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Rebosis Property Fund Limited
(Registration number 2010/003468/06)
(Incorporated in the Republic of South Africa)
("Rebosis" or "the Fund" or "the Group")

REBOSIS PRE-CLOSE CONFERENCE CALL HOSTED BY STANDARD BANK SECURITIES

22 August 2018

Introduction

On 21 August 2018 Rebosis Property Fund Limited ("Rebosis" or "the Company" or "the Fund") held a pre-close conference call and presentation in anticipation of the close of its financial year ending 31 August 2018.

The pre-close conference call was hosted by Standard Bank Securities. Rebosis was represented by Sisa Ngebulana, Rob Becker, Marelise De Lange and Sabastian Naidoo.

Below follows a summary of key discussion points raised during the pre-close conference call. For context and supplementary information, readers are referred to the presentation referred to in this document, available at http://rebosis.co.za/wp-content/uploads/2018/08/Pre-close_Presentation_Aug2018_v2.pdf as well as the trading statement and investor update released ("August Market Update") on SENS on 20 August 2018.

Rebosis expects to announce its results for the financial year ending 31 August 2018 on or about 12 November 2018.

Any queries should be addressed to Sisa Ngebulana or Rob Becker.

Summary

The underlying portfolio fundamentals remain strong and continues to drive the performance of the fund. Management pointed out that the drive to position Rebosis as a retail-dominant fund continues to gain traction, with the office disposal strategy well underway.

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Disposal strategy

The Company expects to announce the successful disposal of a portfolio of Cape Town based properties to Boxwood Property Investment Fund for an aggregate consideration of R888 000 000 (refer SENS announcements dated 15 May 2018 and 18 June 2018) imminently, with the final conditions precedent expected to be fulfilled on 21 August 2018.

Management indicated that the Company is currently considering a number of additional offers on the balance of the office portfolio earmarked for disposal.

Degearing

The disposal strategy is aimed at reducing Rebosis' gearing to below 40%.

Share-repurchase programme

Once the fund's loan to value ("LTV") has been reduced to below 40%, the Company intends to initiate its share repurchase programme with the objective of reducing the dilutionary impact of the disposals. The Company has a general authority to repurchase up to 20% of its issued share capital, equating to approximately R1 billion of Rebosis B ordinary shares at current share price levels.

Funding

During the period, Rebosis successfully diversified its sources of funding and is in the process of implementing R2.6 billion in new facilities with Absa (R1.5 billion) and RMB (R1.1 billion) respectively. The weighted average cost of debt is 9.3% on a weighted average expiry term of 4 years.

Portfolio performance and supplementary notes

Refer pages 6 – 12 of the presentation available at http://rebosis.co.za/wp-content/uploads/2018/08/Pre-close_Presentation_Aug2018_v2.pdf for an overview of the retail and office portfolio performance.

The portfolio fundamentals remain strong, reporting above-average growth with the exception of Forest Hill City and Sunnypark.

Forest Hill retenanting

Forest Hill is receiving focus and positive traction has been gained with the successful renewal of some leases and the introduction of new tenants. The largest impact on tenanting was the vacating of a large furniture retailer. Talks with other possible large format retailers are underway, including furniture and hardware retailers.

During the review period, Rebosis concluded an extensive market survey to identify underrepresentation gaps in Forest Hill's tenant mix and talks with a number of retailers are underway to align the mix with market demand and consumer profile.

Rental warranties expire on 31 August 2018 and management has budgeted for a R60 million shortfall in rental income on new leases (included in the rebase). Rebosis remains confident of successfully addressing vacancies and lease renewals.

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Update on Edcon and impact on leases

At Hemingways Mall, the Boardmans store will be consolidated into the existing Edgars space. Indications are that the Edgars store will not be downsized. Other brands within the group, such as Jet are trading well at Hemingways.

At Forest Hill, Rebosis has reached an agreement with the tenant to downsize the existing store from 5,900m^2 to 4,000m^2. Apart from Forest Hill, Rebosis does not have exposure to individual Edcon stores that may be consolidated into the Edgars store There are no large Edgars stores above 6,000m^2 in the portfolio. Management has received no indication of intentions to downsize or consolidate existing stores further, save to say Rebosis would be happy to downsize Edgars at Baywest from 5,500m^2 to 4,000m^2.

Office reversions

Management indicated that the reversions on its office portfolio were mainly as result of long-term leases that escalated at around 8 or 9% reaching the end of their term and having to be renegotiated. In some instances, some of the lease renewals were brought forward on the back of the rebase.

The quality and location of Rebosis' office portfolio allows it to negotiate a premium on rentals. Long-term renewals are driven to a large extent by well-maintained assets.

Reasons for rebasing

Readers are referred to the SENS and associated presentation published on 20 August 2018. Management reiterated the following:

- The portfolio fundamentals remain strong and did not motivate the rebase
- The rebasing is a legacy of retail assets acquired in the past and some investors' preference to defer dilution which, at the time, was estimated at 20%
- In order to mitigate the dilution, non-recurring income and once-off events supported income growth
- Given recent and current market events, once-off and non-recurring income fell out of favour with the market, resulting in a deep discount to Rebosis' valuation
- Following extensive consultation with key shareholders, management brought the expected dilutionary impact forward, along with expected rent reversions and the expiry of rent warranties
- In addition, management in consultation with key shareholders thought it prudent to pro-actively address other areas of uncertainty such as the impact of Brexit on New Frontier Properties
- This resulted in the disclosed rebase, but removed all uncertainties with regards to income, providing a clean base for modelling and valuation purposes

New Frontier Properties ("NFP") update

- *Impact of cross currency swap*
    - In order to mitigate the impact of Brexit on NFP's income and subsequent dividend distribution, some proceeds on the disposal of Rebosis' majority stake in NFP (refer SENS published 31 August 2017) were used to unwind the cross currency swap at a profit and reprice it correctly in the market
    - Refer page 6 of the August Market Update: Foreign debt (cross currency exposure) of R1.4 billion against an investment value in New Frontier Properties of R1.7 billion

(based on a R12.50 share price, including vendor loan of ceded shares) means on a see-through basis hedging is conservatively 82% of investment value.

- Potential de-listing of NFP
    - Rebosis continues to explore the possible delisting of NFP in the short- to medium-term and have engaged NFP on the matter, including a possible merger or disposal at the correct pricing.
- NFP funding covenants
    - Rebosis made it clear that until it has significantly reduced its LTV, it will not consider deploying capital into NFP.
    - Rebosis remains very much in contact with NFP management and NFP's funders, who indicated that they are dealing with similar matters across the board in the UK.
    - The funders indicated a level of comfort around potential covenant breaches, given the current situation in the UK.

- Update on loan to BEE consortium
    - The BEE loan was priced at an NFP share price of R19 per share and management believes it is premature to reprice or impair the loan at this stage, based on the following:
        - Rebosis expects some level of certainty around Brexit at the end of March 2019
        - Management indicated that a decision on whether to impair the vendor loan will be taken closer to maturity date. Currently a 3.5 year term remains on the loan, with Rebosis having the option to extend this by a further five years.
        - The vendor loan is not accounted for through the statement of profit or loss, only Rebosis' investment in NFP is.

- Operational outlook
    - The tenant mix of NFP's retail assets does not expose it to large departmental stores likely to go on CVA ("Company Voluntary Administration"). The voluntary administration of New Look had the single largest impact, with potential other CVA applications expected to have a limited repercussion, given tenant size

H2 FY19 guidance

Management indicated that it is premature to provide guidance on normalised H2 2019 growth numbers, except for its expectation of growth in line with escalations, based on prevailing market conditions.

More information in this regard will be provided at the time of results in November 2018.

Closing remarks

Management emphasised the quality and performance of the portfolio remained strong and that the rebase was the result of adjusting for once off items. The key thrust for the rebase was to provide certainty around sustainable income and reintroduce value to the counter, for which there was original support. During consultation with key investors, the vast majority emphasised the importance of rebasing in order to attach a value based on clean numbers. Management is confident that it will refocus the fund to retail and grow the distributions to shareholders.

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