

# UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 28 FEBRUARY 2013

# REBOSIS PROPERTY FUND

## HIGHLIGHTS

- ▲ Interim distribution up at **44,50 cents** per linked unit
- ▲ **30,1%** total return to linked unitholders for 12 months
- ▲ **8,7%** increase in net asset value to **R11,44** per linked unit
- Secured acquisitions of **R1,76 billion**

- ▼ Vacancy levels down to **2,0%**
- ▼ Net operating costs down to **12,8%**
- ▼ Gearing reduced to **22,6%**
- Successful **R650 million** rights offer

## STATEMENT OF COMPREHENSIVE INCOME

	Unaudited six months ended 28 February 2013 R'000	Unaudited six months ended 29 February 2012 R'000	Audited year ended 31 August 2012 R'000
<b>REVENUE</b>			
Property portfolio	267 248	262 056	500 029
Rental income	248 112	196 072	414 163
Straight-line rental income accrual	19 136	65 984	85 866
Net income from facilities management agreement	8 215	7 468	15 822
Sundry income	162	475	6 081
<b>Total revenue</b>	<b>275 625</b>	<b>269 999</b>	<b>521 932</b>
Property expenses	(62 993)	(42 700)	(98 494)
Administration and corporate costs	(9 868)	(8 260)	(15 961)
<b>Net operating profit</b>	<b>202 764</b>	<b>219 039</b>	<b>407 477</b>
Changes in fair values	77 855	(15 664)	157 461
<b>Profit from operations</b>	<b>280 619</b>	<b>203 375</b>	<b>564 938</b>
Finance charges	(48 309)	(59 515)	(117 811)
Finance charges – secured loans	(72 381)	(60 452)	(126 434)
Interest received	24 072	937	8 623
Profit before taxation	232 310	143 860	447 127
Debt interest	(136 697)	(94 490)	(200 378)
<b>Profit before taxation</b>	<b>95 613</b>	<b>49 370</b>	<b>246 749</b>
Taxation	(20 983)	(67 005)	(102 564)
<b>Total comprehensive income/(loss) for the period</b>	<b>74 630</b>	<b>(17 635)</b>	<b>144 185</b>
<b>Reconciliation of earnings and distributable earnings</b>			
Total comprehensive income/(loss) for the period	74 630	(17 635)	144 185
Debt interest	136 697	94 490	200 378
<b>Earnings</b>	<b>211 327</b>	<b>76 855</b>	<b>344 563</b>
Change in fair value of properties	(53 713)	24 419	(136 965)
Change in fair value of properties	(66 025)	30 017	(167 623)
Deferred taxation	12 312	(5 598)	31 258
Deferred taxation – adjustment to CGT rate	–	–	50 108
<b>Headline profit attributable to linked unitholders</b>	<b>157 614</b>	<b>101 274</b>	<b>258 306</b>
Change in fair value of financial instruments	(8 517)	(10 334)	7 317
Change in fair value of financial instruments	(11 830)	(14 353)	10 162
Deferred taxation	3 313	4 019	(2 845)
Straight-line rental income accrual (net of deferred taxation)	(13 778)	(47 508)	(61 823)
Straight-line rental income accrual	(19 136)	(65 984)	(85 866)
Deferred taxation	5 358	18 476	24 043
Derecognition of current liability	–	50 108	(5 466)
Structuring fee amortisation	1 378	950	2 044
<b>Distributable earnings attributable to linked unitholders</b>	<b>136 697</b>	<b>94 490</b>	<b>200 378</b>
Number of linked units in issue	307 183 417	219 744 713	249 147 699
Weighted average number of linked units in issue	257 163 682	219 744 713	226 332 267
Basic and diluted earnings per linked unit (cents)	82,18	34,97	152,24
Headline earnings per linked unit (cents)	61,29	46,09	114,13
<b>Distributable earnings per linked unit/share (cents)</b>	<b>44,50</b>	<b>43,00</b>	<b>85,50</b>

## STATEMENT OF FINANCIAL POSITION

	Unaudited As at 28 February 2013 R'000	Unaudited As at 29 February 2012 R'000	Audited As at 31 August 2012 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>4 733 072</b>	<b>3 884 737</b>	<b>4 636 346</b>
Investment property	4 637 000	3 784 500	4 540 200
Goodwill and intangibles	95 703	95 703	95 703
Property, plant and equipment	369	438	443
Structuring fee	–	4 096	–
<b>Current assets</b>	<b>472 488</b>	<b>29 067</b>	<b>34 642</b>
Trade and other receivables	27 122	18 419	17 320
Structuring fee	–	1 900	–
Cash and cash equivalents	445 366	8 748	17 322
<b>Total assets</b>	<b>5 205 560</b>	<b>3 913 804</b>	<b>4 670 988</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>1 020 889</b>	<b>511 685</b>	<b>746 424</b>
Stated capital	749 922	477 168	550 087
Reserves	270 967	34 517	196 337
<b>Non-current liabilities</b>	<b>4 016 078</b>	<b>3 265 731</b>	<b>3 785 068</b>
Debentures	2 230 152	1 595 347	1 808 812
Secured financial liabilities	1 479 614	1 433 300	1 679 098
Interest rate swaps	43 023	30 337	54 853
Deferred taxation	263 289	206 747	242 305
<b>Current liabilities</b>	<b>168 593</b>	<b>136 388</b>	<b>139 496</b>
Trade and other payables	31 896	39 072	33 608
Rental warranty	–	2 826	–
Unitholders for distribution	136 697	94 490	105 888
<b>Total equity and liabilities</b>	<b>5 205 560</b>	<b>3 913 804</b>	<b>4 670 988</b>
<b>Net asset value per linked unit (R)</b>	<b>10,58</b>	<b>9,59</b>	<b>10,26</b>
<b>Net asset value per linked unit (excluding deferred taxation) (R)</b>	<b>11,44</b>	<b>10,53</b>	<b>11,23</b>

## ABRIDGED STATEMENT OF CHANGES IN EQUITY

	Unaudited six months ended 28 February 2013 R'000	Unaudited six months ended 29 February 2012 R'000	Audited year ended 31 August 2012 R'000
Stated capital	749 922	477 168	550 087
Balance at beginning of the period	550 087	477 168	477 168
Issue of shares	199 835	–	72 919
Reserves	270 967	34 517	196 337
Balance at beginning of the period	196 337	52 152	52 152
Profit for the period	74 630	(17 635)	144 185
<b>Total</b>	<b>1 020 889</b>	<b>511 685</b>	<b>746 424</b>

## ABRIDGED STATEMENT OF CASH FLOW

	Unaudited six months ended 28 February 2013 R'000	Unaudited six months ended 29 February 2012 R'000	Audited year ended 31 August 2012 R'000
Cash flows from operating activities	20 166	6 902	17 211
Cash generated from operations	174 364	115 315	278 410
Net finance costs	(48 310)	(59 515)	(117 811)
Debt interest paid	(105 888)	(48 898)	(143 388)
Cash outflows from investing activities	(12 437)	(348 143)	(886 963)
Cash inflows from financing activities	420 315	279 769	816 854
<b>Net movement in cash and cash equivalents</b>	<b>428 044</b>	<b>(61 472)</b>	<b>(52 898)</b>
Cash and cash equivalents at the beginning of the period	17 322	70 220	70 220
Cash and cash equivalents at the end of the period	445 366	8 748	17 322

## COMMENTARY

### Introduction

Rebosis is one of the fastest growing property loan stock companies which is included in all the JSE Limited ("JSE") indices, other than the JSE ALSI Top 40. The company owns a high growth defensive portfolio of 12 quality properties that includes one of the largest retail centres in South Africa, Hemingways Mall 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.

### Financial results

On 27 March 2013, Rebosis declared an early distribution of 44,5 cents per linked unit for the six months ended 28 February 2013 which represents an increase of 3,5% on the distribution of 43,0 cents per linked unit for the comparable period. The early announcement and resulting early payment of the distribution was in terms of a commitment made pursuant to the rights offer implemented on 4 February 2013.

The increase in the unit price from R9,70 per linked unit at 29 February 2012 to R11,75 at 28 February 2013 together with a total distribution of 87,50 cents per linked unit for the 12-month period then ended provides a total return of 30,2% to unitholders.

Following the acquisition of the four commercial properties in mid-2012, the retail sector now contributes 53% of rental income while Hemingways Mall remains the dominant property in the portfolio, contributing 32% of rental income for the period under review. Net operating costs are down to 12,8% from 13,8% in the comparable period due to operational efficiencies achieved during the period.

### Property portfolio

The properties, which were valued by independent valuer Quadrant Properties (Proprietary) Limited, increased in value from R4,540 billion at 31 August 2012 to R4,637 billion at 28 February 2013. The portfolio has a total gross lettable area ("GLA") of 295 716m<sup>2</sup>, is located in Gauteng, the Eastern Cape, KwaZulu-Natal and North West Province and comprises 52% retail and 48% office buildings (by value).

	GLA m <sup>2</sup>	Value R'000	Value/m <sup>2</sup> R/m <sup>2</sup>
Retail portfolio	132 845	2 406 000	18 111
Office portfolio	162 871	2 231 000	13 698
<b>Total portfolio</b>	<b>295 716</b>	<b>4 637 000</b>	<b>15 681</b>

The retail component includes three exceptional quality shopping malls delivering secure, escalating income streams underpinned by strong anchor and national tenants. 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 8,3%. 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. Notwithstanding tough operating conditions in which tenants have the upper hand and are reducing their requirements for space, vacancies have reduced from 3,7% at 31 August 2012 to 2,0% at 28 February 2013.

### Acquisitions

On 14 March 2013, the company took transfer of the Antalis property ("Antalis"), a specialised single-tenanted, industrial warehouse with a GLA of 18 954m<sup>2</sup> for R120,0 million. Antalis is strategically located in a light industrial node in Selby, Johannesburg with great connectivity to key highways and provides additional bulk for future tenant-driven expansions which will further diversify the company's income streams.

During the reporting period, Rebosis concluded agreements for the acquisition of a high quality and well established retail centre, Sunnypark Mall in Pretoria for R576,7 million, and the Nthwese office portfolio for R1,06 billion.

The Sunnypark Mall is a dominant centre located in the resurging suburb of Sunnypark in Pretoria. The centre, which has recently had a major refurbishment, has a GLA of 28 072m<sup>2</sup> and comprises in excess of 75% of national retailers.

The Nthwese portfolio comprises four recently refurbished quality properties in Johannesburg and one in Pretoria let to Gauteng provincial government and national government, respectively, on long-term leases. The 67 952m<sup>2</sup> portfolio is currently virtually fully occupied.

### Rights offer

On 4 February 2013, Rebosis successfully raised R650 million in terms of a rights offer that was oversubscribed. In term of the offer, 58 035 718 new linked units were issued at a price of R11,20 per unit increasing the total number of units in issue to 307 183 417. The issue price effectively included an accrued distribution of 38,6 cents for the period 1 September 2012 to 4 February 2013. Excluding the accrued distribution, the rights offer linked units were issued at a price of R10,81 per linked unit.

The purpose of the rights offer was to enhance Rebosis' ability to take advantage of pipeline acquisition opportunities and to strengthen its balance sheet, thereby improving its ability to use cash to effect acquisitions.

### Borrowings

Rebosis' net borrowings of R1,048 billion at 28 February 2013, which have been reduced by the proceeds of the rights offer, equate to a gearing ratio of 22,6%. In line with the company's hedging policy, 77,5% of borrowings have been fixed resulting in an average cost of borrowing of 8,5% for the period under review. The average remaining term of the debt is 2,5 years.

### Prospects

Despite the tough economic conditions, vacancies and operating costs have reduced and there has been a strong increase in interest for space in our retail properties from national and international retailers.

The board is confident that Rebosis is well-positioned to capitalise on future high quality growth opportunities that are currently being assessed by the company.

Further, the board is confident that Rebosis is still on track to achieve a distribution of between 92 cents and 95 cents per linked unit for the year ending 31 August 2013, in line with our previous forecast announced on 24 October 2012. This 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 costs, there will be no major corporate failures and that Sunnypark and the Nthwese office portfolio will be acquired effective 1 May 2013. This forecast is the responsibility of the directors of Rebosis and has not been reviewed or reported on by the company's auditors.

### Debt interest distribution

As announced on SENS on 27 March 2013, Distribution No. 4 of 44,5 cents per linked unit for the six months ended 28 February 2013 will be paid to linked unitholders on Monday, 22 April 2013.

### Basis of preparation

The results for the six months ended 28 February 2013 have not been audited or reviewed by the company's independent auditors. 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, JSE Listings Requirements and the requirements of the South African Companies Act (2008). The accounting policies adopted in the preparation of these unaudited results are consistent with those applied in the preparation of the financial statements for the year ended 31 August 2012. These financial results have been prepared under the supervision of the financial director, JA Finn CA(SA).

By order of the board

Rebosis Property Fund Limited

18 April 2013

### REBOSIS PROPERTY FUND LIMITED

("Rebosis" or the "company")  
Registration number 2010/003468/06  
JSE code: REB ISIN: ZAE000156147

### Directors:

ATM Mokgokong<sup>1</sup> (Chairperson)  
SM Ngebulana (CEO)  
JA Finn  
AM Mazwai<sup>1</sup>  
WJ Odendaal<sup>1</sup>  
NV Qangule<sup>1</sup>,  
KL Reynolds<sup>\*</sup>  
TSM Seopa<sup>1</sup>  
SV Zilwa<sup>1</sup>

<sup>1</sup>Non-executive <sup>\*</sup>Independent

### Registered office

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### Transfer secretaries

Computershare Investor Services (Pty) Ltd

### Sponsor

Java Capital

### Company secretary

M Ndema

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