



**AUDITED RESULTS FOR THE YEAR ENDED 31 AUGUST 2013**

**HIGHLIGHTS**

- ↑ **11,8% final distribution** growth to 47,5 cents per linked unit
- ↑ **40,9% growth** in market capitalisation to R4,25 billion
- ↑ **Acquisitions of R1,77 billion** concluded
- ↑ **Full year distribution of 92,0 cents** per linked unit
- ↑ **Net operating ratio improved** to **12,5%**
- ↑ **R1,125 billion** raised through oversubscribed rights issue and vendor placement

**STATEMENT OF COMPREHENSIVE INCOME**

	Audited for year ended 31 August 2013 R'000	Audited for year ended 31 August 2012 R'000
<b>REVENUE</b>		
Property portfolio	565 209	500 029
Rental income	522 757	414 163
Straight line rental income accrual	42 452	85 866
Net income from facilities management agreement	16 833	15 822
Sundry income	630	6 081
<b>Total revenue</b>	<b>582 672</b>	<b>521 932</b>
Property expenses	(132 658)	(98 494)
Administration and corporate costs	(20 481)	(15 961)
<b>Net operating profit</b>	<b>429 533</b>	<b>407 477</b>
Changes in fair values	(3 065)	157 461
Investment properties	5 852	167 623
Straight line rental income accrual	(42 452)	-
Derivative instruments	33 535	(10 162)
<b>Profit from operations</b>	<b>426 468</b>	<b>564 938</b>
Finance charges	(90 778)	(117 811)
Finance charges - secured loans	(147 883)	(126 434)
Interest received - other	17 853	8 623
Interest received - antecedent	39 252	-
<b>Profit before debenture interest and taxation</b>	<b>335 690</b>	<b>447 127</b>
Debenture interest	(302 059)	(200 378)
<b>Profit before taxation</b>	<b>33 631</b>	<b>246 749</b>
Taxation	242 305	(102 564)
<b>Total comprehensive income for the year</b>	<b>275 936</b>	<b>144 185</b>
<b>Reconciliation of earnings and distributable earnings</b>		
Profit for the year attributable to equity holders	275 936	144 185
Debenture interest	302 059	200 378
<b>Earnings</b>	<b>577 995</b>	<b>344 563</b>
Change in fair value of properties (net of deferred taxation)	(195 695)	(136 365)
Change in fair value of properties	36 600	(167 623)
Deferred taxation	(232 295)	31 258
Deferred taxation - adjustment to CGT rate and other	-	50 108
<b>Headline profit attributable to linked unitholders</b>	<b>382 300</b>	<b>258 306</b>
<b>Calculation of distributable earnings</b>		
Net operating profit	429 533	407 478
Less:	-	-
Straight line rental income accrual	(42 452)	(85 866)
Finance charges	(85 022)	(115 768)
Net finance charges	(90 778)	(117 811)
Structuring fee amortisation	2 756	2 043
Debt restructuring fees	3 000	-
Derecognition of current liability	-	(5 466)
<b>Distributable earnings attributable to linked unitholders</b>	<b>302 559</b>	<b>200 378</b>
Number of linked units in issue	348 131 693	249 147 699
Weighted average number of linked units in issue	284 622 851	226 332 267
Basic and diluted earnings per linked unit (cents)	203,07	152,24
Headline profit per linked unit (cents)	134,32	114,13
<b>Distributable earnings per linked unit (cents)</b>	<b>92,00</b>	<b>85,50</b>

**STATEMENT OF FINANCIAL POSITION**

	Audited as at 31 August 2013 R'000	Audited as at 31 August 2012 R'000
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>5 379 498</b>	<b>4 636 346</b>
Investment property	5 283 500	4 540 200
Goodwill and intangibles	95 703	95 703
Property, plant and equipment	295	443
<b>Current assets</b>	<b>95 339</b>	<b>34 642</b>
Trade and other receivables	55 804	17 320
Cash and cash equivalents	39 535	17 322
	<b>5 474 837</b>	<b>4 670 988</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	1 382 698	746 424
Stated capital	910 425	550 087
Reserves	472 273	196 337
<b>Non-current liabilities</b>	<b>3 023 242</b>	<b>3 785 068</b>
Debentures	2 527 436	1 808 812
Interest bearing borrowings	488 810	1 679 098
Interest rate swaps	6 996	54 853
Deferred taxation	-	242 305
<b>Current liabilities</b>	<b>1 068 897</b>	<b>139 496</b>
Short term portion of interest bearing borrowings	872 234	-
Trade and other payables	31 300	33 608
Unitholders for distribution	165 363	105 888
Total equity and liabilities	5 474 837	4 670 988
<b>Net asset value per linked unit (R)</b>	<b>11,23</b>	<b>10,26</b>
<b>Net asset value per linked unit (excluding goodwill) (R)</b>	<b>10,96</b>	<b>9,87</b>

**ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Audited for year ended 31 August 2013 R'000	Audited for year ended 31 August 2012 R'000
Stated capital	910 425	550 087
Balance at beginning of year	550 087	477 168
Issue of shares	360 338	72 919
Reserves	472 273	196 337
Balance at beginning of year	196 337	52 152
Profit for the year	275 936	144 185
	<b>1 382 698</b>	<b>746 424</b>

**ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOW**

	Audited for year ended 31 August 2013 R'000	Audited for year ended 31 August 2012 R'000
Cash flows from operating activities	17 749	17 210
Cash generated from operations	348 354	278 409
Net finance costs	(88 021)	(117 811)
Debenture interest paid	(242 584)	(143 388)
Cash outflows from investing activities	(739 366)	(886 962)
Cash inflows from financing activities	743 830	816 854
<b>Net movement in cash and cash equivalents</b>	<b>22 213</b>	<b>(52 898)</b>
Cash and cash equivalents at the beginning of the year	17 322	70 220
Cash and cash equivalents at the end of the year	39 535	17 322

**SEGMENTAL OVERVIEW**

	Retail R'000	Office R'000	Industrial R'000	Total R'000
<b>Year ended 31 August 2013</b>				
Rental income (excluding straight-line rental income accrual)	280 165	236 739	5 853	<b>522 757</b>
Net income from facilities management agreement	-	16 833	-	<b>16 833</b>
Operating costs	(88 804)	(43 675)	(179)	<b>(132 658)</b>
<b>Net property income</b>	<b>191 361</b>	<b>209 897</b>	<b>5 674</b>	<b>406 932</b>
Changes in fair values of investment property	(151 136)	152 604	4 384	<b>5 852</b>
Investment property	2 843 500	2 314 000	126 000	<b>5 283 500</b>
<b>Year ended 31 August 2012</b>				
Rental income (excluding straight-line rental income accrual)	263 762	150 401	-	<b>414 163</b>
Net income from facilities management agreement	-	15 822	-	<b>15 822</b>
Operating costs	(75 679)	(22 815)	-	<b>(98 494)</b>
<b>Net property income</b>	<b>188 083</b>	<b>143 408</b>	<b>-</b>	<b>331 491</b>
Changes in fair values of investment property	59 714	107 909	-	<b>167 623</b>
Investment property	2 382 000	2 158 200	-	<b>4 540 200</b>

**COMMENTARY**

**Introduction**

Rebosis owns a high growth defensive portfolio of 14 quality properties including Hemingways Mall, the largest retail centre situated in East London. Rebosis' primary objective is to grow its portfolio and distributions by investing in high-quality retail and commercial properties yielding secure capital and income returns for unitholders.

**Conversion to a Real Estate Investment Trust ("REIT")**

Following the introduction of REIT legislation in South Africa, Rebosis converted to a REIT on 1 September 2013. The capital restructure, whereby the linked units will be converted to an all equity capital structure, will be implemented in due course.

Under the new REIT legislation, investment property comprising land and buildings held to generate rental income over the longterm, will no longer be subject to capital gains taxation.

**Financial results**

Rebosis delivered against its growth objectives given its strong fundamentals and prudent management. It increased assets under management through yield enhancing strategic acquisitions and delivered on distribution growth targets whilst maintaining operational costs.

Rebosis has declared a distribution of 47,50 cents per linked unit for the six months ended 31 August 2013, an increase of 11,8% on the comparable period. This distribution, together with the distribution of 44,50 cents per linked unit for the six months ended 28 February 2013, amounts to a total distribution of 92,0 cents for the year ended 31 August 2013, an increase of 7,6% for the year.

Rental income increased by 26,2% to R522,8 million, with a dominant contribution of 54% from the retail portfolio. Operating efficiencies resulted in an improvement in the net operating cost ratio from 13,5% in 2012 to 12,5% in the year under review.

**Property portfolio**

During the year, a decision was made to separate the valuations of the retail and office portfolios between two independent valuers. Quadrant Properties, the valuers of the portfolio since listing, have continued with their appointment as valuers of the office portfolio and have been appointed as valuer of the industrial property acquired during the year under review. Old Mutual Investments Group SA was appointed as valuer of the retail portfolio at 31 August 2013. The properties have been valued using the discounted cash flow method. After accounting for the planned expansion and tenant mix optimisations of the Hemingways and Bloed Street Malls during 2014, the portfolio has increased in value by R5,9 million since 31 August 2012.

The portfolio, valued at R5,28 billion, has a total GLA of 346 532m<sup>2</sup> and is located in Gauteng, the Eastern Cape, KwaZulu Natal and North West Province. The portfolio comprises 54% retail, 44% office and 2% industrial, by value.

	GLA m <sup>2</sup>	Value R000	Value/m <sup>2</sup> R/m <sup>2</sup>
Retail	164 126	2 843 500	17 537
Office	163 452	2 314 000	14 157
Industrial	18 954	126 000	6 648
<b>Total portfolio</b>	<b>346 532</b>	<b>5 283 500</b>	<b>15 335</b>

The retail component includes four high quality shopping malls delivering secure, escalating income streams underpinned by strong anchor and national tenants. The average escalation of the retail portfolio was 7,1%. The office portfolio consists of nine buildings which are well located in nodes attractive to government tenants. These are mainly let to the National Department of Public Works, under long leases providing for average escalations of 8,1%. The office portfolio represents a sovereign underpin to a substantial portion of the earnings and shields it from private sector risks such as tenant insolvency and default. At 31 August 2013, vacancies for the total portfolio were 1,9%. Taking into account lettings after year end, vacancies have reduced to 1,3%.

**Acquisitions**

Sunnypark, a well-established dominant retail centre situated on the eastern side of the Pretoria CBD with a GLA of 27 697m<sup>2</sup>, was acquired effective 1 June 2013. The purchase consideration of R587,5 million, including an escalation adjustment of 0,6458% compounded monthly in arrears from 1 March 2013, was settled in cash. This quality acquisition further diversifies Rebosis' retail income streams.

The acquisition of the Antalis property on 14 March 2013 introduced the first industrial warehouse to Rebosis' portfolio. The property is a specialised single tenanted industrial warehouse with a gross lettable area of 18 954m<sup>2</sup> and is occupied under a current triple net lease expiring on 31 December 2019.

During the reporting period, Rebosis concluded agreements for the acquisition of the Nthwese portfolio, comprising four recently refurbished quality properties in Johannesburg and one in Pretoria let to the Gauteng provincial government and national government respectively. The 67 952m<sup>2</sup> fully let portfolio consists of long-term leases expiring in 2019 and 2020, providing linked unitholders with predictable revenue streams and low forecast risk. The portfolio, which was expected to transfer in June 2013, transferred to Rebosis after the reporting date with the last property transferring on 27 September 2013. Rebosis charged the vendor interest of R7,95 million, which amount has been included in interest received for the year under review, to compensate for the delays in transfer.

**Capital raising**

On 4 February 2013, Rebosis successfully raised R650 million in terms of a rights offer that was oversubscribed. In terms of the rights offer, 58 035 718 new linked units were issued at a price of R11,20 per unit. A further 40 948 276 new linked units were issued by way of an accelerated book build on 12 August 2013 at a price of R11,60 per unit, raising R475 million. The issue prices effectively included an accrued distribution of 38,6 cents for the period 1 September 2012 to 4 February 2013 and 41,20 cents for the period 1 March 2013 to 12 August 2013 respectively, totalling R39,3 million antecedent interest received for the year under review.

**Borrowings**

Rebosis' net borrowings of R1,336 billion at 31 August 2013 equate to a gearing ratio of 25,3%. The average cost of borrowings was 8,4% for the period under review and at year end, 77,6% of borrowings have been hedged. The average remaining term of the debt is 1,7 years.

A long-term facility of R872,2 million, expiring in May 2014, has been reclassified as a current liability. The lenders have in principle agreed to rollover the facilities on terms to be agreed.

**Prospects**

Demand for space remains strong, vacancies in the portfolio have remained at low levels and operating costs are well managed. The planned expansion and tenant mix optimisations at Hemingways and Bloed Street Malls during 2014 will reposition these retail centres as ultimate destinations geared for future exceptional growth.

Taking into account the expected short-term dilution from the planned expansion and tenant mix optimisations of the retail centres, the board anticipates that the distribution for the year ending 31 August 2014 will be between 97,0 cents and 99,0 cents per linked unit. This forecast is based on the assumption that there will be no change in current trading conditions of the existing portfolio, a stable macro-economic environment will prevail, tenants will be able to absorb rising utility cost and that there will be no major corporate failures. This forecast is the responsibility of the directors of Rebosis and has not been reviewed or reported on by the company's auditors.

**Debenture interest distribution**

Distribution no. 5 of 47,50 cents per linked unit for the six months ended 31 August 2013 will be paid to linked unitholders in accordance with the abbreviated timetable set out below:

Last day to trade cum distribution	Friday	22 November 2013
Linked units trade ex distribution	Monday	25 November 2013
Record date	Friday	29 November 2013
Payment date	Monday	2 December 2013

Linked unitholders may not dematerialise or rematerialise their linked units between Monday 25 November 2013 and Friday 29 November 2013, both days inclusive.

**Basis of preparation**

The results for the year ended 31 August 2013 have been audited by the company's independent auditors, Grant Thornton (Jhb) Inc. The auditor's unqualified opinion together with the financial information is available for inspection at the registered office of the company. These results have been prepared in accordance with International Financial Reporting Standards (IFRS), IAS 34: Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Standards Council, JSE Limited Listings Requirements and the requirements of the South African Companies Act 2008. The accounting policies adopted in the preparation of these audited results are consistent with those applied in the preparation of the financial statements for the year ending 31 August 2012. These financial results have been prepared under the supervision of the financial director, JA Finn (CA/SA).

While the company has complied with IFRS and JSE Listings Requirements by disclosing earnings and headline earnings per share, the directors are of the view that earnings per share is not meaningful to investors as the shares are traded as part of a linked unit and all distributable earnings and distribution per linked units, as disclosed above, are more significant meaningful to investors.

**By order of the board**

Rebosis Property Fund Limited  
6 November 2013

**REBOSIS PROPERTIES LIMITED**  
("Rebosis" or the "company")  
(Registration number 2010/003468/06)  
(Approved as a REIT by the JSE)  
JSE code: REB  
ISIN: ZAE 000156147

**Registered office**  
3rd Floor, Palazzo Towers West,  
Montecasino Boulevard  
Fourways, 2191  
(PO Box 2972, Northriding, 2162)

**Company secretary**  
M Ndema

**Directors**  
ATM Mokgokong\*†(Chairperson),  
SM Ngebulana (CEO), JA Finn,  
AM Mazwai\*†, WJ Odendaal\*†,  
NV Qangule\*†, KL Reynolds\*,  
TSM Seopa\*†, SV Zilwa\*†  
MF Rodel resigned from the board effective 31 January 2013.  
\*Non-executive †Independent

**Transfer secretaries**  
Computershare Investor Services  
Proprietary Limited

**Sponsor**  
Java Capital