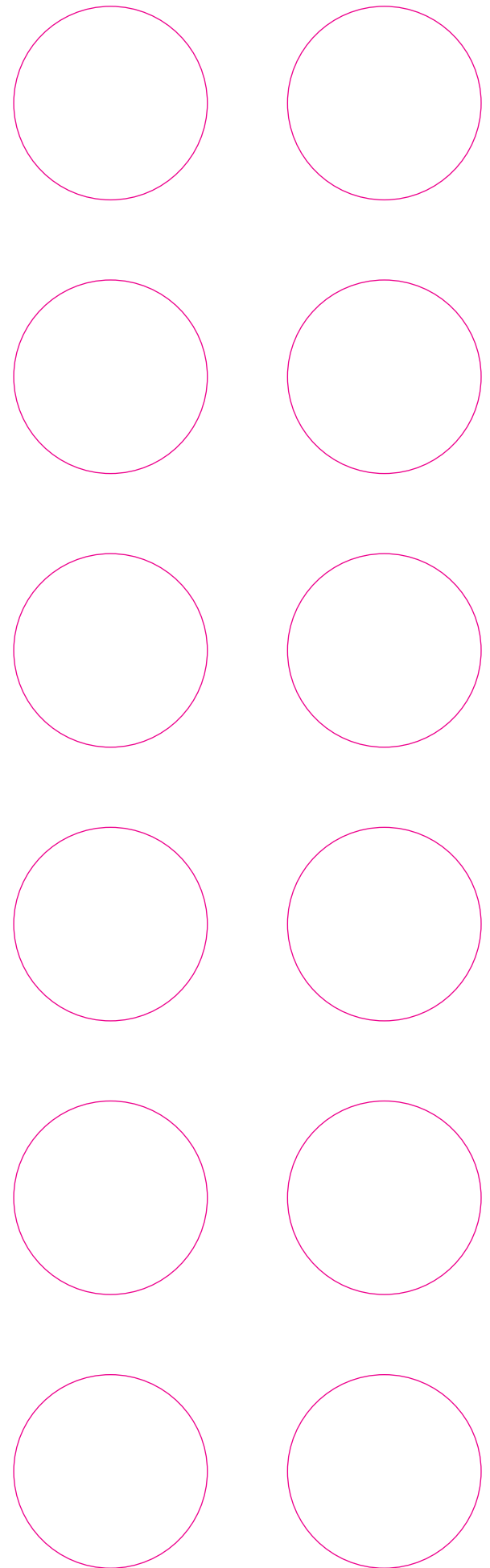
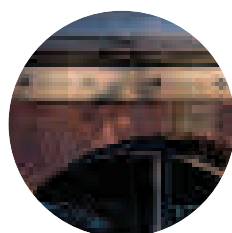




Information and regular updates log onto [www.redefine.co.za](http://www.redefine.co.za)













defining detail



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## Highlights

- Distribution per linked unit increased by 7,56%.
- Net Asset Value grew to R2,77 in 2004 from R2,41 in 2003.
- 94,7% of the property portfolio is leased.
- Acquired four properties for R335 million, increasing the value of the property portfolio to R1,345 billion and the GLA to 453 872m<sup>2</sup>.
- Listed unit portfolio increased by a net R40 million, after net disposals of R136 million, to R1,349 billion.
- Market capitalisation increased by R379 million to R1,329 billion.
- Gearing reduced from 58% to 52%.
- Disposed of 21 non-core properties with capital values below Redefine's investment criteria of R20 million, for R167 million.
- 34 093m<sup>2</sup> of vacant space was leased during the year.
- 54% of leases expire in 2008 and beyond.
- 80% A-grade tenants, by revenue.

## Financial highlights

For the year ended 31 August 2004

	2004 R000	Change %	2003 R000
<b>Non-current assets</b>	<b>2 694 514</b>	10	2 448 578
Property portfolio	1 345 043	18	1 139 256
Listed security portfolio	1 349 471	3	1 309 322
<b>Revenue</b>	<b>420 658</b>	16	362 093
Property portfolio	238 953	21	197 919
Listed security portfolio	181 705	11	164 174
<b>Operating profit</b>	<b>324 247</b>	11	291 187
<b>Distributions to linked unitholders</b>	<b>145 836</b>	26	116 197
<b>Earnings and distributions</b>			
Actual number of linked units in issue (000)	474 405	15	413 016
Weighted number of linked units in issue (000)	455 262	16	392 839
Earnings per linked unit (cents)	74,41	74	42,65
Headline earnings per linked unit (cents)	32,03	8	29,58
Distribution per linked unit (cents)	32,00	8	29,75
<b>General</b>			
Net asset value per linked unit (cents)	276,99	15	240,79
Closing linked unit price (cents)	280,00	22	230,00
Gearing (%)	52%		58%
Linked unit free float liquidity (%)	36%		79%



# Chairman's statement

During the past year the listed property sector experienced unprecedented growth particularly in terms of enhanced liquidity and increased market capitalisation producing excellent overall returns.

A higher level of competition has emerged in the context of acquisition of investment-class property assets, although sellers have realised the benefit of listed securities as a medium through which to dispose successfully of properties for units and cash. This increasing competitiveness within the sector has raised the bar in terms of innovative and exacting asset management which, while remaining focused, requires flexibility in terms of market trends.

Currently, the prices at which listed property securities trade is such that returns are lower than those obtainable from higher yielding direct property. To this end Redefine, a dynamic hybrid fund which has traditionally had an equally weighted balance of listed property securities to direct property, has re-evaluated its investment strategy in favour of direct property.

This swift response to changing market conditions has facilitated the acquisition of higher yielding direct properties by disposal of select listed securities. In the context of the property sector conditions, Redefine's current listed property securities portfolio offers future growth in terms of both income and capital value.

## Asset management

Madison Property Fund Managers (Pty) Limited ("Madison") assumed the role of asset manager of Redefine in November 2003. This provides strong continuity with the individuals who originally introduced Redefine to the market, now co-owners of Madison together with Standard Bank with which Redefine has a long-standing relationship.

## Financial results

Redefine projected increasing its distributions for the year under review from 29 cents to no less than 31 cents per linked unit. This was achieved and exceeded.

## Going forward

The dynamics in the property sector during the past year have borne out Redefine's policy not to be governed by pre-determined quotas in terms of its ratio of listed property securities to direct property ownership. Redefine will continue investing in premium properties with quality tenants and long leases, together with listed property securities which provide growth in income and capital. Redefine is ideally positioned to continue to reap rewards of the current interest rate environment for its unitholders as a result of its restructured investment portfolio.

## Thank you

My sincere thanks to the Redefine management team, especially CEO Brian Azizollahoff and to my co-directors who have been of inestimable support during the past year.

A special thank you to Jeffrey Kron, who has resigned as a non-executive director due to professional commitments, for his sound advice and input during the past four years.

### Wolf Cesman

Chairman

4 October 2004

*Back (left to right): Julie Niemann, Adri Pretorius, Grant Abrahams, Bradley Salters, Inge Hunt, Julie Herholdt.*

*Front (left to right): Brian Azizollahoff (CEO), Wolf Cesman (Chairman), Marc Wainer (Non-executive director).*



# CEO report including review of operations

## In context

During the year under review, the property sector was buoyant and a substantial amount of corporate activity took place. Some consolidation has been experienced in the listed sector, however even more consolidation is required for funds to achieve sufficient bulk that will attract new investment.

The reduction in interest rates have had a very positive effect on the sector with most counters rerating and yields on fixed property declining. In addition there has been some positive growth in distributions from the listed funds. While there have been a number of new listings, most of these have been 'vanilla' with insubstantial portfolios and small market capitalisations.

Fund size has become increasingly important, with the larger funds boasting greater liquidity. Flowing from this, critical mass is a key factor for performance and is constantly reviewed. The growth of Redefine as a fund will continue into the future.

The year under review also provided improved levels of letting activity with rentals having firmed in the upper end of the market and vacancies decreasing across all sectors. Retail continues to be the star performer, although during the final two quarters, demand for industrial space increased pointing to the possibility that this sector represents the next growth area.

## Property portfolio

The property portfolio has grown substantially through acquisition and this has become the more important area of investment for Redefine. Furthermore the portfolio has been refined in terms of Redefine's stated strategy of owning properties with values in excess of R20 million, in prime locations, with predominantly A-grade tenants on long leases which offer good growth prospects. A number of properties with capital values under R20 million and certain underperforming properties were disposed of.

Redefine took transfer of four prime properties for a total consideration of R333 million during the year, including Standard Bank Centre, Cape Town; Hatfield Square, Pretoria; Motown, Durban and 2 Arnold Road, Rosebank. Further acquisitions have been concluded but not yet transferred, including Alexander Forbes Place at 90 Rivonia Road, Sandton and Allcare House at 90 Grayston Drive, Sandton which will add a further R147 million of value to the portfolio.

Where opportunities are presented to develop buildings that are substantially let, Redefine will always consider these developments provided they offer value and meet the requirements of Redefine's strategy. A 50% undivided share of land in Shelley Beach was purchased for R8 million and the intention is to develop a 27 000m<sup>2</sup> retail centre with a co-owner. The centre is 80% pre-let of which national retailers constitute 97% of the let space. The development will cost approximately R194 million and completion is scheduled for October 2005.

In improving its portfolio of directly owned properties, Redefine refurbished Fontainebleau Centre, which is almost fully let with Woolworths as the anchor tenant. In addition expansion of Tencor in Epping, Cape Town was completed.

## Listed securities portfolio

The low interest rate environment has had the effect of increasing the prices of listed property securities. An extensive review of Redefine's listed counters highlighted that several core counters no longer represented acceptable future growth in distributions and capital value. As a result the portfolio was thoroughly re-evaluated which resulted in various disposals amounting to R519 million at cost.

The net cash proceeds of these sales are being deployed to bolster Redefine's property portfolio with quality properties. This is in line with its strategy of weighting the portfolio in favour of physical properties, which offer better value in terms of both yield and growth.

Redefine sold its entire holding in Sycom and Grayprop and approximately 50% of its holding in Growthpoint. By acquiring property assets, Redefine will achieve higher yields with escalations of between 8% to 10% instead of the average 3% to 5% growth from listed investments.

Redefine has also disposed of certain counters in favour of others representing superior value. Redefine exchanged its holding in Capital Property Fund for Resilient units and cash, acquired a substantial holding in Paramount Property Fund and took up its right to purchase the claw-back units which were offered pursuant to A-Prop's restructuring. Redefine's stake in A-Prop has been reduced from 34% to below 10%. Redefine also increased its holding in Spearhead. Purchases of listed securities totalled R383 million.





# CEO report including review of operations

Most noteworthy is that, at 31 August 2003, the value of the listed securities portfolio was R1,309 billion. During the year under review R519 million of listed securities were sold and R383 million were purchased. The value of the portfolio at 31 August 2004 is R1,349 billion, a net gain of R40 million.

## Leasing

During the year under review Redefine secured 149 leases over 59 920m<sup>2</sup> of space representing monthly income of more than R2,2 million. Of these, 108 leases over 34 093m<sup>2</sup> valued at R1,38 million represent new agreements, with the remainder being renewals.

During the second half of the financial year positive leasing trends swayed, specifically in Gauteng, from retail, which proved most popular during the first half of the year under review, to industrial and warehousing space.

Redefine's pro-active leasing and tenant retention has reaped rewards with a decline in vacancies to only 5,3% of its portfolio.

Furthermore, as borne out by the level of renewals, tenant retention was a successful focus during the year with the launch of RedFone, Redefine's tenant retention initiative which ensures that select tenants have a direct and immediate link with Redefine. This initiative leads the field in building and maintaining positive tenant relationships. RedFone is available exclusively to Redefine's network of premium tenants, nationwide, and operates during business hours for feedback relating to operational and maintenance issues, leasing, account and billing queries and general information.

Redefine achieved the longest lease expiry profile of all the listed property companies on the JSE Securities Exchange South Africa in June 2004. In excess of 50% of Redefine's directly owned property portfolio has leases expiring in 2008 and beyond.

## Gearing

At 31 August 2004, Redefine's gearing was R1,41 billion, which equates to 52% of non-current assets, is in line with Redefine's strategy to reduce gearing to 45%. Of the current gearing, approximately 80% is fixed for various periods at an average rate of 12,4%.

## Interest rates

Interest rates have declined during the year under review and the interest rate environment has stabilised. The lower rates have benefited Redefine in respect of the floating portion of its borrowings.

More importantly, the reduction in interest rates has resulted in the rerating of the sector which in turn has had a very positive effect on Redefine's unit price.

## Fitch rating

Redefine continues to be rated by an international rating agency. Its 'A-minus' senior, secured debt rating by international rating agency Fitch Ratings received last year, has been maintained.

This rating, the first to be awarded to a South African-listed property company, is granted based on Redefine's ability to both service debt and repay capital. This long-term credit rating denotes a strong credit risk relative to other issuers or issues in the South African market, affirming Redefine's position as a market leader. Fitch Ratings also notes Redefine's good tenant base and lease maturity profile.

## Going forward

As a hybrid fund, Redefine strives to obtain the right balance of physical property to listed property within its total investment portfolio, which strategy has been achieved.

Redefine will continue to shift its assets in favour of physical property while remaining invested in listed property counters which offer attractive yields and good growth in income. The focus for the direct property portfolio will be further refined through exacting adherence to investment criteria.

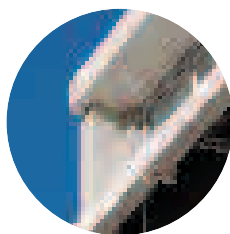
## Appreciation

This has been my first full year at Redefine and has been marked by an exceptional level of support from colleagues, staff and service providers. I would like to thank the entire team at Redefine who rose to the challenge of swiftly refocusing Redefine ahead of the market. Your commitment is commendable. I would also like to thank all who have been associated with Redefine over the past year, specifically our managing agents, the broking community and financiers.

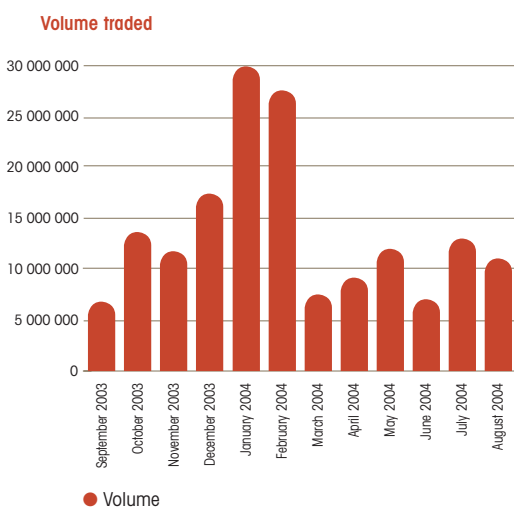
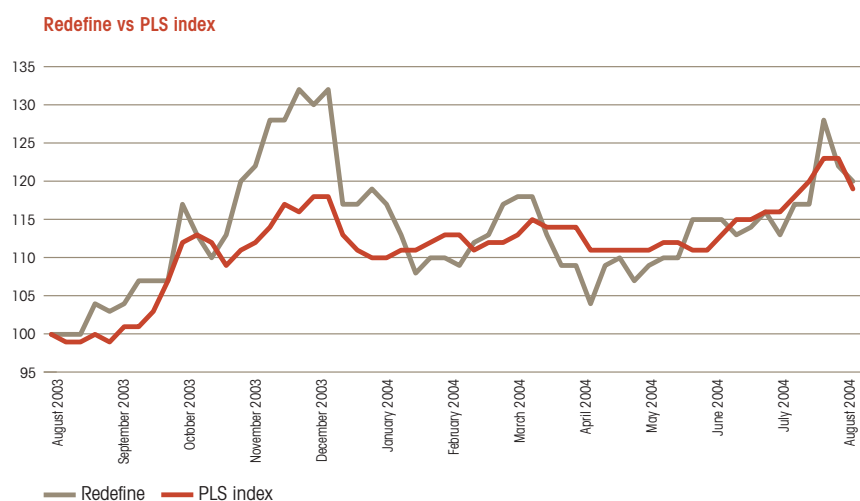
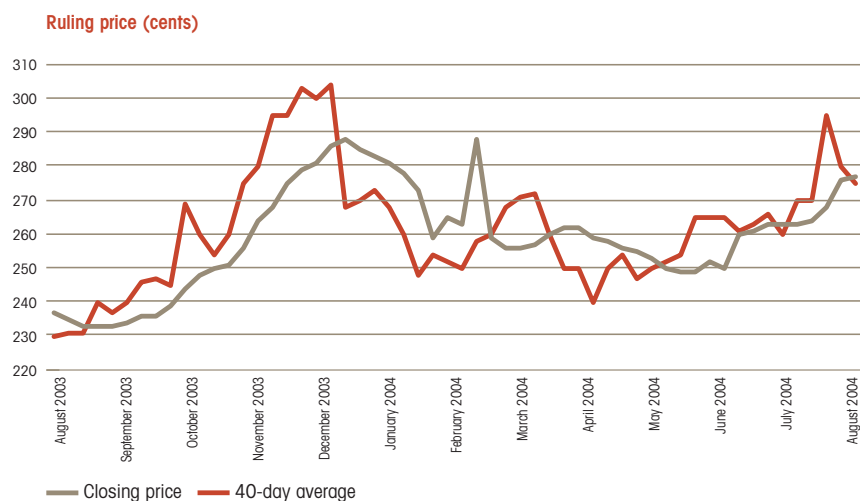
**Brian Azizollahoff**  
*Chief Executive Officer*

4 October 2004





# JSE Securities Exchange South Africa performance



## JSE Securities Exchange South Africa performance

### Market price (cents)

280	– Close 31 August 2004
304	– High for period
230	– Low for period

1 329 174	Closing market capitalisation (R000)
474 705	Closing number of linked units in issue (000)
455 262	Weighted average number of linked units (000)
165 579	Volume of linked units traded (000)
436 974	Total value of transactions (R000)

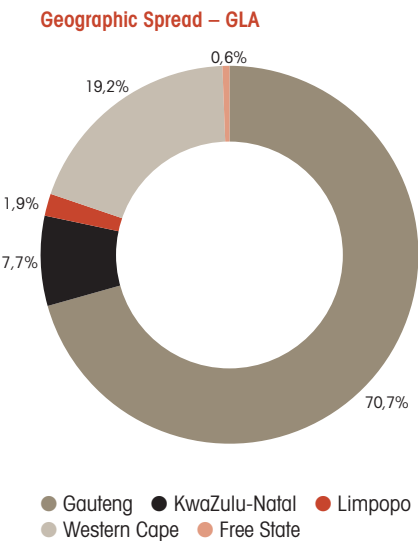
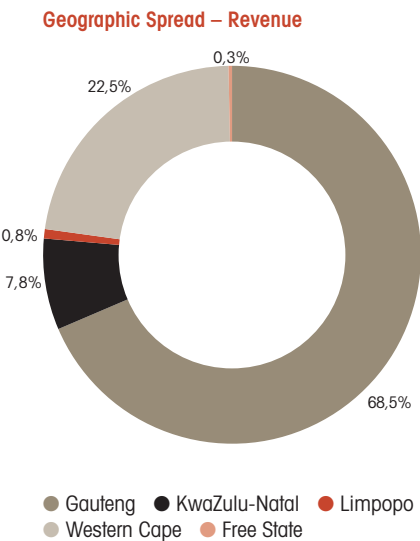
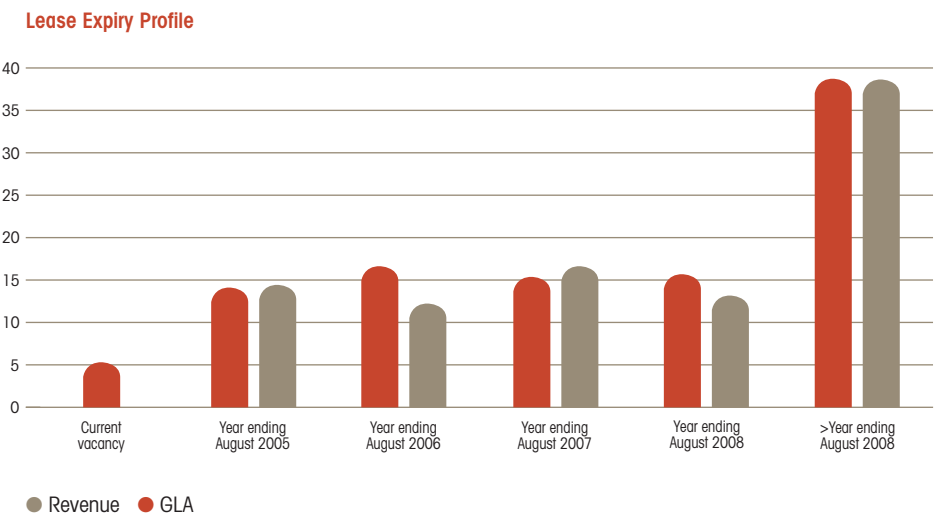
### Volume trade to weighted number of linked units

36,4	Total (%)
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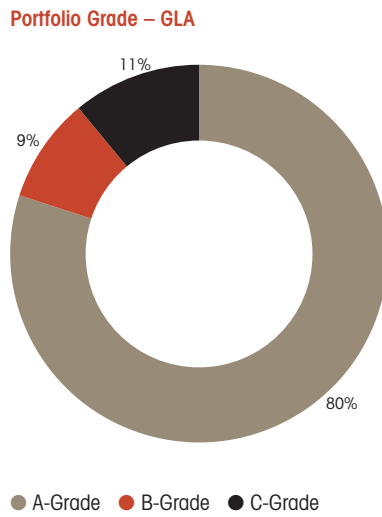
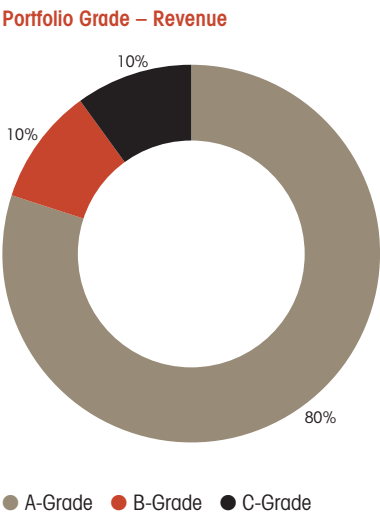
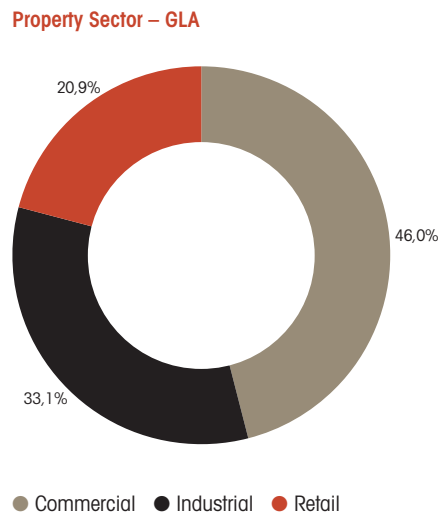
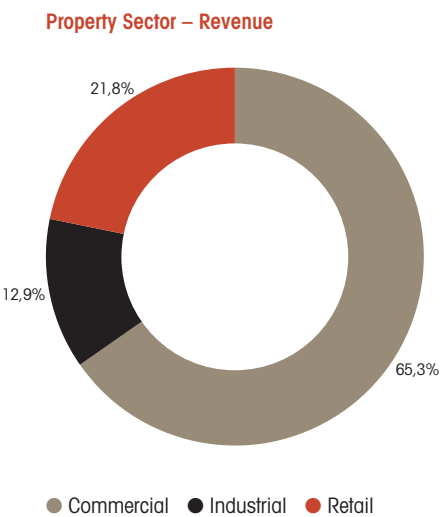




# Property portfolio analysis



# Property portfolio analysis







## Leasing activity

	Square metres	% of GLA
<b>Leases concluded during 2004</b>		
Vacant area at 1 September 2004	27 340	6,7
Leases expiring during 2004	76 196	
Vacancy exposure during 2004	103 536	
Net vacancies acquired during 2004	6 185	
Leases expiring in buildings sold during 2004	(25 708)	
Vacancy exposure after sales and acquisitions	84 013	
Leases renewed during 2004	(25 827)	
New leases concluded during 2004	(34 093)	
Vacant area as at 31 August 2004	24 093	5,3
<b>Leasing progress 2005</b>		
Vacant area as at 1 September 2004	24 093	
Leases expiring during financial year 2005	65 519	
Vacancy exposure as at 1 September 2004	89 612	19,7
Leases since renewed	(4 670)	
Leases to be renewed (80% – 100% probability)	(2 896)	
Leases to be renewed (75% probability)	(3 862)	
New leases signed from 1 September 2004	(10 900)	
New leases (80% – 100% probability)	(7 001)	
Balance of expiries and vacancies to be renewed and let during 2005	60 283	13,6



## Investment portfolio – capital movements

Number of properties	Property portfolio	R000
<b>Acquisitions</b>		
1	Standard Bank Centre, Cape Town	219 224
1	Hatfield Square – Pretoria	53 133
1	Motown Central – Durban	39 705
1	2 Arnold Road – Rosebank	22 608
	Improvements	11 152
		345 822
<b>Disposals</b>		
16	Prima Property Fund Portfolio	107 280
1	Elac House	2 753
1	The Square	7 682
1	Hyde Park Manor	25 070
1	Meadowdale	25 164
1	2 Sherborne Road	2 182
		170 131
Number of units	Listed portfolio	R000
<b>Acquisitions</b>		
2 981 475	Allan Gray Property Trust	8 787
4 127 638	ApexHi Properties – “A”	30 780
6 127 638	ApexHi Properties – “B”	41 658
18 630 782	Arnold Property Fund	9 366
3 638 946	Hyprop Investments	49 578
717 960	Marriott Property Fund	1 612
18 491 260	Paramount	62 239
120 077 778	Prima Property Trust	113 509
7 245 789	Resilient Property Income Fund	50 721
714 286	Spearhead Properties	10 000
475 000	Sycom Property Fund	4 738
		382 988
<b>Disposals</b>		
23 479 001	Allan Gray Property Trust	48 253
6 013 225	ApexHi Properties – “A”	38 427
50 000 000	Arnold Property Fund	76 819
51 417 849	Capital Property Fund	128 094
7 949 873	Growthpoint	37 852
2 000 000	Hyprop Investments	20 193
11 793 983	Marriott Property Fund	20 887
2 086 720	Paramount	7 041
88 927	Prima Property Trust	77
10 638 500	Rand Leases Properties	18 670
22 909 702	Shops for Africa	52 709
9 706 670	Sycom Property Fund	69 616
		518 638



## Management structure and fees

### Asset management

Madison Property Fund Managers (Pty) Limited ("Madison") has assumed the role of asset manager and property manager of Redefine in terms of an agreement that expires in June 2006.

Madison's ownership structure is as follows:

Standard Bank Properties	50%
M Wainer	25%
W Cesman	25%

An annual asset management fee of 0,5% of Redefine's market capitalisation plus debt is paid by Redefine to Madison. An additional incentive fee is payable in the event that Redefine's average annual growth in earnings per linked unit of Redefine exceeds the PLS sector's average annual growth in earnings per unit excluding Redefine, in which event the asset manager will be entitled to 20% of the value of the differential calculated as to the differential multiplied by Redefine's gross distribution for the year.

Madison has sub-contracted the asset management of Redefine's Western Cape property portfolio to Combined Projects (Pty) Limited ("Combined"). Combined's asset management fee is paid by Madison.

	R000
Asset management fee paid to Madison	13 492
Paid by Madison to Combined	1 480

### Property management

A property management fee of 2% of gross cash collected in respect of single tenanted buildings and 5% in respect of multi-tenanted buildings is payable to Madison by Redefine. Madison has sub-contracted the property management function to Broll Property Group ("Broll"), save for the property management of Redefine's Western Cape property portfolio which has been sub-contracted to Combined. In turn, Combined has sub-contracted the property management of the Western Cape property portfolio to Broll.

	R000
Property management fees	11 201
Broll	7 960
Combined	1 272
Madison	1 969

### Operations

Madison employs a dedicated management team responsible for the operations of Redefine. Madison is responsible for all costs associated with the management of Redefine including salaries (except for the CEO's salary), bonuses, office rental, travel and all other expenses.

	R000
CEO's salary – reimbursed to Madison	1 125

### Lease commissions

Redefine engages the services of property brokers and agents to assist in the leasing of vacant space in the property portfolio. Commissions are paid generally in accordance with the guidelines set out by The South African Property Owners Association.

	R000
Lease commissions	3 620
Broll	1 606
Combined	567
JH Isaacs Group	410
Other brokers	1 037

### Property valuations

It is the policy of the Redefine Board for the property portfolio to be valued annually by independent property valuers. Motseng Marriot Property Services (Pty) Limited and Old Mutual Properties (Pty) Limited provided the valuation.

	R000
Valuation fees	360

### Auditors' remuneration and other fees

	R000
Auditors' remuneration	469
Fisher Hoffman PKS – audit fees	282
Fisher Hoffman PKS – other services	5
Grant Thornton – internal audit fees	182
Other fees	185
Computershare Ltd – transfer secretaries	125
Java Capital (Pty) Ltd – Corporate Sponsor	60





# Corporate governance

The Directors of Redefine Income Fund Limited are committed to the principles of openness, honesty, integrity and accountability to all stakeholders. The directors endorse the objective of conducting the affairs of the group in accordance with the highest standards of corporate governance and accept responsibility in achieving the standards. The company complies with the significant principles incorporated in the Code of Corporate Practices and Conduct, as set out in the Second King Report and the JSE Securities Exchange South Africa ("JSE") Listings Requirements. Attention is being given to improving corporate governance throughout the group.

## Board of directors

Redefine Income Fund Limited has a unitary board structure comprising four non-executive directors, a non-executive Chairman and an executive CEO. The board convenes at least quarterly. The Board is responsible to unitholders for the proper management of the group and is involved in all decisions that are material to the group. All directors have access to the advice and services of the company secretary, who acts as an advisor to the board on relevant issues, including compliance with group rules and procedures, statutory regulations and corporate governance issues. Any board member in appropriate circumstances is entitled, at the company's expense, to seek professional advice about the affairs of the group. Details of directors' remuneration are contained on page 34.

## Audit committee

The audit committee comprises three non-executive directors. The audit committee convenes at least three times a year with the internal auditors (Grant Thornton), invited attendees, and the external auditors (Fisher Hoffman PKF (Jhb) Inc.) to review accounting, auditing, financial reporting and internal control matters.

## Management reporting

The group has established comprehensive management reporting disciplines, which include the preparation of monthly management accounts, detailed budgets and two-year forecasts. Monthly results and the financial position and cash flows of operating units are reported against approved budgets and compared to the prior period. Profit and cash flow forecasts are reviewed regularly and working capital levels are monitored on an ongoing basis.

## Internal audit and controls

The group maintains internal controls and systems designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard and maintain accountability for assets. The internal, financial and operating controls are designed to provide assurance regarding:

- the safeguarding of assets against unauthorised disposition or use;
- compliance with statutory laws and regulations; and
- the maintenance of proper accounting records and the adequacy and reliability of financial information.

The Board of Directors acknowledges its ultimate responsibility for the systems of internal, financial and operating controls and the monitoring of their effectiveness.

Grant Thornton has been appointed as internal auditors for the group. Their function is to appraise the group's activities and the appropriateness of the systems of internal control, including those of the group's external property managers and resultant business risks. The internal auditors report directly to the audit committee.

## Dealings in securities

The company has a practice prohibiting dealings in units by directors' officers and staff for a designated period (as prescribed by the JSE Listings Requirements) preceding the announcement of its annual and interim financial results or any other period considered sensitive. Dealings in units by directors are monitored strictly in accordance with the JSE Listings Requirements.

## Stakeholder communication

The company subscribes to the principle of timeous and relevant communication to all relevant parties, including unitholders and employees.

## Equal opportunities

Redefine Income Fund Limited is committed to the principle of equal opportunity employment within the group.

## Code of conduct

Directors and employees are required to maintain the highest ethical standards to ensure that business practices are conducted in a manner that is beyond reproach.



## Corporate governance

### Directors attendance at board meetings:

	25/09/03	06/11/03	13/01/04	30/03/04	29/06/04
B Azizollahoff	✓	✓	✓	✓	✓
W Cesman	✓	✓	✓	✓	✓
E Ellerine	✓	✓	✓	apol	✓
J Kron	✓	✓	✓	✓	✓
S Shaw-Taylor (appointed 04/12/03)	n/a	n/a	✓	✓	✓
D Solomon (resigned 21/11/03)	✓	✓	n/a	n/a	n/a
J Solomon (resigned 21/11/03)	✓	✓	n/a	n/a	n/a
M Wainer	✓	✓	✓	✓	✓

### Member attendance at audit committee meetings:

	25/09/03	13/01/04	30/03/04
W Cesman	✓	✓	✓
J Kron	✓	✓	✓
J Solomon (resigned 21/11/03)	✓	n/a	n/a
S Shaw-Taylor (appointed 14/01/04)	n/a	n/a	✓



# Report of the independent auditors

## To the members of Redefine Income Fund Limited

We have audited the annual financial statements and group annual financial statements of Redefine Income Fund Limited set out on pages 20 to 39 for the financial year ended 31 August 2004. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

## Scope

We conducted our audit in accordance with Statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

## Audit opinion

In our opinion, the financial statements fairly present, in all material respects, the financial position of the company and the group at 31 August 2004 and the results of their operations and cash flows for the financial year then ended in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Companies Act in South Africa.

## Fisher Hoffman PKF (Jhb) Inc.

Registration number 1994/001166/21

*Chartered Accountants (SA)*

*Registered Accountants and Auditors*

Johannesburg

4 October 2004



## Directors' responsibility and approval

### Statement of responsibility by the board of directors

The directors are responsible for the preparation, integrity and fair presentation of the financial statements and other financial information included in this report.

The financial statements, presented on pages 20 to 39, have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice, and include amounts based on judgements and estimates made by management.

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the company or the group will not be going concerns in the foreseeable future, based on forecasts and available cash resources. The financial statements support the viability of the company and the group.

The financial statements have been audited by the independent accounting firm, Fisher Hoffman PKF (Jhb) Inc., which was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during the audit were valid and appropriate. Fisher Hoffman PKF (Jhb) Inc.'s audit report is presented on page 18.

### Approval of annual financial statements

The annual financial statements as set out on pages 20 to 39 for the year ended 31 August 2004 were approved by the board of directors on 4 October 2004 and are signed on its behalf by:

**Wolf Cesman**  
*Chairman*

**Brian Azizollahoff**  
*Chief Executive Officer*

## Declaration by the company secretary

We declare that to the best of our knowledge, the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Companies Act, 1973 (as amended) and that all such returns are true, correct and up to date.

**Probit Business Services (Pty) Limited**  
*Company Secretary*

4 October 2004



# Report of the directors

*For the year ended 31 August 2004*

## To the members of Redefine Income Fund Limited

As directors of the fund, we take pleasure in submitting our report for the year ended 31 August 2004.

### Corporate overview

Redefine Income Fund Limited is a listed property loan stock company which derives revenue from its subsidiaries. The subsidiaries are property investment companies that derive rental revenue from investments in commercial, industrial and retail properties and distributions from listed security investments.

### Review of activities

The group's trading performance for the year is fully set out in the annual financial statements.

### Interest distributions

The following quarterly income distributions per linked unit were declared for the current financial year:

- distribution number 15 of 7,5 cents in respect of the first quarter ended 30 November 2003, paid on 16 February 2004;
- distribution number 16 of 8,0 cents in respect of the second quarter ended 29 February 2004, paid on 3 May 2004;
- distribution number 17 of 8,25 cents in respect of the third quarter ended 31 May 2004, paid on 26 July 2004;
- distribution number 18 of 8,25 cents in respect of the fourth quarter ended 31 August 2004, payable to linked unit holders on 1 November 2004.

### Capital structure

The company's authorised linked unit capital consists of 1 billion ordinary shares of 0,1 cent each linked to a debenture of 180 cents. Linked units comprise one ordinary share and one debenture and may only be traded on the JSE Securities Exchange South Africa. There were no changes to the authorised number of linked units.

The following movements in the issued linked unit capital took place during the financial year:

	Number of linked units 000	Shares R000	Linked debentures R000	Share premium R000
Linked units in issue at 31 August 2003	413 016	413	743 431	139 634
Acquisition of properties	61 689	62	111 039	44 599
Share issue expenses written-off	–	–	–	(542)
Linked units in issue at 31 August 2004	474 705	475	854 470	183 691

### Special resolution

A special resolution providing general authority for the company to effect share buy-backs was registered on 9 December 2003.

### Property portfolio

During the financial year the group acquired four properties for an aggregate purchase consideration of R334,7 million and disposed of 21 properties with an aggregate cost of R170,1 million.

### Listed security portfolio

The group acquired a further R383,0 million worth of listed securities, including a first time investments into Resilient Property Income Fund Limited. Listed securities disposed of amounted to R518,6 million at cost. The investment in Shops for Africa Limited was converted to ApexHi Properties Limited A and B units as a result of corporate activity between these companies.





# Report of the directors

The movement in both the property portfolio and listed security portfolio during the financial year is set out in notes 2 and 3 to the financial statements. A list of investment properties is set out on pages 42 to 44 and a list of investments in listed securities is set out on page 41.

## Post-balance sheet events

The directors concluded agreements to acquire 90 Rivonia Road and 90 Grayston Drive for aggregate purchase considerations of R113,0 million and R34,5 million, respectively. Agreements have been entered into for the sale of 12 Rivonia Road, Bromgood Studios, Parking on Pepper, Rodene Studios, Saambou Blackheath and The Chambers, for a total consideration of R50,3 million. Transfer of these properties is expected by end of October 2004.

The company has disposed of 3.905 million ApexHi Properties Limited A units for an aggregate consideration of R33.3 million.

## Borrowing powers

The directors are authorised to borrow funds without limit, subject to loan covenant restrictions in place with the company's bankers.

## Subsidiaries

The company's interest in subsidiaries is set out on page 38.

## Management contract and administration

The group's asset and property management functions are contracted out to Madison Property Fund Managers (Proprietary) Limited on market-related terms. The Chief Executive Officer of Redefine Income Fund Limited is employed and remunerated by Madison Property Fund Managers (Proprietary) Limited. The remuneration, excluding bonus, is recovered from Redefine. In turn, the day-to-day management of the property portfolio has been outsourced to Broll Property Group (Proprietary) Limited, an independent property management company.

## Directorate

The directors of the company are:

- |  |                                  |
|--|----------------------------------|
| • B Azizollahoff (British) (Chief Executive Officer) * | • S Shaw-Taylor †                |
| <i>Appointed 22 April 2003</i>                         | <i>Appointed 4 December 2003</i> |
| • W Cesman (Chairman) †                                | • D Solomon †                    |
| <i>Appointed 1 November 1999</i>                       | <i>Resigned 21 November 2003</i> |
| • E Ellerin †  | • J Solomon †                    |
| <i>Appointed 1 November 1999</i>                       | <i>Resigned 21 November 2003</i> |
| • J Kron †   | • M Wainer †                     |
| <i>Resigned 4 October 2004</i>                         | <i>Appointed 1 November 1999</i> |

\* Executive

† Non-executive



# Report of the directors

## Directors' shareholding

The interest of the directors in the linked units of the company as at 31 August 2004 were as follows:

	Beneficial direct	Beneficial indirect	Non-beneficial indirect	Percentage of linked units in issue
W Cesman	135 706	–	–	0,0%
E Ellerine	–	–	1 775 733	0,4%
S Shaw Taylor				
– linked units	21 000	–	–	0,0%
– warrants	9 000	–	–	0,0%
M Wainer	–	135 706	75 400	0,0%
	165 706	135 706	1 851 133	0,4%

There have been no material changes in the directors' holdings since the financial year-end.

## Directors' interest in contracts

W Cesman and M Wainer are directors and shareholders of the group's asset managers, Madison Property Fund Managers (Proprietary) Limited. Full details of fees paid to Madison Property Fund Managers (Proprietary) Limited are disclosed in note 25 of the financial statements.

There were no other material contracts involving directors' interest during the year.

## Auditors

The auditors of the company, Fisher Hoffman PKF (Jhb) Inc., will continue in office in accordance with section 270(2) of the Companies Act, 1973 (as amended).

## Secretary

Probity Business Services (Proprietary) Limited.

Business address: Suite 204, 2nd Floor, 20 Baker Street, Rosebank.

Postal address: PO Box 85392, Emmarentia, 2029.



# Balance sheets

At 31 August 2004

		Group		Company	
	Notes	2004 R000	2003 R000	2004 R000	2003 R000
<b>ASSETS</b>					
<b>Non-current assets</b>		<b>2 694 514</b>	2 448 578	<b>1 054 488</b>	898 438
Property portfolio	2	1 345 043	1 139 256	–	–
Listed security portfolio	3	1 349 471	1 309 322	–	–
Investment in subsidiary	4	–	–	1 054 488	898 438
<b>Current assets</b>		<b>196 936</b>	76 729	<b>39 442</b>	27 464
Trading securities	5	492	5 392	–	–
Trade and other receivables	6	54 429	71 313	39 442	27 464
Debtors for property and listed security sales		74 041	–	–	–
Cash and cash equivalents		67 974	24	–	–
<b>Total assets</b>		<b>2 891 450</b>	2 525 307	<b>1 093 930</b>	925 902
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>		<b>1 314 901</b>	994 503	<b>1 053 562</b>	898 403
Linked unit capital	7	1 038 636	883 478	1 053 562	898 403
Non-distributable reserve	8	390 604	146 493	–	–
Deferred interest rate hedging loss		(63 164)	(35 468)	–	–
<b>Non-current liabilities</b>		<b>1 508 084</b>	1 468 072	–	–
Interest-bearing liabilities	10	1 410 477	1 432 604	–	–
Interest rate swaps	11	63 164	35 468	–	–
Deferred taxation	12	34 443	–	–	–
<b>Current liabilities</b>		<b>68 465</b>	62 732	<b>40 368</b>	27 499
Interest-bearing liabilities		5 587	17 086	–	–
Trade and other payables		23 959	15 754	965	772
Bank overdraft	13	–	3 165	–	–
Unitholders for distribution		38 919	26 727	39 403	26 727
<b>Total equity and liabilities</b>		<b>2 891 450</b>	2 525 307	<b>1 093 930</b>	925 902



# Income statements

For the year ended 31 August 2004

		Group		Company	
	Notes	2004 R000	2003 R000	2004 R000	2003 R000
<b>Revenue</b>					
Property portfolio	1.1	238 953	197 919	–	–
Listed security portfolio	1.2	181 705	164 174	–	–
Investment income	14	–	–	149 080	114 840
		420 658	362 093	149 080	114 840
Operating costs – Property portfolio		78 342	52 691	–	–
Administration costs		18 069	17 415	1 367	965
<b>Operating profit</b>	15	324 247	291 987	147 713	113 875
Capital gain on non-current assets	16	192 936	51 340	–	–
<b>Profit from operations</b>		517 183	343 327	147 713	113 875
Interest received		3 572	6 657	–	3 046
<b>Profit before finance charges</b>		520 755	349 984	147 713	116 921
Finance charges	17	181 983	182 447	–	–
<b>Profit before taxation</b>		338 772	167 537	147 713	116 921
Taxation	18	–	–	–	–
<b>Profit attributable to linked unitholders</b>		338 772	167 537	147 713	116 921
Actual number of linked units in issue (000)		474 705	413 016	480 572	418 883
Weighted number of linked units in issue (000)		455 262	392 839	461 129	395 695
<b>Earnings per linked unit (cents)</b>	19	74,41	42,65	32,03	29,55
<b>Headline earnings per linked unit (cents)</b>	19	32,03	29,58	32,03	29,55
<b>Distribution per linked unit (cents)</b>		32,00	29,75	32,00	29,75
• Distribution first quarter		7,50	8,50	7,50	8,50
• Distribution second quarter		8,00	8,50	8,00	8,50
• Distribution third quarter		8,25	6,25	8,25	6,25
• Distribution fourth quarter		8,25	6,50	8,25	6,50



# Statements of changes in equity

For the year ended 31 August 2004

	Group		Company	
	2004 R000	2003 R000	2004 R000	2003 R000
<i>Note</i>				
<b>Share capital</b>				
Balance at beginning of period	413	321	419	322
Treasury scrip	–	(5)	–	–
Acquisition of properties	62	28	62	28
Acquisition of listed security portfolios	–	14	–	14
Issue for cash	–	55	–	55
Balance at end of period	475	413	481	419
<b>Share premium</b>				
Balance at beginning of period	139 634	80 269	143 995	80 886
Treasury scrip	–	(3 744)	–	–
Acquisition of properties	44 599	20 639	44 599	20 639
Acquisition of listed security portfolios	–	5 421	–	5 421
Issue for cash	–	38 227	–	38 227
Issue expenses written-off	(542)	(1 178)	(541)	(1 178)
Balance at end of period	183 691	139 634	188 053	143 995
<b>Debentures</b>				
Balance at beginning of period	743 431	577 923	753 989	579 669
Treasury scrip	–	(8 812)	–	–
Acquisition of properties	111 039	50 876	111 038	50 876
Acquisition of listed security portfolios	–	25 005	–	25 005
Issue for cash	–	98 439	–	98 439
Balance at end of period	854 470	743 431	865 027	753 989
<b>Non-distributable reserve</b>				
Balance at beginning of period	146 493	95 153	–	–
Transfer from retained earnings	192 936	51 340	–	–
Balance at end of period	339 429	146 493	–	–
<b>Deferred interest rate hedging loss</b>				
Balance at beginning of period	(35 468)	7 791	–	–
• As previously stated	(35 468)	–	–	–
• Deferred interest rate hedging gain	–	7 791	–	–
Revaluation of interest rate swaps	(27 696)	(43 259)	–	–
Balance at end of period	(63 164)	(35 468)	–	–
<b>Retained earnings</b>				
Balance at beginning of period	–	–	–	–
Profit attributable to linked unit holders	338 772	167 537	147 713	116 921
Distribution to linked unitholders	(145 836)	(116 197)	(147 713)	116 921
Transfer to non-distributable reserve	(192 936)	(51 340)	–	–
<b>Balance at end of period</b>	–	–	–	–

9



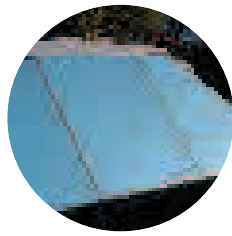


# Cash flow statements

For the year ended 31 August 2004

		Group		Company	
	Notes	2004 R000	2003 R000	2004 R000	2003 R000
<b>Cash effects from operating activities</b>		<b>43 315</b>	<b>(15 085)</b>	<b>865</b>	<b>35</b>
Cash receipts from tenants and investments		442 442	343 579	137 103	117 901
Cash paid to suppliers		(87 072)	(63 679)	(1 201)	(993)
Cash generated from operations	20	355 370	279 900	135 902	116 908
Interest received		3 572	6 657	–	3 046
Finance charges		(181 983)	(182 447)	–	–
Distributions paid	21	(133 644)	(119 195)	(1135 037)	(119 919)
<b>Cash effects of investing activities</b>		<b>(93 732)</b>	<b>(503 242)</b>	<b>(156 023)</b>	<b>(237 561)</b>
Acquisition of properties		(347 974)	(407 993)	–	–
Acquisition of listed securities		(382 988)	(277 674)	–	–
Purchase of non-current assets		(730 962)	(685 667)	–	–
Proceeds on disposal of properties		166 740	4 057	–	–
Proceeds on disposal of listed securities		470 490	178 368	–	–
Loans advanced to subsidiaries		–	–	(156 023)	(237 561)
<b>Cash effects from financing activities</b>		<b>121 532</b>	<b>548 214</b>	<b>155 158</b>	<b>237 526</b>
Linked units issued		155 158	224 965	155 158	237 526
Long-term borrowings (repaid) raised		(22 127)	332 403	–	–
Short-term borrowings repaid		(11 499)	(9 154)	–	–
<b>Net movement in cash and cash equivalents</b>		<b>71 115</b>	<b>29 887</b>	<b>–</b>	<b>–</b>
Opening cash and cash equivalents		(3 141)	(33 028)	–	–
<b>Closing cash and cash equivalents</b>		<b>67 974</b>	<b>(3 141)</b>	<b>–</b>	<b>–</b>





# Notes to the annual financial statements

*For the year ended 31 August 2004*

## 1. Accounting policies

The financial statements are prepared on the historical cost basis, except for investment properties, listed securities and interest rate swaps which are carried at fair value, and incorporate the principal accounting policies set out below, which conform with South African Statements of Generally Accepted Accounting Practice.

The accounting policies are consistent with those applied in the prior year.

### 1.1 Fixed property revenue

Fixed property revenue comprises gross rent and operating expense recoveries from the letting of property and is recognised in accordance with the payment terms stipulated in the relevant lease agreements.

### 1.2 Listed security revenue

Distributions from listed securities are recognised when the right to receive income has been established and accounted for on a time : apportionment basis aimed at reflecting revenue relative to the effective holding period.

### 1.3 Investment properties

Fixed properties are held as investment properties and are stated at fair value. Fair values are determined on an open market basis by independent valuers on an annual basis. Property values are adjusted to fair value on an annual basis. Surplus' and deficits are transferred to or from a non-distributable revaluation reserve.

Profits arising from the disposal of fixed properties are transferred to the non-distributable reserve. Losses arising from the disposal of fixed properties are charged against the non-distributable reserve to the extent possible and the balance thereafter against distributable reserves.

### 1.4 Investment in listed securities

Listed securities are restated to fair value annually. Fair values are based on market values as represented by the average quoted price of the listed security over a 21-day period bridging the financial year-end, allowing for market depth and liquidity, premium for control and transaction costs. The net surplus or deficit on revaluation is transferred to or from a non-distributable reserve.

Profits arising from the disposal of listed securities are

transferred to a non-distributable reserve. Losses arising from the disposal of listed securities are charged against the non-distributable reserve to the extent possible and thereafter against distributable reserves.

### 1.5 Basis of consolidation

The financial statements incorporate those of the company and its subsidiaries. All material inter-company transactions and balances have been eliminated.

### 1.6 Tenant installations and lease commissions

Material tenant installations and lease commissions are capitalised and amortised over the period of the lease. The deferred portion is included in trade and other receivables.

### 1.7 Deferred taxation

Deferred taxation is provided for on the comprehensive basis. Deferred tax assets are raised only to the extent that their recovery is probable.

### 1.8 Financial instruments

Financial instruments carried on the balance sheet include cash and cash equivalents, receivables, trade and other payables, equity, borrowings and interest rate swaps. Subsequent to initial recognition, which is at cost, these instruments are measured as follows:

- cash and cash equivalents are measured at fair value;
- receivables are stated at cost less provision for doubtful debts;
- trade and other payables are stated at nominal value;
- equity instruments are recorded at the proceeds received less direct issue costs;
- debenture liabilities are considered to be held to maturity;
- financial instruments are reflected at amortised cost;
- borrowings are stated at nominal value; and
- interest rate swap contracts are utilised in managing interest rate risk. These contracts are valued at their fair value as determined with reference to the interest rate yield curve applicable at date of valuation. Payments and receipts under these contracts are recognised in the income statement on a basis consistent with the corresponding fluctuations in the interest payments on floating rate liabilities.



# Notes to the annual financial statements

For the year ended 31 August 2004

	Group		Company	
	2004 R000	2003 R000	2004 R000	2003 R000
<b>2. Property portfolio</b>				
Balance at beginning of year	1 136 410	805 100	–	–
Additions	345 822	406 928	–	–
Disposals	(170 131)	(6 845)	–	–
Revaluation	29 078	(68 773)	–	–
	<b>1 341 179</b>	<b>1 136 410</b>	<b>–</b>	<b>–</b>
Improvements capitalised	3 864	2 846	–	–
• Improvements	6 366	4 214	–	–
• Accumulated amortisation	(2 502)	(1 368)	–	–
	<b>1 345 043</b>	<b>1 139 256</b>	<b>–</b>	<b>–</b>
<p>The valuations were performed by Old Mutual Properties (Pty) Ltd and Motseng Marriott Property Services (Pty) Ltd registered valuers in terms of Section 19 of the Property Valuers Profession Act (Act No. 47 of 2000).</p> <p>The valuation basis applied is open market value utilising the investment method of valuation, where future cash flow is discounted using an appropriate rate.</p> <p>A schedule of investment properties is set out on pages 42 to 44. A register of investment properties is available for inspection at the registered office of the company.</p> <p>The properties are encumbered as set out in note 10.</p>				
<b>3. Listed security portfolio</b>				
Balance at beginning of year	1 309 322	1 086 613	–	–
Additions	382 988	277 674	–	–
Disposals	(518 638)	(148 694)	–	–
Revaluation	175 799	93 729	–	–
	<b>1 349 471</b>	<b>1 309 322</b>	<b>–</b>	<b>–</b>
<p>A schedule of listed securities is set out on page 41.</p> <p>The listed securities are encumbered as set out in note 10.</p>				
<b>4. Investment in subsidiary</b>				
Shares at cost	–	–	–*	–*
Loan to subsidiary	–	–	1 054 488	898 438
	–	–	<b>1 054 488</b>	<b>898 438</b>
<p>A schedule of subsidiaries is set out on page 38.</p> <p>* Below R1 000</p>				
<b>5. Trading securities</b>				
Bonatla – 9 679 595 units (2003: Nil units)	5 392	–	39 442	27 464
– units purchased – Nil (2003: 15 167 473)	–	6 084	–	–
– units sold 105 000 (2003: 5 387 378)	(41)	(2 161)	–	–
– return of capital	(3 919)	–	–	–
– revaluation	(940)	1 469	–	–
	<b>492</b>	<b>5 392</b>	<b>39 442</b>	<b>27 464</b>



# Notes to the annual financial statements

For the year ended 31 August 2004

	Group		Company	
	2004 R000	2003 R000	2004 R000	2003 R000
<b>6. Trade and other receivables</b>				
Tenant and trade debtors	9 896	6 339	39 442	27 464
Unamortised tenant installations and lease commissions	15 639	13 308	–	–
Listed security distributions receivable	20 140	45 262	–	–
Deposits and prepayments	8 754	6 404	–	–
	<b>54 429</b>	<b>71 313</b>	<b>39 442</b>	<b>27 464</b>
<b>7. Linked unit capital</b>				
<b>7.1 Share capital</b>				
<b>7.1.1 Authorised</b>				
1 000 000 000 ordinary shares of 0,1 cent	1 000	1 000	1 000	1 000
<b>7.1.2 Issued</b>				
480 571 597 (2003: 418 882 976) ordinary shares of 0,1 cent	481	419	481	419
Less: Treasury scrip (5 866 500 (2003: 5 866 500) ordinary shares)	(6)	(6)	–	–
The unissued shares are under the control of the directors. This authority remains in force until the next annual general meeting.				
The issue of each share is irrevocably linked to one debenture, together comprising one linked unit.				
<b>7.2 Debenture capital</b>				
<b>7.2.1 Issued</b>				
480 571 597 (2003: 418 882 976) debentures of 180 cents	865 029	753 989	865 029	753 989
Less: Treasury scrip (5 866 500 (2003: 5 866 500) debentures)	(10 559)	(10 558)	–	–
Debentures bear interest at a variable rate equating to the headline earnings after taxation and dividends paid.				
The debentures are unsecured and are subordinated in favour of the company's other creditors.				
The debentures are redeemable 25 years from date of allotment, subject to one year's notice, if so elected by debenture holders by way of a special resolution.				
<b>7.3 Share premium</b>				
Premium arising on the issue of linked units	196 001	151 402	196 001	151 402
Issue and preliminary expenses written-off	(7 949)	(7 407)	(7 949)	(7 407)
Treasury scrip	(4 365)	(4 365)	–	–
Gain on disposal of treasury scrip	4	4	–	–
	<b>1 038 636</b>	<b>883 478</b>	<b>1 053 562</b>	<b>898 403</b>





# Notes to the annual financial statements

For the year ended 31 August 2004

	Group		Company	
	2004 R000	2003 R000	2004 R000	2003 R000
<b>8. Non-distributable reserve</b>				
Loss on disposal of properties	(12 118)	(8 727)	–	–
Loss on revaluation of properties	(30 695)	(59 773)	–	–
Gain on disposal of listed securities	99 182	73 289	–	–
Gain on revaluation of listed securities	317 503	141 704	–	–
Capital gains taxation	(34 443)	–	–	–
	<b>339 429</b>	<b>146 493</b>	<b>–</b>	<b>–</b>
<b>9. Change in accounting policy</b>				
<p>The group has adopted AC133 Financial Instruments: Recognition and measurement in the 2003 financial year. This resulted in the recognition of the fair value of interest rate swaps on balance sheet and the corresponding deferred interest rate hedging gain or loss reported directly in equity as the interest rate swaps are treated as cash flow hedges in terms of AC133. Cash flows under interest swap agreements are included in finance charges as and when they are incurred.</p> <p>The financial effect are as follows:</p>				
Earnings	–	–	–	–
Headline earnings	–	–	–	–
Increase in opening capital and reserves	–	7 791	–	–
Decrease in closing capital and reserves	–	(35 468)	–	–
<b>10. Interest bearing liabilities</b>				
<b>10.1 ABSA Trust</b>				
Total liability	<b>68 359</b>	<b>70 260</b>	<b>–</b>	<b>–</b>
Short-term portion	–	–	–	–
Long term portion	<b>68 359</b>	<b>70 260</b>	<b>–</b>	<b>–</b>
<p>Secured by first mortgage bonds over fixed properties with a carrying value of R88m. The loan period is 5 years terminating on 1 March 2008. Interest accrues at prime less 1%, only interest is payable and capital is repayable on the termination date.</p>				



# Notes to the annual financial statements

For the year ended 31 August 2004

	Group		Company	
	2004 R000	2003 R000	2004 R000	2003 R000
<b>10. Interest bearing liabilities</b> (continued)				
<b>10.2 Nedbank Corporate (a division of Nedbank Limited)</b>				
Total liability	466 791	530 357	–	–
Short-term portion	(111)	(6 248)	–	–
Long-term portion	466 680	524 109	–	–
Secured by first mortgage bonds over fixed properties with a carrying value of R408m and pledge of listed securities with a carrying value of R501m. The loan period is 10 years terminating on 27 January 2013. Interest accrues at rates linked to the ruling BA rate or at prime less 1,65% and is payable in arrears. Only interest is payable for the first five years to 27 January 2008, thereafter capital and interest.				
<b>10.3 Standard Bank Properties (a division of The Standard Bank of South Africa Limited)</b>				
Total liability	804 285	674 486	–	–
Short-term portion	–	(6 654)	–	–
Long-term portion	804 285	667 832	–	–
Secured by first mortgage bonds over fixed properties with a carrying value of R793m and pledge of listed securities with a carrying value of R848m. The loan period is 10 years terminating on 31 August 2012. Interest accrues at rates linked to the ruling NACM rate, JIBAR rate or at prime less 1% and is payable in arrears. Only interest is payable for the first four years to 31 August 2006, thereafter capital and interest.				
<b>10.4 Direct vendor liabilities</b>				
Total liability	76 629	174 587	–	–
Short-term portion	(5 476)	(4 184)	–	–
Long-term portion	71 153	170 403	–	–
These liabilities are to be settled out of approved facilities with Nedbank Corporate and the issue of 9 148 546 Redefine Income Fund Limited linked units on transfer and registration of the properties.				
The group has entered into various interest swap agreements with The Standard Bank of South Africa Limited to hedge against interest rate risks, refer note 11 for details.				
	1 410 477	1 432 604	–	–



# Notes to the annual financial statements

For the year ended 31 August 2004

	2004 R000	2003 R000	2004 R000	2003 R000
<b>11. Interest rate swaps</b>				
Nominal amount and termination date      Fixed rate				
• R150 000 000 terminating on 3 November 2003    11,03%	–	138	–	–
• R150 000 000 terminating on 2 February 2004    11,08%	–	1 080	–	–
• R150 000 000 terminating on 3 May 2004        11,14%	–	2 150	–	–
• R232 000 000 terminating on 13 December 2007    10,84%	17 104	11 640	–	–
• R175 000 000 terminating on 20 December 2009    10,89%	14 567	9 700	–	–
• R175 000 000 terminating on 13 January 2010    10,57%	11 740	6 960	–	–
• R200 000 000 terminating on 31 August 2007    11,29%	18 121	12 220	–	–
• R130 000 000 terminating on 30 September 2010    9,32%	944	(2 890)	–	–
• R150 000 000 terminating on 3 November 2010    9,28%	470	(3 710)	–	–
• R68 000 000 terminating on 16 December 2010    9,25%	218	(1 820)	–	–
Fair value of contracted rate swap agreements	63 164	35 468	–	–
The interest rate swaps hedge the group against fluctuations in short-term interest rates and swap out exposure to the three-month BA, NACM and JIBAR rates on long term liabilities, as detailed in note 10, for a fixed interest rate for a period of time. The interest rate swaps reset on a quarterly basis with net receipts or payments made in arrears. The rates reflected are clean rates before banks' reserving costs and margin.				
<b>12. Deferred taxation</b>				
Capital gains tax on revaluation of property and listed security investments	34 443	–	–	–
<b>13. Bank overdraft</b>				
The Standard Bank of South Africa Limited	–	3 165	–	–
The group has a R40-million overdraft facility secured on the same terms as the loan in note 10.3 above.				
<b>14. Investment income</b>				
Interest received from subsidiaries	–	–	149 080	114 840



# Notes to the annual financial statements

For the year ended 31 August 2004

	Group		Company	
	2004 R000	2003 R000	2004 R000	2003 R000
<b>15. Operating profit</b>				
Operating profit includes				
Expenses:				
Amortisation of capitalised lease costs	4 297	2 372	–	–
Auditor's remuneration	287	336	–	–
• External auditor – current year audit	282	276	–	–
• External auditor – report on forecast and taxations services	5	60	–	–
Internal auditor	182	140	–	–
Asset management fees (Madison Property Fund Managers)	13 492	11 511	–	–
Fee in respect of CEO's salary (Madison Property Fund Managers)	1 125	1 190	–	–
Property management fees	11 201	8 840	–	–
• Madison Property Fund Managers	1 969	2 082	–	–
• Independent property managers	7 960	6 249	–	–
• Combined Projects (Pty) Limited	1 272	509	–	–
Valuation fees paid to third parties	360	300	–	–
Directors remuneration				
• For services as directors	231	210	231	210
B Azizollahoff (Paid to Madison Property Fund Managers)	30	12	30	12
W Cesman (Paid to Madison Property Fund Managers)	30	30	30	30
E Ellerine	30	30	30	30
J Kron (Paid to Deneys Reitz Inc.)	75	30	75	30
P Penhall (Paid to Corpcapital Limited)	–	18	–	18
S Shaw-Taylor (Paid to The Standard Bank of SA)	22	–	22	30
D Solomon (Paid to Combined Projects (Pty) Limited)	7	30	7	30
J Solomon (Paid to Combined Projects (Pty) Limited)	7	30	7	30
M Wainer (Paid to Madison Property Fund Managers)	30	30	30	30
<b>16. Capital gain on non-current assets</b>				
Property portfolio				
• Realised loss on sale – at cost	(3 391)	(3 290)	–	–
• Unrealised gain (loss) on revaluation	29 078	(68 773)	–	–
Listed security portfolio				
• Realised gain on sale – at cost	25 893	29 674	–	–
• Unrealised gain or revaluation	175 799	93 729	–	–
Capital gains taxation – deferred	(34 443)	–	–	–
	192 936	51 340	–	–



# Notes to the annual financial statements

For the year ended 31 August 2004

	Group		Company	
	2004 R000	2003 R000	2004 R000	2003 R000
<b>17. Finance charges</b>				
Interest paid on non-current liabilities	158 399	205 282	–	–
Net cost (profit) of interest rate swaps	23 328	(24 751)	–	–
Interest paid on overdraft	256	1 703	–	–
Other interest paid	–	213	–	–
	<b>181 983</b>	<b>182 447</b>	<b>–</b>	<b>–</b>
<b>18. Taxation</b>				
<b>18.1 Normal tax</b>				
SA normal tax	–	–	–	–
<b>18.2 Reconciliation between applicable tax rate and effective tax rate</b>				
SA normal tax applied to profit before tax	<b>101 631</b>	50 260	<b>44 314</b>	35 076
Tax effect of				
• Capital loss on sale of fixed properties	1 017	987	–	–
• Capital profit on sale of listed securities	(7 768)	(8 902)	–	–
• Capital loss (gain) on revaluation of properties	(8 723)	20 632	–	–
• Capital gain on revaluation of listed securities	(52 739)	(28 118)	–	–
• Capital gains taxation	10 333	–	–	–
• Interest distributions to linked unitholders	(43 751)	(34 859)	(44 314)	(35 076)
Effective tax rate	–	–	–	–
<b>19. Earnings and distribution per linked unit</b>				
Earnings per linked unit are calculated on the weighted average number of units ranking for distribution of 455 262 393 (2003: 392 839 354) and net income before interest distributions to linked unitholders, but after tax of R338 772 907 (2003: R167 536 566) and headline earnings of R145 835 931 (2003: R116 196 968).				
<b>Reconciliation of headline earnings</b>				
Profit attributable to linked unitholders	<b>338 772</b>	167 537	<b>147 713</b>	116 921
Capital gain on non-current assets	(192 936)	(51 340)	–	–
Headline earnings and distributions	<b>145 836</b>	<b>116 197</b>	<b>147 713</b>	<b>116 921</b>





# Notes to the annual financial statements

For the year ended 31 August 2004

	Group		Company	
	2004 R000	2003 R000	2004 R000	2003 R000
<b>20. Cash generated from operations</b>				
Reconciliation of profit before taxation to cash generated from operations				
Profit before taxation	338 772	167 537	147 713	116 921
Adjusted for:				
Revaluation of trading securities	940	(1 469)	–	–
Loss on disposal of fixed properties	3 391	3 290	–	–
Profit on disposal of listed securities	(25 893)	(29 674)	–	–
(Gain)/Loss on revaluation of fixed properties	(29 078)	68 773	–	–
Gain on revaluation of listed securities	(175 799)	(93 729)	–	–
Capital gains taxation – deferred	34 443	–	–	–
Interest income	(3 572)	(6 657)	–	(3 046)
Lease commissions amortised	1 611	1 020	–	–
Tenant installations amortised	2 687	1 352	–	–
Improvement amortisation	1 134	896	–	–
Finance charges paid	181 983	182 447	–	–
Operating profit before working capital changes	330 619	293 786	147 713	113 875
Working capital changes				
Decrease (Increase) in trade and other receivables	16 546	(19 417)	(11 978)	3 061
Increase in trade and other payables	8 205	5 531	166	(28)
	355 370	279 900	135 901	116 908
<b>21. Distributions paid</b>				
Opening balance payable	26 727	29 725	26 727	29 725
Distribution declared	145 836	116 197	147 713	116 921
Closing balance payable	(38 919)	(26 727)	(39 403)	(26 727)
	133 644	119 195	135 037	119 919



# Notes to the annual financial statements

For the year ended 31 August 2004

## 22. Contingent liabilities

Guarantees totalling R1 280 611 have been issued on the group's behalf, by Standard Bank of South Africa Limited, to various municipal councils in lieu of deposits for services. There are no other material guarantees or contingent liabilities at the date of this report.

## 23. Financial risk management

The financial instruments consist of deposits with banks, overdraft facilities, accounts receivable and accounts payable. The carrying book value of the financial instruments above approximates fair value.

### *Credit risk management*

Strength of the tenants. At the year-end management did not consider there to be any material risk exposure. Provision is made for specific bad debts and general bad debts.

### *Interest rate risk management*

Interest rate risk is managed by the use of interest rate swaps and financing linked to long bond yields. The rate swaps on R1 130 million are detailed in note 11. At year-end they were valued at negative R63,2 million at applicable rates. Risk is also minimised by monitoring cash flows and where possible applying surplus cash against long-term interest bearing liabilities.

### *Liquidity risk management*

Adequate cash resources to meet working capital requirements are maintained at all times and where possible surplus cash is applied on an access basis against long term interest bearing liabilities.

## 24. Post-balance sheet events

### 24.1 Fixed property acquisitions

24.1.1 Purchase of 90 Rivonia Road, for an aggregate purchase consideration of R113 000 000.

24.1.2 Purchase of 90 Grayston Drive, for an aggregate purchase consideration of R34 500 000.

### 24.2 Fixed property disposals

24.2.1 Sale of 12 Rivonia Road, for an aggregate sale consideration of R12 500 000.

24.2.2 Sale of Bromgood Studios, for an aggregate sale consideration of R3 000 000.

24.2.3 Sale of Parking on Pepper, for an aggregate sale consideration of R15 000 000.

24.2.4 Sale of Rodene Studios, for an aggregate sale consideration of R8 000 000.

24.2.5 Sale of Saambou Blackheath, for an aggregate sale consideration of R2 800 000.

24.2.6 Sale of The Chambers, for an aggregate sale consideration of R9 000 000.

### 24.3 Listed security disposals

24.3.1 ApexHi "A" – 3,905 million units – sale consideration R33 226 646.

## 25. Related party disclosure

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

### 25.1 Identity of the related party with whom material transactions have occurred

Madison Property Fund Managers (Pty) Limited – Asset manager, board representation and common directors.  
The Standard Bank of South Africa Limited – Unitholder (17,12%), board representation and 50% ownership of asset manager.

### 25.2 Type of related party transactions

Madison Property Fund Managers (Pty) Limited – Asset management, property management and directors' fees in the normal course of business.

The Standard Bank of South Africa Limited – Bond administration fees, interest, bank charges, interest rate swap costs and directors' fees in the normal course of business.

### 25.3 Material related party transactions

Transactions with Madison Property Fund Managers (Pty) Limited:

- Asset management fee – R13 492 000.
- Deal fees – R Nil.
- Directors fees – R90 000.
- Fee paid for services of CEO – R1 125 000.
- Incentive fee based on growth in market capitalisation – R Nil.
- Property management fees – R1 969 000.

Transactions with The Standard Bank of South Africa Limited:

- Bond administration fee – R1 251 250.
- Bank charges – R 41 588.
- Directors fees – R22 500.
- Interest on finance facilities – R88 258 193.
- Interest on overdraft – R255 922.
- Interest rate swap costs – R19 412 222.
- Purchase of Standard Bank Centre, Cape Town, for a purchase consideration of R218 million.



## Interest in subsidiaries

For the year ended 31 August 2004

	Issued share capital	Indebtedness	Shares at cost
		R000	R000
Outward Investments (Proprietary) Limited	100	1 054 488*	†
Portion 68 Rivonia Ext 3 (Proprietary) Limited	100	*	*
Portion 68 Rivonia Ext 3 (Proprietary) Limited	100	*	*
Terminus Klerksdorp (Proprietary) Limited	4	*	*
		1 054 488	†

† Below R1 000.

\* Held by Outward Investments (Proprietary) Limited.

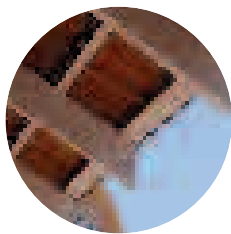


## Segmental analysis

For the year ended 31 August 2004

	At value			Revenue		
<b>Investment assets</b>						
Properties	1 314 179		50%	238 953		57%
Listed securities	1 349 471		50%	181 705		43%
	2 690 650		100%	420 658		100%
<b>Property portfolio</b>						
Industrial	145 430	11%	5%	29 976	13%	7%
Offices	872 700	65%	32%	160 431	67%	38%
Retail	323 049	24%	12%	48 546	20%	12%
	1 341 179	100%	50%	238 953	100%	57%
<b>Listed security portfolio</b>						
PLSs	986 984	73%	37%	113 478	62%	27%
PUTs	362 487	27%	13%	68 227	38%	16%
	1 349 471	100%	50%	181 705	100%	43%





Engen House • Location: Gauteng • Category: Commercial • Gross lettable area: 2 508m<sup>2</sup> • Sole tenant: Engen



## Listed security portfolio

For the year ended 31 August 2004

Property	Fund type	Number of units	Total units in issue	% held	% portfolio	At value
						R
SA Retail	PLS	40 886 800	207 947 000	19,7%	16,8%	227 023 487
ApexHi B	PLS	25 767 273	175 907 000	14,6%	16,1%	217 221 141
Prima	PUT	208 224 145	407 089 000	51,1%	14,6%	196 894 434
Hyprop	PLS	12 421 674	116 631 000	10,7%	14,2%	192 067 332
Martprop	PUT	70 751 606	725 184 000	9,8%	12,3%	165 592 409
ApeXHi A	PLS	15 064 382	175 907 000	8,6%	9,5%	128 437 546
Paramount	PLS	18 491 260	77 076 000	24,0%	5,6%	75 117 645
Resilient	PLS	7 245 789	109 416 000	6,6%	4,1%	54 702 669
Growthpoint	PLS	8 353 392	618 065 000	1,4%	3,8%	51 423 848
Spearhead	PLS	1 475 156	20 795 000	7,1%	1,7%	23 452 757
Arnold	PLS	21 429 806	232 137 000	9,2%	1,3%	17 537 672
					100,0%	1 349 470 942



# Property portfolio

For the year ended 31 August 2004

Property	Province	Location	Description	GLA	% vacant	Value 2004
<b>Commercial Sector</b>						<b>R</b>
Lyons House	Gauteng	Benmore	Low-rise office	1 644	0,0%	10 800 000
Bruma Boulevard	Gauteng	Bruma	Low-rise office	4 159	8,2%	13 800 000
Finance House	Gauteng	Bruma	Low-rise office with retail	7 573	18,1%	21 800 000
Waterview Corner	Gauteng	Bruma	Low-rise office	1 707	0,0%	6 250 000
Boumat	Gauteng	Bryanston	Low-rise office	595	5,7%	2 300 000
College House	Gauteng	Bryanston	Low-rise office	1 850	34,5%	8 800 000
Homestead	Gauteng	Bryanston	Office park	3 173	17,6%	17 700 000
Proudfoot	Gauteng	Bryanston	Low-rise office	1 304	0,0%	6 600 000
Stonewedge	Gauteng	Bryanston	Office park	6 002	0,0%	33 300 000
Wedgetfield	Gauteng	Bryanston	Office park	3 607	0,0%	21 000 000
Monitor House	Gauteng	Houghton	Low-rise office	1 700	0,0%	12 100 000
TBWA Benmore	Gauteng	Houghton	Low-rise office	1 793	0,0%	11 500 000
Clear Channel	Gauteng	Hurlingham	Low-rise office	3 974	0,0%	25 500 000
36 Morsim Road	Gauteng	Hyde Park	Low-rise office	2 030	0,0%	12 400 000
12 Rivonia Road	Gauteng	Illovo	Low-rise office	1 845	0,0%	12 500 000
18 Hurlingham Road	Gauteng	Illovo	Low-rise office	1 189	0,0%	6 600 000
22 Hurlingham Road	Gauteng	Illovo	Low-rise office	1 205	0,0%	5 000 000
24 Hurlingham Road	Gauteng	Illovo	Low-rise office	1 127	1,1%	6 600 000
BSW Data	Gauteng	Midrand	Low-rise office	6 157	0,0%	23 000 000
Howick Mews	Gauteng	Midrand	Low-rise office	3 645	4,6%	11 100 000
Montrose Place	Gauteng	Midrand	Low-rise office	4 030	20,5%	8 950 000
ABSA Park Ridge	Gauteng	Parktown	Office park	10 255	1,9%	69 500 000
Hatfield Square	Gauteng	Pretoria	Low-rise office with retail	13 199	7,0%	57 500 000
Alcorn House	Gauteng	Rivonia	Low-rise office	1 678	0,0%	5 600 000
Mellis Park 1	Gauteng	Rivonia	Low-rise office	634	0,0%	1 400 000
The Avenues	Gauteng	Rivonia	Office park	6 169	28,4%	22 000 000
15 Baker Street	Gauteng	Rosebank	Low-rise office	7 094	0,0%	31 000 000
2 Arnold Road	Gauteng	Rosebank	Low-rise office	4 077	33,4%	16 000 000
Sandhavon Office Park	Gauteng	Sandton	Low-rise office	1 948	0,0%	3 100 000
Agency I	Gauteng	Sunninghill	Low-rise office	2 548	0,0%	20 400 000
Agency II	Gauteng	Sunninghill	Low-rise office	3 254	0,0%	19 100 000





# Property portfolio

For the year ended 31 August 2004

Property	Province	Location	Description	GLA	% vacant	Value 2004
<b>Commercial Sector</b>						<b>R</b>
Pentagraph Building	Gauteng	Sunninghill	Low-rise office	2 388	0,0%	14 300 000
ERP.Com	Gauteng	Sunninghill	Low-rise office	745	0,0%	3 300 000
Pareto House	Gauteng	Sunninghill	Low-rise office	3 010	6,3%	11 500 000
44 Wierda Road	Gauteng	Wierda Valley	Low-rise office	1 000	0,0%	3 900 000
Allhart Park	Gauteng	Woodmead	Office park	4 212	7,0%	21 000 000
Woodmead 4 & 5	Gauteng	Woodmead	Low-rise office	1 527	0,0%	6 300 000
Essex Gardens	Kwa-Zulu Natal	Berea	Office park	6 639	12,2%	16 800 000
Old Town Square	Western Cape	Cape Town	Low-rise office with retail	10 354	31,7%	26 900 000
Rodene Studios	Western Cape	Cape Town	Low-rise office	2 690	3,0%	8 000 000
The Chambers	Western Cape	Cape Town	Low-rise office	2 762	0,0%	9 000 000
Fountain Place	Western Cape	Foreshore C.T.	High-rise office with retail	5 603	66,0%	8 500 000
Standard Bank Cape Town	Western Cape	Foreshore C.T.	High-rise office with retail	58 332	3,5%	220 000 000
<b>Retail Sector</b>						
Virgin Active Benoni	Gauteng	Benoni	Gym	3 154	0,0%	11 700 000
Bryanston Carvenience	Gauteng	Bryanston	Motor related	3 731	0,0%	22 000 000
Post House	Gauteng	Bryanston	Neighbourhood centre	2 845	6,0%	11 000 000
Bryanston Wedge Centre	Gauteng	Bryanston	Neighbourhood centre	4 811	29,8%	16 500 000
First National Bank – Centurion	Gauteng	Centurion	Banking & food	1 920	0,0%	11 800 000
Corporate Park Shopping Centre	Gauteng	Midrand	Neighbourhood centre	3 897	11,0%	13 000 000
Sandown Motors	Gauteng	Midrand	Motor related	4 133	0,0%	11 100 000
Monument Commercial	Gauteng	Roodepoort	Motor related	11 979	2,5%	33 400 000
Motor City – Capital Park	Gauteng	Pretoria	Motor related	7 595	2,0%	16 700 000
Fontainebleau	Gauteng	Randburg	Neighbourhood centre	3 789	26,2%	12 000 000
Saambou – Blackheath	Gauteng	Randburg	Motor related	1 143	0,0%	2 800 000
Williams Hunt Randburg	Gauteng	Randburg	Motor related	3 351	0,0%	19 400 000
Standard Bank Rosebank	Gauteng	Rosebank	Banking food & office	4 190	3,8%	11 000 000
The Pro Shop	Gauteng	Woodmead	Speciality retail	5 045	0,0%	18 400 000
ABSA Building	Kwa-Zulu Natal	Amazimtoti	Retail & office	1 312	0,0%	2 849 000
Motown Central	Kwa-Zulu Natal	Durban	Motor related	17 869	0,0%	42 900 000
Scott Street Mall	Kwa-Zulu Natal	Newcastle	Community centre	8 902	0,0%	36 000 000
Checkers – Polekwane	Limpopo	Polekwane	Community centre	8 412	0,0%	15 500 000
Parking on Pepper	Western Cape	Cape Town	Retail & parking	130	0,0%	15 000 000



# Property portfolio

For the year ended 31 August 2004

Property	Province	Location	Description	GLA	% vacant	Value 2004
<b>Industrial Sector</b>						<b>R</b>
Morkels Warehouse	Free State	Bloemfontein	Warehousing	2 867	0,0%	5 330 000
Trencor	Gauteng	Epping	Warehousing	6 157	0,0%	11 100 000
21 Wrench Road	Gauteng	Isando	Warehousing	32 090	0,0%	32 200 000
Wingfield Park	Gauteng	Jet Park	Maxi warehousing units	55 927	1,0%	46 700 000
Bernie Street	Gauteng	Kya Sands	Light industrial	8 683	11,4%	9 000 000
Kyalami Park – Stand 36	Gauteng	Kyalami	Light industrial	837	0,0%	2 400 000
Kyalami Park – Stand 37/38	Gauteng	Kyalami	Light industrial	1 741	0,0%	4 800 000
Stevens & Co	Gauteng	Midrand	Warehousing	3 460	0,0%	8 200 000
Trimtech	Gauteng	Pretoria	Light industrial	6 669	0,0%	10 500 000
Amalgamated Appliances	Gauteng	Reuven	Warehousing	21 313	0,0%	12 200 000
Bromgood Studios	Western Cape	Woodstock	Light industrial	7 200	5,9%	3 000 000

Sectors	Number of properties	GLA	% vacant	Value 2003
Commercial	43	210 427	8,8%	872 700 000
Industrial	11	146 944	1,3%	145 430 000
Retail	19	98 208	3,8%	323 049 000
<b>Total</b>	<b>73</b>	<b>455 579</b>	<b>5,3%</b>	<b>1 341 179 000</b>
<b>Geographic</b>				
Gauteng	60	322 507	4,3%	931 400 000
Western Cape	7	87 071	10,9%	290 400 000
KwaZulu Natal	4	34 722	2,3%	98 549 000
Other	2	11 279	0,0%	20 830 000
<b>Total</b>	<b>73</b>	<b>455 579</b>	<b>5,3%</b>	<b>1 341 179 000</b>



## Analysis of unitholders

At 31 August 2004

	Unitholders		Linked units	
	Quantity	Percentage	Quantity	Percentage
Institutions and funds	168	1,9	243 673 522	51,3
Banks	22	0,2	96 612 363	20,4
Companies	461	5,2	56 447 254	11,9
Individuals	7 717	87,3	45 966 801	9,7
Trusts	407	4,6	29 148 808	6,1
Other corporate bodies or associations	62	0,7	2 856 349	0,6
Total	8 837	100,0	474 705 097	100,0
Directors	4	0,0	2 432 900	0,5
Non-public	1	0,0	81 276 184	17,1
Public	8 833	99,9	390 996 013	82,4
Total	8 838	100,0	474 705 097	100,0
1 – 999	5 654	64,0	711 031	0,1
1 000 – 9 999	1 444	16,3	5 700 501	1,2
10 000 – 99 999	1 437	16,3	38 815 631	8,2
100 000 – 999 999	247	2,8	71 120 305	15,0
1 000 000 and over	55	0,6	358 357 629	75,5
Total	8 837	100,0	474 705 097	100,0

Holders in excess of 5% of the total linked units in issue at 31 August 2004

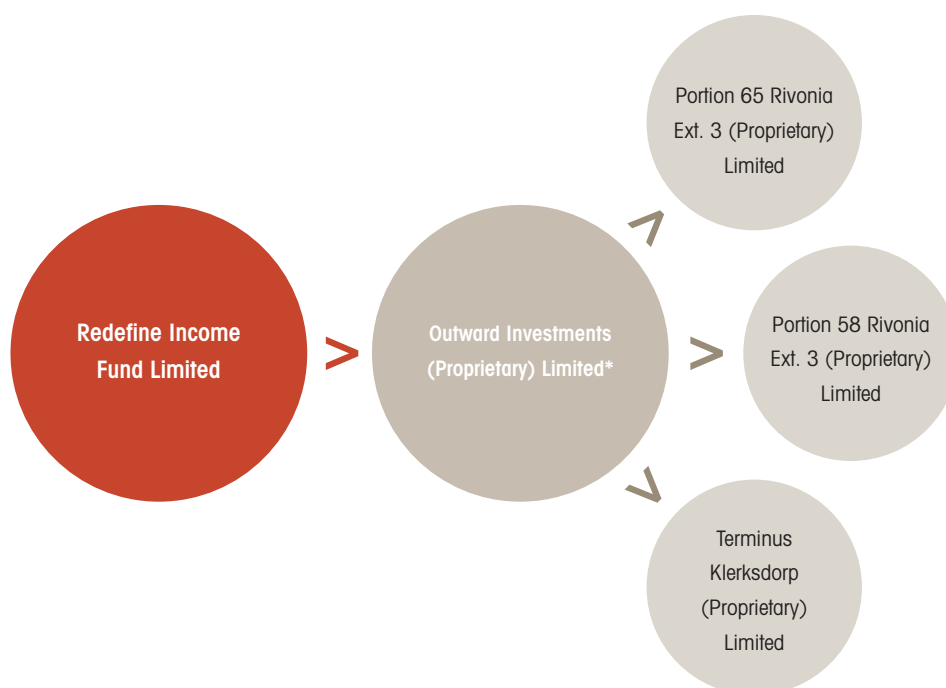
	Number of units	Percentage of total units
The Standard Bank Group	81 276 184	17,1
Mariott Funds	63 995 663	13,5
Prudential	30 301 584	6,4
Stanlib Funds	29 171 248	6,2
Sanlam	27 993 551	5,9



## Unitholders' diary

Event	Date
Annual general meeting	7 December 2004
Financial year-end	31 August 2005
Announcement of interim results	April 2005
Announcement of annual results	October 2005
Annual report posted	October 2005
<b>Quarterly income distributions</b> <ul style="list-style-type: none"> <li>• Quarter 1</li> <li>• Quarter 2</li> <li>• Quarter 3</li> <li>• Quarter 4</li> </ul>	Payable two months after the end of the quarter: September – November December – February March – May June – August

## Group structure



All subsidiaries are wholly owned

*\*The fixed properties (other than those owned directly by the property owning subsidiaries) and the listed securities are housed directly in Outward Investments (Proprietary) Limited.*



# Notice of annual general meeting

REDEFINE INCOME FUND

Registration number: 1999/018591/06

JSE code: RDF ISIN number: ZAE000023503

Notice is hereby given that the annual general meeting of shareholders and debenture holders ("unitholders") of Redefine Income Fund Limited ("the company") will be held at the offices of the company at 2 Arnold Road, Rosebank, Gauteng on Tuesday, 7 December 2004 at 10h00 for the following purposes:

1. To consider the financial statements for the year ended 31 August 2004;
2. To transact such other business as may be transacted at an annual general meeting of a company including the re-appointment of the auditors and re-election of retiring directors (refer attached schedule of CV's); and
3. To consider and, if deemed fit, passing, with or without modification, the special and ordinary resolutions set out below, in the manner required by the South African Companies Act, 1973(Act 61 of 1973), as amended ("the Act"):

## 3.1 Special resolution number 1: Linked unit purchases

"Resolved that the directors be authorised pursuant inter alia to the company's Articles of Association, until this authority lapses at the next annual general meeting of the company, unless it is then renewed at the next annual general meeting of the company and provided that this authority shall not extend beyond 15 months, for the company or any subsidiary of the company to acquire linked units of the company, subject to the Listings Requirements of the JSE Securities Exchange South Africa ("JSE") on the following bases:

1. the acquisition of linked units must be effected through the order book operated by the JSE trading system and done without any prior arrangement between the company and the counter – party;
2. the company may only appoint one agent to effect repurchases on its behalf;
3. the number of linked units which may be acquired pursuant to this authority in any financial year (which commenced 1 September 2004) may not in the aggregate exceed 20% (twenty percent) of the company's share capital, as at the date of this notice of general meeting;
4. repurchases of linked units may not be made at a price more than 10% (ten percent) above the weighted average of the market value on the JSE of the linked units in question for the five business days immediately preceding the repurchase;
5. repurchases may not take place during a prohibited period (as defined in the JSE Listings Requirements);
6. repurchases may only take place if, after such repurchase, the unitholder spread of the company still complies with the JSE Listings Requirements;

7. after the company has acquired linked units which constitute, on a cumulative basis, 3 % (three percent) of the number of linked units in issue (at the time that authority from unitholders for the repurchase is granted), the company shall publish an announcement to such effect, or any other announcements that may be required in such regard in terms of the JSE Listings Requirements which may be applicable from time to time; and
8. the company's sponsor shall, prior to the company entering the market to proceed with a re-purchase of units, confirm in writing to the JSE, the adequacy of the company's working capital for the purposes of undertaking the re-purchase of linked units.

In accordance with the JSE Listings Requirements, the directors record that:

Although there is no immediate intention to effect a repurchase of securities of the company, the directors would utilise the general authority to repurchase securities as and when suitable opportunities present themselves which opportunities may require expeditious and immediate action;

The directors, after considering the maximum number of securities which may be purchased and the price at which the repurchases may take place pursuant to the buyback general authority, are of the opinion that for a period of 12 months after the date of notice of this annual general meeting:

- the company will be able to pay its debts in the ordinary course of business;
- the consolidated assets of the company fairly valued in accordance with generally accepted accounting practice, will be in excess of the consolidated liabilities of the company after the buyback;
- the share capital and reserves of the company will be adequate for the purposes of the business of the company and its subsidiaries; and
- the working capital available to the company and its subsidiaries will be adequate for the purposes of the business of the company and its subsidiaries.

The following additional information, some of which may appear elsewhere in the annual report of which this notice forms part, is provided in terms of the JSE Listings Requirements for purposes of this general authority:

- Directors – page 21
- Major beneficial shareholders – page 45
- Directors' interests in ordinary shares – page 22
- Share capital of the company – page 20



# Notice of annual general meeting

## Litigation

The directors, whose names appear on page 21 of the annual report of which this notice forms part, are not aware of any legal or arbitration proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 (twelve) months, a material effect on the group's financial position.

## Directors' responsibility statement

The directors, whose names appear on page 21 of the annual report, 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 in terms of the JSE Listings Requirements.

## Voting and proxies

A unitholder of the company entitled to attend and vote at the general meeting is entitled to appoint one or more proxies (who need not be a unitholder of the company) to attend, vote and speak in his/her stead.

On a show of hands, every unitholder of the company present in person or represented by proxy shall have one vote only. On a poll, every unitholder of the company present in person or represented by proxy shall have one vote for every linked unit held in the company by such unitholder.

A form of proxy is attached for the convenience of any unitholder holding linked units in the company who cannot attend the annual general meeting. Forms of proxy may also be obtained on request from the company's registered office. The completed forms of proxy must be deposited at or posted to the office of the transfer secretaries of the company, Computershare Investor Services 2004 (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) to be received at least 48 hours prior to the meeting. Any unitholder who completes and

lodges a form of proxy will nevertheless be entitled to attend and vote in person at the general meeting should the unitholder subsequently decide to do so.

Unitholders who have already dematerialised their linked units through a CSDP or broker rather than own-name registration and who wish to attend the annual general meeting must instruct their CSDP or broker to issue them with the necessary authority to attend.

Dematerialised unitholders, who have elected own-name registration in the sub-register through a CSDP and who are unable but wish to vote at the annual general meeting should complete and return the attached form of proxy and lodge it with the transfer secretaries of the company (to be received at least 48 hours prior to the meeting).

Dematerialised unitholders, who have not elected own-name registration in the sub-register through a CSDP and who are unable to attend but wish to vote at the annual general meeting should timeously provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between the unitholder and his CSDP or broker in the manner and by the cut-off time stipulated herein.

By order of the board

### Probity Business Services (Proprietary) Limited

Company Secretary  
4 October 2004

### Registered address

2 Arnold Road  
Rosebank  
Johannesburg  
PO Box 471917, Parklands, 2121

### Transfer Secretaries

Computershare Investor Services 2004 (Pty) Ltd  
70 Marshall Street  
Johannesburg  
2001  
PO Box 61051, Marshalltown, 2107

## Information on directors for re-election

Director	Age	Qualification	Address	Occupation and experience
Stewart Shaw-Taylor (Non-Executive Director)	51	CA(SA)	30 Baker Street, Rosebank	Managing Director of Standard Bank Properties, Director of ApexHi Properties Ltd, Atlas Properties Ltd, Hyprop Investments Ltd, Allan Gray Property Trust Managers Ltd and Madison Property Fund Managers (Pty) Ltd
Wolf Cesman (Non-Executive Director)	62	CA(SA)	2 Arnold Road, Rosebank	Director of Hyprop Investments Ltd, ApexHi Properties Ltd, Prima Property Trust Managers Ltd and Madison Property Fund Managers (Pty) Ltd
Marc Wainer (Non-Executive Director)	56		2 Arnold Road, Rosebank	Director of Hyprop Investments Ltd, ApexHi Properties Ltd, Prima Property Trust Managers Ltd and Madison Property Fund Managers (Pty) Ltd



# Form of proxy

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For use by the holders of the company's certificated linked units ("certified unitholders") and/or dematerialised linked units held through a Central Securities Depository Participant (CSDP) or broker who have selected "own name" registration ("own-name dematerialised unitholders") at the annual general meeting of the company to be held at 2 Arnold Road, Rosebank, at 10:00 on Tuesday, 7 December 2004, or at any adjournment thereof if required. Additional forms of proxy are available from the transfer secretaries of the company.

Not for use by holders of the company's dematerialised linked units who have not selected "own-name" registration. Such unitholders must contact their CSDP or broker timeously if they wish to attend and vote at the annual general meeting and request that they be issued with the necessary authorisation to do so or provide the CSDP or broker timeously with their voting instructions should they not wish to attend the annual general meeting in order for the CSDP or broker to vote in accordance with their instructions at the annual general meeting.

I/We

Of

being the registered holder of linked units in the capital of the company hereby appoint

1. or failing him/her

2. or failing him/her

3. the chairman of the meeting

as my/our proxy to act for me/us on my/our behalf at the annual general meeting, or any adjournment thereof, which will be held for the purpose of considering and, if deemed fit, passing with or without modification, the ordinary and special resolutions as detailed in the Notice of Annual General Meeting, and to vote for and/or against such resolutions and/or abstain from voting in respect of the linked units registered in my/our name(s), in accordance with the following instructions:

	In favour of	Against	Abstain
<b>1. To pass special resolution:</b>			
1.1 To effect linked unit purchases			
<b>2. To pass ordinary resolutions:</b>			
2.1 To issue for cash the authorised but unissued linked units			
2.2 To place the unissued linked units under the control of the directors			
2.3 To authorise the signature of documentation			
<b>3. Election of directors</b>			
3.1 To re-elect S Shaw-Taylor a director of the company			
3.2 To re-elect W Cesman a director of the company			
3.3 To re-elect M Wainer a director of the company			
<b>4. Re-appoint Fisher Hoffman PKF(Jhb) Inc. as auditors of the company</b>			

(Indicate instruction to proxy in the spaces provided above.

Signed this day of

2004

Signature



# Form of proxy

## Notes

1. Each unitholder is entitled to appoint one or more proxies (none of whom need be a unitholder of the company) to attend, speak and vote in place of that unitholder at the annual general meeting.
2. Unitholder(s) that are certificated or own-name dematerialised unitholders may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space/s provided, with or without deleting "the chairperson of the general meeting", but any such deletion must be initialled by the unitholder(s). The person whose name stands first on the form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow. If no proxy is named on a lodged form of proxy the chairperson shall be deemed to be appointed as the proxy.
3. A unitholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the unitholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy, in the case of any proxy other than the chairperson, to vote or abstain from voting as deemed fit and in the case of the chairperson to vote in favour of the resolution.
4. A unitholder or his/her proxy is not obliged to use all the votes exercisable by the unitholder, but the total of the votes cast or abstained may not exceed the total of the votes exercisable in respect of the linked units held by the unitholder.
5. Forms of proxy must be lodged at or posted to Computershare Investor Services 2004 (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) to be received not less than 48 hours prior to the meeting.
6. The completion and lodging of this form of proxy will not preclude the relevant unitholder from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such unitholder wish to do so. Where there are joint holders of linked units, the vote of the first joint holder who tenders a vote, as determined by the order in which the names stand in the register of unitholders, will be accepted.
7. The chairperson of the general meeting may reject or accept any form of proxy which is completed and/or received otherwise than in accordance with these notes, provided that, in respect of acceptances, the chairperson is satisfied as to the manner in which the unitholder concerned wishes to vote.
8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company or Computershare Investor Services 2004 (Pty) Limited or waived by the chairperson of the general meeting.
9. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
10. A minor must be assisted by his/her parent/guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by Computershare Investor Services 2004 (Pty) Limited.
11. Where there are joint holders of any linked units, only that unitholder whose name appears first in the register in respect of such linked units need sign this form of proxy.





## Administration

<b>Company registration number</b>	1999/018591/06
<b>Registered office and business address</b>	2 Arnold Road, Rosebank, Johannesburg, 2196 PO Box 471917, Parklands, 2006
<b>Telephone</b>	+27 11 283 0110
<b>Fax</b>	+27 11 283 0055
<b>Email</b>	mail@redefine.co.za
<b>Internet address</b>	www.redefine.co.za
<b>Commercial bankers</b>	The Standard Bank of South Africa Limited
<b>Independent auditors</b>	Fisher Hoffman PKF (Jhb) Inc. FHS House, 15 Girtton Road, Parktown, 2193 Telephone: +27 11 480 2300
<b>Company secretary</b>	Probity Business Services (Pty) Limited Suite 204, 20 Baker Street, Rosebank, 2196 Telephone: +27 11 327 7146
<b>Transfer secretaries</b>	Computershare Investors Services Limited 70 Marshall Street, Johannesburg, 2001 Telephone: +27 11 370 5000
<b>Corporate advisor and sponsor</b>	Java Capital (Pty) Limited 2 Arnold Road, Rosebank, 2196 Telephone: +27 11 283 0190
<b>Asset managers</b>	Madison Property Fund Managers (Pty) Limited 2 Arnold Road, Rosebank, 2196 Telephone: +27 11 283 0000
<b>Property managers</b>	Broll Property Managers Broll House, 27 Fricker Road, Illovo, 2196 Telephone: +27 11 441 4000
<b>Trustee for debenture holders</b>	Webber Wentzel Bowens 10 Fricker Road, Illovo Boulevard, Johannesburg Telephone: +27 11 530 500



