31 August 2018	4	126.43
Total		252.86
	Dividend number	Cents per share
REB dividend		
Six months ended 28 February 2018	15	63.23
Six months ended 31 August 2018	16	29.60
Total		92.83

The last dividend distribution was on 31 August 2018



Shareholders analysis

Rebasis A Ordinary Share (REA)

Shareholder spread	No of Shareholders	%	No of Shares	%
1 – 1 000 shares	1 064	77.72	121 800	0.19
1 001 – 10 000 shares	167	12.20	648 155	1.02
10 001 – 100 000 shares	92	6.72	3 189 432	5.04
100 001 – 1 000 000 shares	37	2.70	11 858 418	18.74
1 000 001 shares and over	9	0.66	47 448 207	75.00
Totals	1 369	100.00	63 266 012	100.00

Distribution of shareholders	No of Shareholders	%	No of Shares	%
Banks/Brokers	10	0.73	581 934	0.92
Close Corporations	5	0.37	2 084 457	3.29
Endowment Funds	2	0.15	1 326 526	2.10
Individuals	1 259	91.96	4 280 472	6.77
Insurance Companies	7	0.51	422 941	0.67
Medical Schemes	4	0.29	225 356	0.36
Mutual Funds	26	1.90	11 797 404	18.65
Private Companies	17	1.24	18 832 146	29.77
Retirement Funds	24	1.75	4 553 350	7.20
Strategic Investor	1	0.07	18 260 000	28.86
Trusts	14	1.02	901 426	1.42
Totals	1 369	100.00	63 266 012	100.00

Public/non-public shareholders	No of Shareholders	%	No of Shares	%
Non-public shareholders	2	0.15	70 786 958	111.89
Strategic holdings more than 10%	1	0.07	35 393 479	55.94
Directors and associates of the company holdings	1	0.07	35 393 479	55.94
Public shareholders	369	100.00	63 266 012	100.00

Beneficial shareholders holding 3% or more	No of Shares	%
Citax Investments SA (Pty) Ltd	18 260 000	28.86
Ngebulana, SM	18 259 979	28.86
Sanlam	2 805 825	4.43
Vilhas Property CC	2 070 000	3.27
CounterPoint Asset Management	1 699 224	2.69
Totals	43 095 028	68.12

Shareholders analysis

Rebasis Ordinary Share (REB)

Shareholder spread	No of Shareholders	%	No of Shares	%
1 – 1 000 shares	2 899	62.75	486 852	0.07
1 001 – 10 000 shares	942	20.39	3 636 796	0.52
10 001 – 100 000 shares	579	12.53	19 056 046	2.73
100 001 – 1 000 000 shares	157	3.40	46 222 954	6.61
1 000 001 shares and over	43	0.93	629 850 552	90.07
Totals	4 620	100.00	699 253 200	100.00
Distribution of shareholders	No of Shareholders	%	No of Shares	%
Banks/Brokers	36	0.78	28 826 456	4.12
Close Corporations	31	0.67	6 755 190	0.97
Endowment Funds	14	0.30	676 340	0.10
Individuals	4 280	92.64	78 262 338	11.19
Insurance Companies	2	0.04	8 756 089	1.25
Medical Schemes	1	0.02	200 000	0.03
Mutual Funds	9	0.19	73 396 834	10.50
Other Corporations	12	0.26	168 329	0.02
Own Holdings	1	0.02	2 408 326	0.34
Private Companies	90	1.95	169 668 558	24.26
Public Companies	1	0.02	1 233	0.00
Retirement Funds	3	0.06	133 695 168	19.12
Strategic Investor	1	0.02	172 194 254	24.63
Trusts	139	3.01	24 244 085	3.47
Totals	4 620	100.00	699 253 200	100.00
Public/non-public shareholders				
Public/non-public shareholders	13	0.28	416 048 528	59.50
Directors and associates of the company holdings	10	0.22	114 855 578	16.43
Strategic holdings more than 10%	2	0.04	298 784 624	42.73
Own holdings/Treasury Stock	1	0.02	2 408 326	0.34
Public shareholders	4 607	99.72	283 204 672	40.50
Totals	4 620	100.00	699 253 200	100.00

Shareholders analysis continued

Rebasis Ordinary Share (REB)

Beneficial shareholders holding 5% or more	No of Shares	%
Citax Investments SA (Pty) Ltd	172 194 254	24.63
Government Employees Pension Fund	126 590 370	18.10
Ngebulana, SM	114 840 001	16.42
Nedbank Group	52 487 862	7.51
Naregraph (Pty) Ltd	24 021 646	3.44
Totals	490 134 133	70.09

Notice of annual general meeting



REBOSIS PROPERTY FUND LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 2010/003468/06)

JSE share codes:

REA ISIN:ZAE000240552

REB ISIN: ZAE000201687

(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, 31 May 2022 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 2021 contained in the integrated annual report to which this notice of AGM is attached;
- » transacting any other business as may be transacted at an AGM of shareholders of a company; and
- » considering and, if deemed fit, approving with or without modification, the special and ordinary resolutions set out below.
- » provide a verbal report to shareholders from the Social and Ethics Committee of the company for the year ended 30 August 2021 on matters within its mandate in terms of regulation 43(5)(c) of the Companies Act regulations. A copy of the Social and Ethics Committee report is available for inspection on the company website.

Important dates to note

2021/2022

Record date to receive this notice of AGM	Friday, 31 December 2021
Notice of AGM distributed to shareholders	Friday, 7 January 2022
Last day to trade in order to be eligible to participate in and vote at the AGM	Tuesday, 17 May 2022
Record date for voting purposes ("voting record date")	Friday, 20 May 2022
Last day to lodge forms of proxy, for administrative purposes, by 10h00 on	Friday, 27 May 2022
AGM held at 10h00 on	Tuesday, 31 May 2022
Results of AGM released on the Stock Exchange News Service on or about	Tuesday, 31 May 2022

In terms of section 62(3)(e) of the Companies Act, No. 71 of 2008 ("the Companies Act"):

- » a shareholder who is entitled to attend and vote at the AGM is entitled to appoint a proxy or two or more proxies to attend and participate in and vote at the AGM in the place of the Rebosis shareholder, by completing the form of 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 AGM. In this regard, all meeting participants will be required to provide identification satisfactory to the Chairperson of the AGM. Satisfactory forms of identification include valid identity documents, driver's licences and passports.

Notice of annual general meeting continued

Special resolution number 1: Approval of non-executive directors' remuneration

"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 No. 71 of 2008, as amended).

	Proposed 2022	2021
Board fee (per meeting)	R20 000	R12 084
Sub-committee fee (per meeting)	R21 000	R18 126
Basic annual fee (board)	R171 000	R144 955
Board Chair (annual fee)	R492 000	R422 781
Board Deputy Chair (annual fee)	R418 000	–
Audit and Risk Committee Chair (per meeting)	R14 000	R18 126
Other Sub-Committee Chair (per meeting)	R11 000	R12 084

The board engaged PWC to conduct a benchmarking exercise. This consulting engagement computed comparative ratios for the fees paid to NEDs of similar listed companies. The proposal above is based on these market comparatives. We believe that these are within the acceptable range of fees for similar sized companies, representing fair and reasonable remuneration for services as directors.

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.

Special resolution number 2: Securities repurchases

"Resolved that the board of directors of the company is hereby authorised, by way of a renewable general authority, to approve the purchase of its own A ordinary shares and B ordinary shares (collectively "securities") by the company, or to approve the purchase of securities in the company by any subsidiary of the company, upon such terms and conditions as the board of directors of the company may from time to time determine, subject to the memorandum of incorporation (MOI) of the company, the Listings Requirements of the JSE Limited (JSE) and the Companies Act on the following basis:

- » the general repurchase of securities will be implemented through the order book operated by the JSE trading system without any prior understanding or arrangement between the company and the counterparty (reported trades are prohibited);
- » the company (or any subsidiary) must be authorised to do so in terms of its MOI;
- » this general authority shall only be valid until the company's next AGM, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution;
- » the general repurchase of securities in the aggregate in any one financial year by the company may not in the aggregate exceed 20% of the company's issued securities capital in any one financial year;
- » general repurchases may not be made at a price more than 10% above the weighted average of the market value on the JSE of the company's securities for the 5 (five) business days immediately preceding the general repurchase;
- » the number of securities purchased and held by a subsidiary or subsidiaries of the company shall not exceed 10% in aggregate of the number of issued securities in the company at the relevant times;
- » general repurchases may not take place during a prohibited period (as defined in paragraph 3.67 of the Listings Requirements of the JSE) unless a repurchase programme is in place and the dates and quantities of securities to be repurchased during the prohibited period have been fixed (not subject to any variation) and has been submitted to the JSE in writing prior to the commencement of the prohibited period;
- » after the company or any of its subsidiaries have acquired securities which constitute, on a cumulative basis, 3% of the number of securities in issue (at the time that authority from shareholders for the repurchase is granted), and for each 3% in aggregate acquired thereafter, the company shall publish an announcement containing full details of such general repurchases;

- » at any point in time, the company (or any subsidiary) shall appoint only one agent to effect repurchases on its behalf; and
- » a resolution has been passed by the board of directors of the company or its subsidiaries authorising the repurchase, and the company has passed the solvency and liquidity test as set out in section 4 of the Companies Act, and that, since the application of the solvency and liquidity test by the board, there have been no material changes to the financial position of the company or its subsidiaries.”

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

The directors of the company have no specific intention to affect the provisions of special resolution number 2 but will continually review the company’s position, having regard to prevailing circumstances and market conditions, in considering whether to affect the provisions of special resolution number 2.

The directors undertake that the company will not commence a general repurchase of securities as contemplated above, unless the following can be met:

- » the company and the group will, in the ordinary course of business, be able to pay its debts for a period of 12 months after the date of the notice of AGM;
- » the consolidated assets of the company and the group will be in excess of the consolidated liabilities of the company and the group for a period of 12 months after the date of the notice of AGM. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the latest audited consolidated financial statements of the company which comply with the Companies Act; and
- » the company’s and the group’s share capital, reserves and working capital will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of AGM.

The following additional information, some of which may appear elsewhere in the integrated annual report of which this notice forms part, is provided in terms of the Listings Requirements of the JSE for purposes of this general authority:

- » Major beneficial shareholders – page 190 and 192.
- » Share capital structure of the company – page 153.

Directors’ responsibility statement

The directors whose names appear on pages 78 to 81 of the integrated annual report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information required by the Listings Requirements of the JSE.

Material changes

Other than the facts and developments reported on in the integrated annual report of which this notice forms part, there have been no material changes in the affairs or financial position of the company and its subsidiaries since the date of signature of the audit report for the financial year ended 31 August 2021 and up to the date of this notice.

The reason for and effect of special resolution number 2:

The reason for and effect of special resolution number 2 is to authorise the directors of the company, by way of a general authority, for the company (or a subsidiary of the company) to affect a repurchase of the company’s securities on such terms, conditions and in such amounts as determined from time to time by the directors of the company, subject to the limitations set out above.

This special resolution number 2 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.

Special resolution number 3: Financial assistance to related or inter-related companies

“Resolved that, to the extent required by section 45 of the Companies Act, the board of directors of the company may, subject to compliance with the requirements of the company’s MOI, the Companies Act and the Listings Requirements of the JSE Limited, each as presently constituted and as amended from time to time, authorise the company to provide direct or indirect financial assistance in terms of section 45 of the Companies Act by way of loans, guarantees, the provision of security or otherwise, to any of its present or future subsidiaries and/or any other company or corporation that is or becomes related or inter-related (as defined in the Companies Act) to the company for any purpose or in connection with any matter, such authority to endure for two years from the adoption of this special resolution or until its renewal, whichever is the earliest.”

Notice of annual general meeting continued

The reason for and effect of special resolution number 3:

The company would like the ability to provide financial assistance, in appropriate circumstances and if necessary, in accordance with section 45 of the Companies Act. Under the Companies Act, the company will, however, require the special resolution referred to above to be adopted, provided that the board of directors of the company be satisfied that the terms under which the financial assistance is proposed to be given are fair and reasonable to the company and, immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test contemplated in the Companies Act. In the circumstances and in order to, *inter alia*, ensure that the company's subsidiaries and other related and inter-related companies and corporations have access to financing and/or financial backing from the company (as opposed to banks), it is necessary to obtain the approval of shareholders, as set out in special resolution number 3. Therefore, the reason for, and effect of, special resolution number 3 is to permit the company to provide direct or indirect financial assistance (within the meaning attributed to that term in section 45 of the Companies Act) to the entities referred to in special resolution number 3 above.

This special resolution number 3 will require the support of at least 75% of the total number of voting rights exercised by shareholders, present in person or by proxy in order for it to be adopted.

Notice in terms of section 45(5) of the Companies Act in respect of special resolution number 3:

Notice is hereby given to shareholders of the company in terms of section 45(5) of the Companies Act of a resolution adopted by the board authorising the company to provide such direct or indirect financial assistance as specified in the special resolution above:

- a) By the time that this notice of AGM is delivered to shareholders of the company, the board will have adopted a resolution (section 45 board resolution) authorising the company to provide, at any time and from time to time during the period of two years commencing on the date on which the special resolution is adopted, any direct or indirect financial assistance as contemplated in section 45 of the Companies Act to any one or more related or inter-related companies or corporations of the company and/or to any one or more members of any such related or inter-related company or corporation and/or to any one or more persons related to any such company or corporation;
- b) The section 45 board resolution will be effective only if and to the extent that special resolution number 3 is adopted by the shareholders of the company, and the provision of any such direct or indirect financial assistance by the company, pursuant to any such resolution, will always be subject to the board being satisfied that: (i) immediately after providing such financial assistance, the company will satisfy the solvency and liquidity test as referred to in section 45(3)(b)(i) of the Companies Act, and that (ii) the terms under which such financial assistance is to be given are fair and reasonable to the company as referred to in section 45(3) (b)(ii) of the Companies Act; and
- c) Inasmuch as the section 45 board resolution contemplates that such financial assistance will in the aggregate exceed one-tenth of 1% of the company's net worth at the date of adoption of such resolution, the company hereby provides notice of the section 45 board resolution to shareholders of the company.

Special resolution number 4: General authority to provide financial assistance for the subscription and/or purchase of securities in the company or in related or inter-related companies

"Resolved that the board be and is hereby authorised in terms of section 44(3)(a)(ii) of the Companies Act as a general approval, to authorise the company to provide financial assistance by way of a loan, guarantee, the provision of security or otherwise to any related or inter-related company of the company ("related" and "inter-related" will herein have the meanings attributed to those terms in section 2 of the Companies Act) and/or to any financier of the company or any of its related or inter-related companies for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the company or a related or inter-related company of the company, or for the purchase of any securities of the company or a related or inter-related company of the company, on the terms and conditions and for the amounts that the board may determine, such authority to endure for two years from the adoption of this special resolution or until its renewal, whichever is the earliest."

The board undertakes that it will not adopt a resolution to authorise such financial assistance, unless the board is satisfied that –

- a) immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test as contemplated in the Companies Act; and
- b) the terms under which the financial assistance is proposed to be given are fair and reasonable to the company.

The reason for and effect of special resolution number 4:

The company would like the ability to provide financial assistance, in appropriate circumstances and if necessary, in accordance with section 44 of the Companies Act. The reason for and the effect of special resolution number 4 is to provide a general authority to the board for the company to provide financial assistance to its related and inter-related companies and/or the financiers of the group for the purposes of the subscription of options and/or securities, issued or to be issued by the company or its related or inter-related companies, or for the purchase of any securities of the company or its related or inter-related companies, to fund the activities of the group.

This special resolution number 4 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.

Ordinary resolution number 1: Adoption of annual financial statements

“Resolved that the annual financial statements of the company for the year ended 31 August 2021, 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.

Ordinary resolution number 2: Confirmation of the appointment of Mr Shaun Naidoo

“Resolved that the appointment of Mr Shaun Naidoo as an independent non-executive director of the company (effective 7 April 2021) 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.

Ordinary resolution number 3: Confirmation of the appointment of Mr Mervyn Burton

“Resolved that the appointment of Mr Mervyn Burton as an independent non-executive director of the company (effective 7 April 2021) 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.

Ordinary resolution number 4: Re-election of director – Ms Zandile Kogo

“Resolved that Ms Zandile Kogo 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 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 Ms Kogo’s past performance and contribution to the company and recommends that Ms Kogo is re-elected as a director of the company.

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.

Ordinary resolution number 5: Re-election of director – Dr Anna Mokgokong

“Resolved that Dr Anna Mokgokong 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 Dr Mokgokong’s past performance and contribution to the company and recommends that Dr Mokgokong 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.

Ordinary resolution number 6: 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 terms of section 94(2) of the Companies Act.

The membership as proposed by the Audit and Risk Committee is:

6.1 Mr Kameel Keshav (Chairperson)

6.2 Mr Shaun Naidoo;

6.3 Mr Mervyn Burton; and

6.4 Ms Nomfundo 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.

Notice of annual general meeting continued

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.

Ordinary resolution number 7: 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 AGM 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 Social and Ethics Committee members standing for re-appointment and has found them suitable for reappointment.

- 7.1 Ms Nomfundo Qangule (Chairperson);
- 7.2 Ms Zandile Kogo (member);
- 7.3 Ms Asathi Magwentshu (member); and
- 7.4 Mr Lloyd Pengilly (member)."

An abridged curriculum vitae of 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.

Ordinary resolution number 8: 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 2022."

The Audit and Risk Committee has nominated for appointment as auditors of the company under section 90 of the Companies Act, No. 71 of 2008, as amended, BDO South Africa Incorporated.

In accordance with paragraph 3.84 (h)(iii) of the Listings Requirements of the JSE, the company's Audit and Risk 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 2022 financial year. In conducting this assessment, the Audit and Risk 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 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.

Ordinary resolution number 9: Issue of securities for cash

"Resolved that, pursuant to the company's MOI, the directors of the company be and are hereby authorised, by way of a general authority, to allot and issue securities for cash as and when they in their discretion deem fit, subject to the MOI of the company, the Listings Requirements of the JSE and the Companies Act, as amend, and on the following basis:

- a) the allotment and issue of securities for cash shall be made only to persons qualifying as public shareholders and not to related parties, as defined in the Listings Requirements of the JSE;
- b) this authority is valid until the company's next AGM, provided that it shall not extend beyond 15 (fifteen) months from the date that this authority is given;
- c) the total aggregate number of securities which may be issued for cash in terms of this authority may not exceed 34 842 243 B ordinary shares and 3 163 300 A ordinary shares, being 5% of the company's issued B ordinary shares and A ordinary shares respectively as at the date of this notice of AGM. Accordingly, any securities issued under this authority shall be deducted from the 34 842 243 B ordinary shares and 3 163 300 A ordinary shares the company is authorised to issue in terms of this authority for the purpose of determining the remaining number of securities that may be issued in terms of this authority;

- d) the calculation of the listed equity securities is a factual assessment of the listed equity securities as at the date of notice of this AGM, excluding treasury shares;
- e) any securities issued under this authority during the period contemplated in b) above must be deducted from the number of securities in c) above;
- f) in the event of a sub-division or consolidation of securities prior to this authority lapsing, the existing authority shall be adjusted accordingly to represent the same allocation ratio;
- g) in determining the price at which an issue of securities may be made in terms of this authority, the maximum discount at which securities may be issued for cash is 5% (five per cent) of the weighted average price on the JSE of those securities over 30 (thirty) business days prior to the date that the price of the issue is agreed between the company and the party subscribing for the securities;
- h) after the company has issued securities for cash, within the period that this authority is valid, which represents 5% (five per cent) or more of the number of securities in issue prior to the issue, the company shall publish an announcement containing full details of the issue, in accordance with paragraph 11.22 of the Listings Requirements of the JSE; and
- i) the securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights as are convertible to a class already in issue.

In terms of the Listings Requirements of the JSE, this ordinary resolution number 8 will require the support of more than 75% of the voting rights exercised by shareholders, present in person or by proxy in order for it to be adopted.

Ordinary resolution number 10: Placing unissued securities under the control of the directors

"Resolved that, subject to the provisions of the company's MOI, the Companies Act and the Listings Requirements of the JSE, the authorised but unissued securities of the company be and are hereby placed under the control of the directors of the company with the authority to allot and issue and otherwise dispose of all or part thereof in their discretion, provided that the number of securities which may be allotted and issued under this authority does not exceed 5% of the company's issued securities as at the date of the passing of this resolution, being 34 842 243 B ordinary shares and 3 163 300 A ordinary shares (excluding treasury shares), and provided that the maximum discount at which such securities may be issued in terms of this authority is 5% of the weighted average traded price of such securities, measured over the 10 business days prior to the date that the price of the issue is agreed between the company and the party subscribing for the securities, provided that if the company's securities trade ex dividend within such 10-day period, the maximum discount that the securities may be issued at in terms of this authority is a 5% discount to the volume weighted average price per security over the period post the ex dividend date to the trading day before the price is so determined. When the allotment or issue is undertaken in terms of a vendor placing pursuant to the Listings Requirements of the JSE, the minimum placing price is subject to the pricing limitations set out in the Listings Requirements of the JSE."

This ordinary resolution number 10 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.

Ordinary resolution number 11: 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 94 – 97 of this integrated annual report.

Ordinary resolution number 12: 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 98 – 100 of this Integrated Annual Report.

Explanatory note for Ordinary Resolutions Number 11 and 12

Principle 14 of the King IV Report on Corporate Governance for South Africa, 2016 dealing with remuneration requires companies to every year table their remuneration policy and implementation report to shareholders for a non-binding advisory vote at the AGM. This vote enables shareholders to express their views on the remuneration policies adopted and on their implementation.

The remuneration policy and implementation report is tabled annually for separate non-binding advisory votes by shareholders at the AGM. In accordance with the remuneration policy the company records the measures that the board of the company commits to take in the event that either the remuneration policy and/or implementation report are voted against by 25% or more of the votes exercised. If more than 25% of shareholders vote against these resolutions:

- (i) an invitation will be issued to such dissenting shareholders to engage with the company; and
- (ii) the manner and timing of such engagement is disclosed in the voting results announcement.

Notice of annual general meeting continued

These ordinary resolutions number 11 and 12 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.

Ordinary resolution 13: 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 13 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 procedures and electronic participation

1. On show of hands, every shareholder present in person or represented by proxy and entitled to vote shall have only one vote irrespective of the number of securities such shareholder holds. On a poll, every shareholder present in person or represented by proxy and entitled to vote shall be entitled to one vote for every security held or represented by that shareholder. On a poll taken at any such meeting, the shareholder entitled to more than one vote need not, if he/she votes, use all of his/her votes, or cast all the votes he/she uses in the same way.
2. Shareholders who have dematerialised their securities, other than those shareholders who have dematerialised their securities with own-name registration, should contact their CSDP or broker in the manner and time stipulated in the agreement entered into between them and their CSDP or broker:
 - 2.1 to furnish them with their voting instructions; or
 - 2.2 in the event that they wish to attend the AGM, to obtain the necessary letter of representation to do so.
3. Shareholders wishing to participate electronically in the AGM are required to deliver the electronic participation form (attached to this Notice) to Rosebank Towers, First Floor, 15 Biermann Avenue, Rosebank 2196, or posting it to Private Bag X9000, Saxonwold, 2132 (at the risk of the shareholder), or by email to proxy@computershare.co.za, by no later than 13h00 on Friday, 27 May 2022, that they wish to participate via electronic communication at the AGM.
4. In order for the electronic notice to be valid, it must contain:
 - » if the shareholder is an individual, a certified copy of his/her identity document and/or passport;
 - » if the shareholder is not an individual, a certified copy of a resolution by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution. The relevant resolution must set out who from the relevant entity is authorised to represent the relevant entity at the AGM via electronic communication; and
 - » a valid email address and/or facsimile number (the contact address/number).
5. The company shall use its reasonable endeavours to notify a shareholder at its contact address/number who has delivered a valid electronic notice of the relevant details through which the shareholder can participate via electronic participation.

Proxies

1. A shareholder entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend, participate in and vote at the AGM in the place of the shareholder.

A proxy need not also be a shareholder of the company.
2. Shareholders who have not dematerialised their securities or who have dematerialised their securities with own-name registration, and who are entitled to attend and vote at the AGM, are entitled to appoint one or more proxies to attend, speak and vote in their stead. A proxy need not be a shareholder and shall be entitled to vote on a show of hands or poll. It is requested that, for ease of administration, proxy forms be forwarded so as to reach the transfer secretaries no later than 13h00 on Friday, 27 May 2022. If shareholders who have not dematerialised their securities or who have dematerialised their securities with own-name registration, and who are entitled to attend and vote at the AGM, do not deliver proxy forms to the transfer secretaries by 13h00 on Friday, 27 May 2022, shareholders will nevertheless at any time prior to the commencement of the voting on the resolutions at the AGM be entitled to lodge the form of proxy in respect of the AGM, in accordance with the instructions therein with the Chairperson of the AGM. Proxy forms must only be completed by shareholders who have not dematerialised their securities or who have dematerialised their securities with own-name registration.

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, 20 May 2022.

By order of the board



MCP Managerial Services

Company Secretary

Transfer Secretaries

Computershare Investor Services Proprietary Limited

Rosebank Towers
15 Biermann Avenue
Rosebank 2196
Private Bag X9000
Saxonwold, 2132
Email: proxy@computershare.co.za



Form of proxy of shareholders



REBOSIS PROPERTY FUND LIMITED

Incorporated in the Republic of South Africa
 Registration number 2010/003468/06
 Ordinary A share code: REA and ISIN: ZAE000240552
 Ordinary B share code: REB and ISIN: ZAE000201687
 (Approved as a REIT by the JSE)
 ("Rebosis" or "the company" or "the group")

To be completed by holders of the company's certificated securities ("certificated shareholders") and registered dematerialised shareholders with own-name registration only.

For use in respect of the annual general meeting (AGM) to be held at Office 95 and 95A Forest Hill City, 6922 Forest Beech Street, Monavoni, Centurion 0157 and via electronic participation at 10h00 on Tuesday, 31 May 2022 or any adjournment.

Shareholders who have dematerialised their securities with a CSDP or broker, other than with own-name registration, must arrange with the CSDP or broker concerned to provide them with the necessary letter of representation to attend the AGM or the shareholders concerned must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned.

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 Chairperson as my/our proxy to act on my/our behalf at the AGM which is to be held for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary and special resolutions to be proposed thereat and at any adjournment thereof and to vote for or against the ordinary and special resolutions or to abstain from voting in respect of the shares registered in my/our name/s, in accordance with the following instructions (see note 2):

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
Special Resolution 1: Approval of non-executive directors' remuneration			
Special Resolution 2: Securities repurchases			
Special Resolution 3: Financial assistance to related or inter-related companies			
Special Resolution 4: General authority to provide financial assistance for the subscription/and or purchase of securities in the company or in related or inter-related companies			
Ordinary Resolution 1: Adoption of annual financial statements of the company			
Ordinary Resolution 2: Confirmation of the appointment of Mr Shaun Naidoo			
Ordinary Resolution 3: Confirmation of the appointment of Mr Mervyn Burton			
Ordinary Resolution 4: Re-election of Director of Ms Zandile Kogo			

Form of proxy of shareholders continued

	In favour of	Against	Abstain
Ordinary Resolution 5: Re-election of director – Dr Anna Mokgokong			
Ordinary Resolution 6: Re-appointment and appointment of members of the Audit and Risk Committee:			
6.1 To re-appoint Mr Kameel Keshav as a member and Chairperson of the Audit and Risk Committee			
6.2 To appoint Mr Shaun Naidoo as a member of the Audit and Risk Committee			
6.3 To appoint Mr Mervyn Burton as a member of the Audit and Risk Committee			
6.4 To re-appoint Ms Nomfundo Qangule as a member of the Audit and Risk Committee			
Ordinary Resolution 7: Appointment of members of the Social and Ethics Committee:			
7.1 To appoint Ms Nomfundo Qangule as a member and the Chairperson of the Social and Ethics Committee			
7.2 To appoint Ms Zandile Kogo as a member of the Social and Ethics Committee			
7.3 To appoint Ms Asathi Magwentshu as a member of the Social and Ethics Committee			
7.4 To appoint Mr Lloyd Pengilly as a member of the Social and Ethics Committee			
Ordinary Resolution 8: Re-appointment of Auditors			
Ordinary Resolution 9: Issue of securities for cash			
Ordinary Resolution 10: Placing unissued securities under the control of the directors			
Ordinary Resolution 11: Remuneration policy			
Ordinary Resolution 12: Remuneration implementation report			
Ordinary Resolution 13: Signature of documentation			

Signed this _____ day of _____ 2022

Signature _____

Assisted by _____ (if applicable)

Please read the notes on the reverse.

Notes the form of proxy

1. A shareholder may insert the name of a proxy, or the names of two alternative proxies of the shareholder's choice, in the space(s) provided, with or without deleting "the Chairperson of the AGM". The person whose name stands first on the form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow.
2. A shareholder's instructions to the proxy must be indicated by means of an X in the appropriate box provided. If a shareholder wishes to cast a vote in respect of a lesser number of securities than he/she owns in the company, however, he/she should insert the number of securities held in respect of which he/she wishes to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the AGM as he/she deems fit in respect of all the shareholder's votes exercisable at the AGM. A shareholder is not obliged to exercise all of his/her votes, but the total of the votes cast and abstentions recorded may not exceed the total number of the votes exercisable by the shareholder.
3. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
4. The Chairperson of the AGM may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes provided that, in respect of acceptances, he/she is satisfied as to the manner in which the shareholder(s) concerned wish(es) to vote.
5. Shareholders who have dematerialised their shares with a CSDP or broker, other than with own-name registration, must arrange with the CSDP or broker concerned to provide them with the necessary letter of representation to attend the AGM, or the shareholders concerned must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned.
6. Any alteration to this form of proxy, other than the deletion of alternatives, must be signed, not initialled, by the signatory/ies.
7. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. on behalf of a company, close corporation, trust, pension fund, deceased estate, etc.) must be attached to this form of proxy, unless previously recorded by the company or Computershare Investor Services Proprietary Limited or waived by the Chairperson of the AGM.
8. A minor must be assisted by his/her parent or guardian, unless the relevant documents establishing his/her capacity are produced or have been registered by Computershare Investor Services Proprietary Limited.
9. Where there are joint holders of securities:
 - » any one holder may sign the form of proxy; and
 - » the vote of the senior joint holder who tenders a vote, as determined by the order in which the names stand in the company's register of members, will be accepted to the exclusion of the vote(s) of the other joint holder(s) of securities.
10. The forms of proxy should be lodged at Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196, posted to Private Bag X9000, Saxonwold 2132 or emailed to proxy@computershare.co.za so as to be received by not later than 48 hours prior to the AGM, for administrative purposes. Alternatively, the form of proxy may be handed to the Chairperson of the AGM, at the AGM, prior to the commencement of the AGM.
11. A member may revoke the proxy appointment by:
 - » cancelling it in writing, or making a later inconsistent appointment of a proxy;
 - » delivering a copy of the revocation instrument to the proxy and to the company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholders as of the later of:
 - the date stated in the written notice, if any; or
 - the date on which the revocation instrument was delivered in the required manner.
12. If the instrument appointing a proxy or proxies has been delivered to the company, any notice that is required by the Companies Act, or the MOI, to be delivered by the company to shareholders must (as long as the proxy appointment remains in effect) be delivered by the company to:
 - » the shareholder; or
 - » the proxy or proxies of the shareholder who must direct the company to do so, in writing and pay any reasonable fee charged by the company for doing so.

Form of proxy of shareholders continued

Participation in the AGM via electronic communication



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)
 ("Rebasis" or "the company" or "the group")

Capitalised terms used in this annexure shall bear the meanings ascribed thereto in the notice to which this annexure is attached

- Shareholders or their duly appointed proxy(ies) that wish to participate in the AGM via electronic communication (Participants), must apply to Computershare, by delivering the duly completed form to:

Rosebank Towers, First Floor, 15 Biermann Avenue, Rosebank 2196, or posting it to Private Bag X9000, Saxonwold, 2132 (at the risk of the Participant), or by email to proxy@computershare.co.za so as to be received by Computershare by no later than 13h00 on Friday, 27 May 2022.

Application form

Full name of Participant: _____

ID number: _____

Email address: _____

Cell number: _____

Telephone number: (code): _____ (number): _____

Name of CSDP or broker (if shares are held in dematerialised format): _____

I wish to electronically participate _____

I wish to electronically participate and vote _____

Signature: _____

Date: _____

Terms and conditions for participation in the AGM via electronic communication

- The cost of electronic participation in the AGM is for the expense of the Participant and will be billed separately by the Participant's own service provider.
- The Participant acknowledges that the electronic communication services are provided by a third parties and indemnifies Rebasis Property Fund Ltd against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the electronic services, whether or not the problem is caused by any act or omission on the part of the Participant or anyone else. In particular, but not exclusively, the Participant acknowledges that he/she will have no claim against the company, whether for consequential damages or otherwise, arising from the use of the electronic services or any defect in it or from total or partial failure of the electronic services and connections linking the Participant via the electronic services to the AGM.
- The application to participate in the AGM electronically will only be deemed successful if this application form has been completed fully and signed by the Participant.
- Certificated and dematerialised shareholders with "own-name" registration must submit proof of identification with this application form.
- Dematerialised shareholders without "own-name" registration must submit proof of identification together with a copy of the letter of representation issued by their broker/custodian with this application form.

Participant's name _____

Signature _____

Date _____

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 securities
A ordinary shares: 63 266 012 (2020: 63 266 012)
B Ordinary shares: 699 253 200 (2020: 699 253 200)
Company registration number: 2010/003468/06
Country of incorporation: South Africa
Website: www.rebasis.co.za

Directors

ATM Mokgokong (Chairman)*
K Keshav* (Deputy Chairman)
O Tshabalala (Chief Executive Officer)^{#@}
S Ngebulana (Chief Executive Officer)^{^@}
AL Magwentshu (Chief Financial Officer)^{+@}
Z Kogo (Director: Commercial)[@]
NV Qangule*
S Naidoo*[%]
MR Burton*[%]
LC Pengilly*
MM Mdlolo*[!]
TS Tsepoa[§]
R Becker[‡]

[@] Executive

^{*} Independent non-executive

[!] resigned 1 April 2021

[^] resigned 1 December 2021

[#] appointed 1 December 2021

[§] resigned 8 February 2021

[‡] resigned 25 November 2021

⁺ appointed 18 November 2021

[%] appointed 7 April 2021

Company Secretary

MCP Managerial Services
173 Oxford Road
Rosebank

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

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
Gqeberha
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
(a division of Nedbank Limited)

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@rebasis.co.za

REBOSIS
.CO.ZA

