REDEFINE
PROPERTIES

Integrated Annual Report 2011

redefining
our business

Redefining our business

This has been another busy year for Redefine. We have begun to implement key aspects of our strategic plan to realign and enhance the overall quality of our core property assets through:

- acquisitions of high grade, well-located properties;
- disposals of properties that no longer fit Redefine's investment criteria;
- developments to improve the income-earning potential of existing well-positioned properties;
- increasing the effectiveness of our property management activity which has been successfully internalised;
- broadening our funding sources; and
- pursuing the growth and positioning of our international investments.

Our decision to refine our core property portfolio strategy was based on a number of factors, including increased land cost in certain nodes, local authority and electricity tariffs, a distinct change in shopping patterns and general commuter patterns.

We have focused on acquiring quality buildings in prime growth nodes, which will increase shareholder value by attracting higher rental growth, with particular emphasis on improving our lease expiry profile. We have made considerable progress in disposing properties that no longer fit our longer-term strategy to deliver sustainable returns for unitholders, aiming for a portfolio of similar value overall with fewer properties, which are of a higher grade, well-located and preferably single tenanted.

We are concentrating our domestic replacement acquisitions on a number of key growth areas identified as "hotspots", primarily in Gauteng, Western Cape and KwaZulu-Natal. Location is pivotal to underpin strong rental growth and includes factors such as toll road costs, fuel prices, the new Gautrain, increasing rates and energy costs, all of which are becoming important determining factors when tenants consider cost of occupation.

We are also taking advantage of keen pricing currently offered by local construction companies, aiming to expand and enhance the income-earning capacity of existing well-positioned properties. On the industrial property side, our increased investment in this sector is rapidly ensuring our status as a prominent player in the development of distribution centres.

Report scope and boundary

This report covers the activities of Redefine for the year ended 31 August 2011, and follows the report published for the year to 31 August 2010. It integrates the financial and non-financial performance of the company to provide a fuller understanding of our markets, strategies and objectives.

We believe this integrated report provides a vehicle to communicate our evolving business model and financial results to all our stakeholders. Equally, given the nature of our business, we believe it is the quality of our decisions on sourcing and allocating capital through our investment strategies, our interactions with suppliers, our relationships with communities and tenants, and investors, professionals and other associates that determine the sustainability of our success. Importantly, this report is also guided by the issues material to stakeholders in our diverse projects.

This report covers Redefine's activities in South Africa conducted by the holding company, subsidiaries and joint ventures where we have management control.

The report has been compiled in terms of the requirements of International Financial Reporting Standards, the new Companies Act in South Africa, the King Code on Governance for South Africa, the Listings Requirements of the JSE and relevant South African legislation. The non-financial contents seek to align with recommendations of the Global Reporting Initiative and we are making steady progress in enhancing our reporting on key sustainability issues. The group financial statements have been audited by PKF (Jhb) and have been prepared under the supervision of AJ Konig CA(SA), Redefine's financial director.

Statement of the board of directors of Redefine Properties Limited

The board of directors acknowledges its responsibility to ensure the integrity of the annual report and believes this presents fairly the performance of the group and its material issues. The annual report has been prepared in line with best practice following the recommendations of King III.

Duly authorised by the board and signed by

Dines Gihwala Chairman	Marc Wainer Chief executive officer	Andrew Konig Financial director

Forward looking statements

The report may contain forward looking statements. Words such as 'believe', 'anticipate', 'intend', 'seek', 'will', 'plan', 'could', 'may', 'endeavour' and similar expressions are intended to identify such forward looking statements, but are not the exclusive means of identifying such statements.

While these forward looking statements represent our judgements and future expectations, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations. These include factors that could adversely affect our businesses and financial performance.

We are not under any obligation to (and expressly disclaim any such obligation to) update or alter our forward looking statements, whether as a result of new information, future events or otherwise. Investors are cautioned not to place undue reliance on any forward looking statements contained herein, as they have not been reviewed or reported on by Redefine's independent external auditors.

This report is also available as an online report on the corporate website
www.redefine.co.za

Contents

Our business

Definitions	IFC
Group highlights	001
Group overview	002
Five-year review	005
Strategic objectives	006
Board of directors	008
Chairman's statement	010
Chief executive's statement	014
Financial director's statement	018

Our property portfolio

Highlights	030
Acquisitions and disposals	041
Development	046

Our responsibility

Sustainability	060
Corporate governance	074

Our accounts

Directors' responsibility and approval	086
Report of the independent auditors	087
Directors' report	088
Report of the audit and risk committee	094
Annual financial statements	096
Unitholders diary	154
Notice of AGM	155
Form of proxy of shareholders	163
Form of proxy of debenture holders	165

Definitions

Redefine/the company	Redefine Properties Limited, a company listed on the JSE
AIM	Alternative Investment Market
Arrow Creek	Arrow Creek Investments 227 (Pty) Limited
Arrowhead	Arrowhead Properties Limited, a company to be listed on the JSE
Attfund	Attfund Retail Limited
BEE	Black economic empowerment
CBD	Central business district
Clearwater	Clearwater Capital (Pty) Limited
Companies Act	Companies Act, 2008 of South Africa, as amended
CP	Commercial paper
Cromwell	Cromwell Property Group, a fund listed on the Australian Stock Exchange
DCF	Discounted cash flow
Dipula	Dipula Income Fund Limited, a company listed on the JSE (formerly Dipula Property Investment Fund (Pty) Limited)
DMTN	Domestic Medium Term Note Programme
Exco	Executive committee
GLA	Gross lettable area
GMR	Gross monthly rental
GRI	Global Reporting Initiative
Hyprop	Hyprop Investments Limited, a company listed on the JSE
ICT	Information and communications technology
IFRS	International Financial Reporting Standards
JSE	Johannesburg Stock Exchange
King III	King Report on Corporate Governance for South Africa and the King Code of Governance Principles
LSE	London Stock Exchange
Mergence	Mergence Africa Property Fund (Pty) Limited
Oryx	Oryx Properties Limited, a company listed on the Namibian Stock Exchange
PLS	Property Loan Stock
PLSA	Property Loan Stock Association
RI	Redefine International P.L.C. (formerly Wichford P.L.C.), a company listed on the LSE
RIFM	Redefine International Fund Managers Limited, a private company incorporated in British Virgin Isles
RIHL	Redefine International Holdings Limited (formerly Redefine International plc) previously listed on the LSE's AIM
RIN	Redefine Properties International Limited, a company listed on the JSE
SARB	South African Reserve Bank
Sycom	Sycom Property Fund Limited, a company listed on the JSE
TI	Tenant installation

restrategising

to ensure our future growth

Group highlights

Redefine is a listed PLS company, with a diverse range of property assets under management valued at over R37 billion. It is listed in the Financial Services – Real Estate sector of the JSE. The company is internally managed by a proven team of entrepreneurial and experienced property and financial professionals.

Redefine is governed by the listings requirements of the JSE, the Companies Act, King III and IFRS. It is also a member of the PLSA, the representative umbrella body of the sector.

Key investment attractions

- Attractive real yields
- Consistent rental escalations and high visibility of earnings
- Reducing vacancy levels
- Healthy diversification of industrial, office and retail property assets
- Limited speculative development, stable asset base
- Geographically diversified
- Internally managed by a proven team of property and financial professionals

2011 highlights

- Distribution of 68 cents per linked unit in line with forecast
- Total property assets under management exceed R37 billion
- Internalisation of property management completed
- Significant progress in core portfolio restructuring
- Investment-grade rating from Moody's
- Initial R250 million CP issue under a R5 billion DMTN well received
- LSE main board listing for RI
- Listing of enterprise development initiative Dipula

Group at a glance

	2011	2010
Total distribution (cents)	**68,00**	66,50
Total return (cents)	**99,00**	136,50
Total annual return (%)	**12,4**	18,7
Closing unit price (cents)	**830**	799
Trading volume (%)	**36,4**	40,1
Market capitalisation (R billion)	**22,3**	21,5
Total property assets under management (R billion)	**37,4**	27,6
Property portfolio value (R billion)	**31,5**	22,1
Listed security portfolio (R billion)*	**5,9**	5,1
Borrowings (R billion)	**18,3**	11,5
Borrowings as a percentage of the value of properties and listed security portfolio (%)	**49,0**	42,4
Weighted average cost of borrowings (%)	**6,9**	8,4

**Includes R1,2 billion relating to Cromwell classified as an associate.*

Group overview

Key milestones

2011	• Property management internalised • Property portfolio restructuring substantially progressed • Reverse acquisition of RI by RIHL resulting in LSE main board listing
2010	• Name changed from Redefine Income Fund Limited to Redefine Properties Limited • Listing of RIN
2009	• Acquired all units of ApexHi Properties and Madison Property Fund Managers – transaction value of R12,7 billion
2007	• Redefine acquired Spearhead Property Holdings and increased its stake in Hyprop to 27% in exchange for Sycom Property Fund units
2006	• Acquired 18% of RIHL, listed on AIM • Increased stake in ApexHi Properties to 12% in exchange for its investment in Prima Property Trust
2003	• Redefine acquired 53% of Prima Property Trust
2002	• Increased its stake in Hyprop to 18%
2000	• Listed on the JSE
1999	• Redefine was founded

Investments

Total property assets under management valued at R37,4 billion:

- Core property portfolio of R20,1 billion
- Listed property securities of R4,7 billion
- Geographically diversified with R12,6 billion of offshore assets controlled through RIN

Management focus

Redefine is committed to being the property owner of choice and to achieving sustainable growth in distributions through:

- Continuous improvement in the quality of the core property portfolio
  - Acquisitions to grow the portfolio, minimise risk and improve rental growth prospects
  - Disposals of properties that no longer fit Redefine's investment criteria
  - Developments to enhance, improve income-earning potential of well-located properties
- Offshore investment strategy
  - Geographic diversification and expansion
  - Yield enhancement through opportunistic acquisitions
- Prudent management of local debt
- Revenue maximisation and cost containment
  - Property management internalisation
  - Focus on cost efficiency
- Increased distributions from strategic investments
  - Hyprop

Redefine's growth since listing

	2011	2000
Locally held property assets		
Properties and listed securities	R24,8 billion	R1,1 billion
– Properties	81%	50%
– Listed securities	19%	50%
International held property assets		
Properties and listed securities	R12,6 billion	–
– Properties	90%	–
– Listed securities	10%	–
Market capitalisation	R22,3 billion	R400 million
Unit price (cents)	830	200
Number of units available for trading	2 684 295 336	
Treasury units held by Redefine	5 876 766	
Total number of units in issue	2 690 172 102	

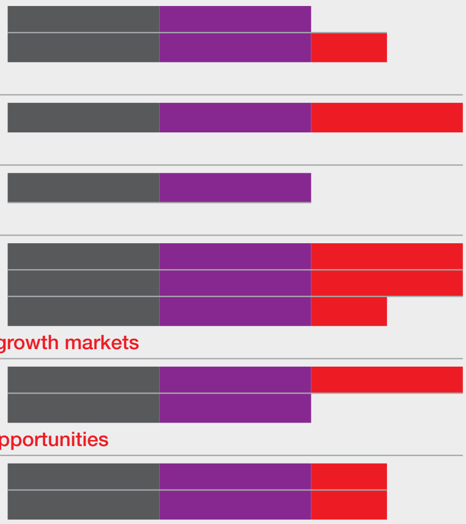
The following organogram reflects our business structure at 31 August 2011

Redefine Properties Limited

- **100%** – Core property portfolio
- **Listed securities** – 46% Hyprop Investments Limited; 26% Oryx Properties Limited; 34% Dipula Income Fund Limited
- **54%** – Redefine Properties International Limited
  - **67%** – Redefine International P.L.C.
- **76%** – Redefine International Fund Managers

Strategic objectives at a glance

Commenced | In progress | Complete



Continuous improvement in the quality of the core property portfolio

– Acquisitions
– Disposals

Superior property management

– Internalisation of property management

Strategic investment in listed property investments

– Review of strategic investments

Prudent management of local debt

– Increase hedging levels
– Renewal of facilities
– Access bond market

Achieve real growth while maintaining a low level of capital volatility in international growth markets

– Geographical diversification
– Expansion

Exploiting ability to identify and execute value-adding development and corporate opportunities

– Joint venture exit
– Developments

Group overview *continued*

Redefine strives to be the property owner of choice with a diverse range of property assets under management exceeding R37 billion

	Group	South Africa	International
Property assets under management (R billion)	37,4	24,8	12,6
Property portfolio			
Number of properties	542	358	184
Valuation (R billion)^	31,5	20,1	11,4
GLA (m^2)	4 212 732	3 511 183	701 549
Vacancy factor %	7,5	8,4	3,0
Valuation/m^2	7 385	5 680	15 920
Total GMR (R million)	304,5	199,7	104,8
Average lease period	4,6	3,7	9,3
Listed securities (R billion)	5,9	4,7	1,2
Borrowings (R billion)	18,3	7,5	10,8
Borrowings %*	48,9%	30,2%	85,7%

^ *Includes R567 million assets indirectly managed through joint ventures and R2,6 billion of non-current assets held-for-sale*
* *As a percentage of property assets and listed securities*

Redefine Properties International Limited is a separately listed and managed entity which Redefine Properties Limited manages as part of its listed security portfolio. Detailed information on Redefine Properties International Limited's financial and operational activities is covered in their annual report for the year ended 31 August 2011, which is available in hard copy on request, or on their website **www.redefineinternational.com**

Five-year review

	2011 Rm	2010 Rm	2009 Rm	2008 Rm	2007 Rm
SUMMARISED GROUP STATEMENTS OF FINANCIAL POSITION					
ASSETS					
Investment property	28 848	21 651	18 235	5 975	5 050
Listed securities	4 664	5 099	2 807	3 906	4 075
Goodwill and intangibles	3 850	4 683	3 258	–	–
Other non-current assets	5 321	2 041	1 003	262	181
Current assets	1 681	1 498	640	574	528
Total assets	44 364	34 972	25 943	10 717	9 834
EQUITY AND LIABILITIES					
Linked unitholders' interest	19 617	19 291	17 965	6 006	5 572
Non-controlling interest	2 271	652	3	6	–
Interest-bearing liabilities	18 325	11 549	5 480	3 572	3 172
Deferred taxation	1 427	2 179	1 753	760	804
Other non-current liabilities	457	209	56	33	–
Current liabilities	2 267	1 092	686	340	286
Total equity and liabilities	44 364	34 972	25 943	10 717	9 834
SUMMARISED GROUP STATEMENTS OF COMPREHENSIVE INCOME					
Contractual rental income	2 763	2 502	742	540	431
Listed security income	342	266	308	333	300
Fee income	205	193	14	4	–
Hotel revenue	158	–	–	–	–
Trading income	37	20	39	24	40
Total revenue	3 505	2 981	1 103	901	771
Operating costs	(733)	(538)	(139)	(106)	(87)
Administration costs	(159)	(136)	(84)	(60)	(55)
Net operating income	2 613	2 307	880	735	629
Interest in associates	(20)	(63)	(4)	(7)	6
Interest paid	(1 099)	(843)	(350)	(282)	(270)
Interest received	161	283	80	49	19
Taxation	(2)	1	–	–	–
Income before debenture interest	1 653	1 685	606	495	384
Debenture interest	(1 825)	(1 777)	(711)	(495)	(416)
Pre-acquisition income	48	9	105	–	32
Distribution adjustments	123	119	–	–	–
Non-controlling interests	1	(36)	–	–	–
Retained income	–	–	–	–	–
SUMMARISED GROUP CASH FLOW STATEMENT					
Cash flows from operating activities	545	(26)	(240)	(78)	35
Cash flows from investing activities	(2 782)	(3 116)	481	(856)	(45)
Cash flows from financing activities	2 285	3 678	(288)	970	1 253
Net movement in cash and cash equivalents	48	536	(47)	36	1 243
Borrowings as % of value of property assets and listed securities (including foreign)	49,0	43,2	26,0	36,2	34,8
Borrowings as % of value of property assets and listed securities (excluding foreign)	28,8	34,0	26,0	35,0	34,0
UNIT STATISTICS					
Linked units in issue* (million)	2 684	2 684	2 649	893	813
Distribution per linked unit (cents)	68,00	66,50	56,55	56,63	51,25
Distribution growth (%)	2,3	17,6	(0,1)	10,5	20,0
Net asset value per linked unit (excluding deferred taxation and non-controlling interests) (cents)	784,0	799,8	744,5	757,5	784,1
Net tangible asset value per linked unit (excluding deferred taxation and non-controlling interests) (cents)	640,5	625,4	621,5	757,5	784,1
LOCAL PROPERTY STATISTICS					
Number of properties	358	397	403	101	95
GLA (m^2 thousands)	3 511	3 648	3 610	858	777
Sectoral spread (%)					
Office	38	37	38	45	41
Retail	30	33	33	26	24
Industrial	32	30	29	30	35
Vacancy (m^2 thousands)	296	378	307	41	17
Vacancy factor (%)	8,4	10,4	8,5	4,8	2,2
Property expenses as % of revenue	24,6	21,0	18,7	19,6	20,2

Strategic objectives

Redefine is committed to being the property owner of choice and the company's primary objective is to provide sustained and growing income for its investors. Underscoring this is Redefine's pursuit of revenue enhancing opportunities that translate into increasing distributions and the prospect of long-term capital appreciation for unitholders.

Sustained growth in distributions and increasing net asset value is targeted through:

Objective	**Continuous improvement in the quality of the core property portfolio**	**Superior property management**	**Strategic investments in listed property securities**
Strategy	Redefine aims to enhance and improve its core property portfolio from which the bulk of its income is derived, and acquires or disposes of properties accordingly.	Redefine believes that the internalisation of property management enhances its tenant offering, results in increased efficiencies and improves information flow.	Redefine holds strategic investments in listed property securities. If there is an opportunity for corporate action, investments in other listed property companies are actively pursued to the extent that they are yield enhancing.
2011 achievements	Significant progress has been made during 2011 to improve the quality of the core property portfolio: • Three high grade, well-located properties were acquired and transferred for an aggregate consideration of R733 million at an average yield of 9,1%. • The company disposed of 39 secondary grade properties, located in non-core areas for a total consideration of R958 million at an average yield of 11,2%.	Property management was successfully internalised during the current year.	Redefine increased its stake in Hyprop from 33,3% to 45,7% during August 2010 which resulted in a substantial increase in income from listed securities. During August 2011, Redefine converted its equity loans to Dipula and Mergence into a listed investment which is both higher yielding and tradable. Redefine realised the value of its investment in Sycom through a disposal of its direct stake.
2012 objectives	The company has embarked on a process to restructure and improve the quality of its core property portfolio where the number of properties are expected to decline to around 250 and the average value per property will increase to approximately R80 million, while maintaining the overall value. Central to this strategy is the unbundling of Arrowhead whereby 98 secondary grade properties that no longer fit Redefine's investment criteria will be disposed of on a fast track basis.	Refinement of internal property management systems, resources and processes. Strict focus on costs and pursuing fully maintaining and repairing leases to complement the acquisition strategy.	A strategic review of all investments in listed securities will be conducted with a view to replacing non-recurring income by investing any proceeds into higher yielding assets.

Prudent management of local debt	Achieve real growth while maintaining a low level of capital volatility in international growth markets	Exploit ability to identify and execute value-adding development and corporate opportunities
Redefine maintains a conservative local debt profile, through a loan to a value ratio tailored to market conditions. The company actively pursues the lowest cost of finance and fixes interest rates as low as possible for long periods.	Redefine has invested in offshore property companies to further diversify risk geographically and to provide unitholders with a hedge against rand weakness. RI is the preferred means to deliver on this strategy.	Redefine is engaged in developments for long-term investment, driven by tenant demand, to improve/enhance existing well-located properties or where land is acquired and the process to completion is managed in-house. Development for trading purposes are being phased out and no longer form part of Redefine's development strategy. Corporate opportunities where Redefine can earn transaction fees will be pursued.
Redefine took advantage of the favourable interest rate environment by increasing its level of fixed debt beyond the newly established 70% board mandate. The local loan to value ratio at year-end was 29% in line with management's optimal target of 30%. On the back of a Moody's investment grade credit rating, a R5 billion DMTN was launched.	Redefine was the first property company to receive approval from the SARB for foreign direct investment in offshore property. The company received permission to hold its interest in RI through locally listed RIN, a 54% subsidiary which listed on the JSE on 7 September 2010. All Redefine's offshore investments are now housed in this locally listed vehicle which the company manages as a listed security. The international contribution to income has grown on the back of international expansion. During August 2011, RI was further expanded through a reverse acquisition of Wichford P.L.C.	During the year developments totalling R680 million were undertaken to expand and improve the income earning capacity of existing properties. Redefine initiated and facilitated the merger of Hyprop and the Attfund retail portfolio which earned the company a R99 million transaction fee.
An initial R250 million CP has been sourced from the bond market at favourable interest rates under the DMTN. Redefine aims to issue further short-term paper to establish itself in this market with the objective of issuing longer dated bonds, while maintaining sufficient liquidity from existing bank facilities.	Refinancing of the international group following the reverse acquisition is under way. Plans to expand the offshore exposure, in particular the Australian market, through its investment in Cromwell.	Developments in excess of R1 billion are being considered. Speculative trading property developments are being exited through sale as well as through the disposal of a number of non-core joint ventures based in Cape Town.

Board of directors

David Rice (55)

Chief operating officer

Rice was managing director of ApexHi from 2006 until the merger. He heads operations including asset and property management. He also serves on Redefine's executive and investment committees and is a non-executive director of Hyprop.

Diana Perton (64)

Independent non-executive director

Perton was the head of the legal division at Liberty Properties unit she retired in 2000.

Michael Flax (46)

Non-executive director

CA(SA) CIMA

Flax, a chartered accountant, headed Spearhead prior to its acquisition by Redefine.

Previously he served on the executive and investment committees of Redefine, where he operated from Redefine's Cape Town office and was responsible for overseeing acquisitions, disposals, trading and development activity. He retired as an executive director of Redefine on 31 March 2011 and now is a non-executive director and chairs the investment committee.

Dines Gihwala (58)

Independent non-executive chairman

BProc, dip in tax practice

Gihwala was previously the chairman of Cliffe Dekker Hofmeyr, one of South Africa's largest legal practices. He is also a director of several companies.

In 2004, he was appointed as a Professor of Law. He was a member and chairman of the Independent Regulatory Board for Auditors, and his term of office expired at the end of March 2011.

He is also the chairman of the FirstRand Black Executives Trust.

Harish Mehta (61)

Independent non-executive director

BSc, MBA

Mehta is the chairman of Clearwater, a strategic BEE shareholder in Redefine.

He was formerly the managing director of the Universal Print Group (Proprietary) Limited and is a non-executive director of Avusa Limited and The Spar Group Limited.

Greg Heron (46)

Independent non-executive director

CA(SA)

Heron is the managing director of Clearwater. A chartered accountant, Heron serves on the boards of several large private companies, and is a non-executive director of RIN.

Heron is the chairman of Redefine's audit and risk committee and is a member of the remuneration and investment committees.

Bernard Nackan (67)

Independent non-executive director

BA Econ Sep (Stanford)

Nackan was financial editor of the *Rand Daily Mail* and an executive director of Sage Group from 1974 until his retirement in 2003.

He is a member of the Collective Investment Schemes Advisory Committee. Nackan serves on Redefine's audit and risk committee and is chairman of the remuneration committee. He is also a non-executive director of RIN.

Marc Wainer (63)

Chief executive officer

Wainer has 36 years' experience in all aspects of real estate. He is a non-executive director of Hyprop and a director of RI and RIN as well as Cromwell.

He serves on Redefine's executive and investment committees. His primary focus is on structuring corporate transactions, acquisitions and disposals, as well as being responsible for the day-to-day operations of Redefine.

Gerald Leissner (69)

Non-executive director

CA(SA)

Leissner was CEO of ApexHi from 2001 until his retirement at the time of the merger. He is a director of the Johannesburg Housing Company and the Housing Development Agency.

Leissner serves on Redefine's audit and risk and investment committees.

Leissner is now the chief executive of soon to be listed Arrowhead.

Andrew Konig (44)

Financial director

CA(SA)

A qualified chartered accountant with 19 years of commercial and financial experience, Konig was previously group financial director of Independent News and Media. He serves on Redefine's executive and investment committee.

He is responsible for all aspects of finance and supports the chief executive officer in corporate activities, regulatory compliance, investor relations, legal and human resource management.

Monica Khumalo (46)

Independent non-executive director

BJuris, LLB

Khumalo is managing director of Loato Properties, a property company owned and managed by women. She was previously a senior property strategist at Pareto Limited and later an executive manager at the then RMB Properties.

She later headed the Public Investment Corporation's Property Division. She has served on the boards of Pareto Limited, Capricorn (a subsidiary of Investec), the SACSC and as a counsellor of SAPOA.

Chairman's statement

Redefine will be well positioned not only to weather the stormy times ahead, but to provide unitholders with a growing income stream and long-term capital appreciation

Vision

- The world has changed and it is essential for Redefine to adapt
- Redefine is committed to transforming the quality of its property portfolio into one of the best in the sector
- Redefine's international exposure, which we manage as a strategic listed security, remains a core part of our strategy
- Redefine is committed to principles of integrity and accountability to all stakeholders
- In challenging times, exciting opportunities to acquire quality assets present themselves

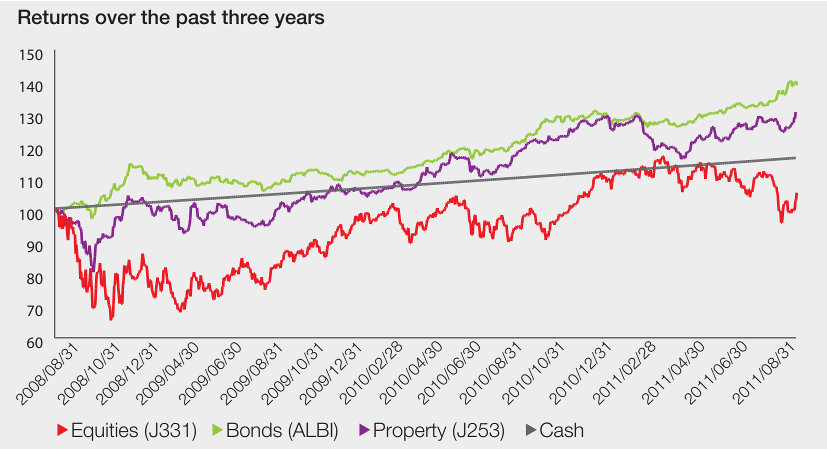

Dines Gihwala, Chairman

This has been a year of important progress for Redefine – literally, we have "redefined" ourselves. Just as we have begun to revamp our core property portfolio, so too we have engaged on a process of aligning our external performance and brand with our people. This is detailed in the relevant sections of this report.

Performance

Redefine has produced solid results in a market still recovering from the marked downturn of recent years. This is likely to be a protracted recovery, given the fragility of the global economy and ongoing shocks to the system, as being witnessed in the eurozone at the time of writing.

The chief executive officer details results for the year and outlines the way forward, while the property portfolio review elaborates on specific actions and strategies.



Source: I-Net Bridge

Key trends

Economic volatility in recent years has presented many challenges, not least for investors looking for reasonable returns without undue risk. In contrast to the precipitous decline in equity markets overall, returns on listed property investments have risen steadily over the past years.

There has been considerable corporate activity in the property sector in recent years as major participants have sought to expand economies of scale and improve share-trading liquidity. This has been achieved through mergers with peer companies, initial public offerings and, in several instances, via capital-raising exercises. A good deal of much-needed consolidation has also been achieved as major property companies have absorbed smaller competitors that tried to capitalise on buoyant real estate conditions prior to 2008, but lacked sustainable scale.

In addition, over two-thirds of companies in our sector have internalised property management, eliminating legacy contracts to reduce costs and align more effectively with shareholder interests.

The world is still facing unprecedented economic turmoil and uncertainty. In meetings with representatives of international banks, finance houses and asset managers, Redefine's management team routinely probe their views on prospects for Europe, the US and the global economy in general. While these views are inevitably widely varied, there is one common thread – deep uncertainty on economic trends and prospects, at least in the medium term.

We are confident that the comprehensive strategic plan that Redefine has been implementing over the past 12 months will not only ensure that we weather the stormy times ahead, but will provide our unitholders with a growing income stream and long-term capital appreciation.

Operating in South Africa, it is fairly easy to be complacent and take the view that we will not be affected by global trends. Although we are partially insulated, we will inevitably be affected to some degree by global market turmoil. We believe we will experience roller-coaster economic conditions for a good few years, possibly until the end of this decade, and economic growth will be pedestrian. The proverbial silver lining is that we should however, benefit from a lower interest rate environment for the next few years. In South Africa, we expect GDP growth to remain under pressure and consumers to have less disposable income. In this environment, more corporate failures can be expected.

When making acquisitions in the property sector, all these factors have to be considered. In addition, we now have to contend with the effects of toll roads, availability and costs of utilities, maintenance of basic infrastructure and the financial standing and efficiencies of the various local authorities.

Consequently, we are concentrating our commercial and industrial portfolios in Gauteng, the Western Cape and KwaZulu-Natal. Within these areas, we are focusing as far as possible on locations that we have identified as "hotspots" where we believe the greatest rental growth and capital appreciation can be achieved over the next few years. The reason for this is that as these areas become more desirable, the cost of land will become progressively more expensive. Internationally, properties in the most desirable areas have land costs as high as 60% of total development cost, while in South Africa, the figure is generally around 15%. Properties that may only be 10km from the main areas could have rentals 25% to 30% lower, and as one moves further out, this rental gap will tend to widen. This does not mean that Redefine will totally avoid owning any properties outside "hotspots", but should we invest in these areas, the yield differential will have to compensate.

On the regulatory front, the listed property sector in South Africa is dominated by PLS companies. At present, this market does not have a formal Real Estate Investment Trust (REIT) regime, although one is being developed under the ambit of the Collective Investment Schemes Control Act. This will give investors a uniform and regulated REIT structure. There is, however, the potential for further delays as REIT legislation may be combined with other revisions to the Act, as well as new legislation on hedge funds and private equity organisations.

We welcome these developments, which will align South Africa with global practices in property investment. Although foreign ownership in South African listed property stocks is approaching 20%, we believe quality new listings or acquisitions, coupled to more property counters with market values exceeding R10 billion and improved liquidity, will attract more interest from international investors.

Chairman's statement *continued*

A sound investment

Listed property shares have recorded strong performance over the last several years, in line with the underlying performance of direct property. In addition, total returns from listed property, even though they have come off a relatively high base, have performed well against competing South African asset classes over the last 12 months to November 2011:

- **Equities** 9,4%
- **SA listed property** 9,6%
- **Bonds** 7,7%
- **Cash** 5,9%

The current global demand for yield, coupled with the emphasis on emerging-market stocks, has supported listed South African property prices.

Sustainability

The review period marks the beginning of a formal journey for Redefine as we consolidate the elements that constitute sustainability under our control for the first time. In future, we will be able to report more fully on all aspects of sustainability, including our people, environmental impacts and initiatives, and the economic value we add to people in our group and the communities within our sphere of operations.

Opportunities

In challenging times, exciting opportunities to acquire quality assets present themselves. Redefine's unparalleled strength in deal making, combined with flat decision-making structures and immediate access to funding, strongly positions Redefine to respond swiftly in identifying and concluding revenue and value enhancing acquisitions to complement Redefine's growth strategy.

Risks

In common with all businesses, Redefine is exposed to a number of risks that may have a material or adverse impact on its reputation, performance and financial position. While it is not possible to identify or anticipate every risk due to the changing business environment, the company has a well-established and comprehensive risk management process to manage and mitigate key risks.

The process for identifying and managing risk is set by the board. We have delegated risk management to the audit and risk committee, supported by our internal audit division, which reviews the risk management plan and monitors developments. The design, implementation and day-to-day monitoring of this plan is the responsibility of management.

Stakeholders

Beyond our shareholders, Redefine has a broad group of stakeholders, from national government to individuals in leased premises. The section on stakeholder engagement analysis is on pages 60 and 61 and details our interactions with these stakeholders and their material issues.

Engaging with our stakeholders is an ongoing process. Their feedback helps shape our development as much as our strategy in being a responsible corporate citizen.

Governance

Redefine is committed to the principles incorporated in the code of corporate practice and conduct as set out in King III, which was published in 2009 by the Institute of Directors of Southern Africa, and applies to all listed companies from February 2011.

This report is an important step towards achieving our goal of broader stakeholder inclusivity. King III makes it mandatory for companies to integrate their reporting – a process in which operational, financial and sustainability (environmental, social and governance) issues are discussed in relation to the key drivers of the business. In this report, therefore, we explain how Redefine's executives have considered these issues while developing the business's strategy during the year.

The directors of Redefine are committed to the principles of integrity and accountability to all stakeholders. We conduct the affairs of the company against the highest standards of corporate governance and accept responsibility for achieving these standards. Corporate governance practices are reviewed periodically and adjusted to account for changes in governance requirements.

During the year Redefine announced the resignation of Janys Finn and subsequently appointed a new financial director, Andrew Konig.

Apart from Konig's accounting and financial skills, his many years of commercial experience – including due diligences, management buy-outs, disposals of companies and investments and financial reorganisations – greatly assists in driving Redefine forward on its growth trajectory.

Executive director David Rice was appointed as chief operating officer (COO) of the company and Mike Flax and Brian Azizollahoff both resigned as executive directors.

Rice's appointment as COO expanded his existing role in the company to other operational areas.

Flax remains on the board as a non-executive director of Redefine and continues to serve on the company's investment committee, while Azizollahoff has resigned to pursue his own business interests.

The company has undergone significant restructuring and internalisation of management functions since the merger with ApexHi and Madison. In light of the company's decision to scale back on its trading and development activities, an agreement was reached with Flax that he would resign as an executive, but Redefine would retain his input on acquisitions and disposals on our investment committee.

Azizollahoff, who was CEO of Redefine prior to the merger, was instrumental in settling the merged operation and established specialist departments to handle the enlarged company's support functions such as legal, human resources and marketing, which ensured a smooth transition when he left at the end of February.

Thanks

It has been a year characterised by change at every level for the people of Redefine. Throughout, we have enjoyed their commitment and their constructive contributions in developing the full potential of this company. On behalf of the board, I thank every one of you.

I also thank my board colleagues for their sage counsel and insight as we continue this journey.

We continue to develop relationships at national, provincial and local level with the authorities and clients that will contribute to becoming the property owner of choice for the benefit of all our stakeholders.

Outlook

While the property sector tends to lag economic recovery, property as an investment choice is an established asset class, with a deserved place in any portfolio. The development of Redefine is such that it has become a prominent participant in the listed property sector and we are confident its unfolding strategy will entrench this position into the future.

Dines Gihwala
Chairman

7 December 2011

Chief executive's statement

Redefining our business will transform our investment profile and all aspects of how we conduct ourselves

Philosophy

- Property is our commodity, people are our business
- All of our initiatives are easy to draft on paper, but the implementation comes back to our people
- We have made enormous strides in implementing our property restructure strategy in part because of accelerated deal flow and because we were able to take advantage of the lower interest rate environment
- We continue to examine possibilities of simplifying the structures that are in place for our international operations
- We believe that we are making the right decisions at the right time, with the medium and long-term benefits of all stakeholders in mind


Marc Wainer, CEO

The past 12 months have been a significant period for Redefine. We made significant progress in redefining our business – restructuring our core property portfolio, investing substantially in our people, internalising property management services and expanding our geographic exposure. Partly due to these initiatives and partly due to the company's solid fundamentals, the respected international ratings agency, Moody's, assigned Redefine an investment-grade credit rating.

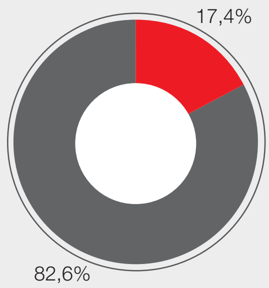
Supporting this activity are highly focused and effective funding and operational divisions, which underpin the sustainability of Redefine as one of South Africa's largest listed PLS companies for the benefit of all our stakeholders.

Market trends

The listed property sector in South Africa is sizeable, with a combined market capitalisation of around R150 billion.

Market capitalisation

Redefine is a significant component of the property sector:



Reinforcing the foundations for growth

A key initiative during 2011 has been to pursue strategic value enhancement for unitholders by shifting the focus of our portfolio model to location strength, critical mass and newer, quality investments. This strategy is reflected in the selected A-grade acquisitions concluded. The disposal strategy targets non-core properties that:

- do not have strategic value for Redefine;
- are not of a quality consistent with the strategy;
- have potential for prolonged or increased vacancies;
- are not in areas of increasing economic growth potential; and
- do not offer feasible redevelopment opportunities.

These results reflect accelerated deal flow and our ability to capitalise on the lower interest rate environment to acquire properties without significant dilution. Our disposal strategy has also carefully considered revenue-diluting impacts.

We will actively continue with the redevelopment dimension of our strategy, investing significantly in improving and extending well-located properties in the core portfolio. Some of our existing properties fall into areas that we have identified as "hotspots" and these will ultimately be redeveloped to maximise the available bulk. In our retail portfolio, we remain confident that our commuter retail centres, which are showing good growth, will continue to produce positive results and benefit from increased government social grants. These centres are located throughout South Africa; provided we have critical mass, which we estimate as over 15 000m^2, we are to a large extent able to control our own environment and are far less dependent on the local authorities for services.

A number of initiatives to expand the retail portfolio are under way. Ultimately, we are targeting 35% to 40% of our portfolio in the commercial and industrial portfolios, to be represented by large quality properties with single A-grade tenants with leases on a fully maintaining-repairing basis. Our retail portfolio will also be expanded, but we remain opportunistic in considering earnings-enhancing opportunities that may fall outside some of the boundaries we have set. We are also seeking to extend our average lease period to 4,5 years.

The overriding emphasis is on acquiring revenue-enhancing assets where the yield on acquisition is higher than the rate at which Redefine can secure funding. The lowering of the interest-rate cycle in 2010, which was maintained at a prime lending rate of 9% for 2011, has favoured institutional funding above issuing additional linked units. Developments in the interest rate cycle will be closely watched as we may need to review this policy, however the low interest rate environment seems to have become a longer-term phenomenon.

Financial performance

With total distributable income for the year of R1,8 billion, total annual distributions rose to 68 cents per linked unit, up from 66,5 cents in 2010, continuing the trend of rising distributions since 2006.

On a comparable recurring income basis, the total distribution was 3% ahead of the prior year, after excluding fee income from the current and prior years' distributions of 4,6 cents and 5 cents per linked unit respectively.

Operational overview

Redefine's diverse property assets under management now exceed R37 billion. Geographically, South Africa generates 93% of distributable income at present. Importantly, almost 80% of our revenue is from contractual rental income, with the balance split between income from listed securities, hotels, and trading and fees.

Operating costs represent 26,5% (2010: 21,5%) of contractual rental income with roughly a quarter of this increase attributable to higher municipal and electricity charges, which are not fully recoverable from tenants. It also includes non-recurring costs incurred in the complex process of internalising property management. The benefit of this initiative began to emerge during the second half of 2011, supporting our confidence that in-house property management will enhance our tenant offering and improve efficiencies and economies.

Three properties were acquired and transferred during the year for an aggregate consideration of R733 million, GLA of over 42 000m^2 at an initial yield of some 9%. Since year-end, definitive agreements have been concluded to acquire seven quality office and industrial properties from the Zenprop

Chief executive's statement *continued*

Group for around R980 million. In addition, the Discovery Life building in Sandton was acquired for R510 million and a portfolio of six high-quality industrial properties has been acquired for R430 million, subject to subdivisions. Competition Commission approval is required for these acquisitions.

Disposals during the review period included the sale of 39 properties to various third parties with a GLA of over 184 000m² for some R938 million at an average yield of 11%.

At 31 August 2011, Redefine had 4 949 tenants (2010: 4 500) with the top 20 contributing 48% (2010: 48%) of annual rental income and occupying 43% (2010: 47%) of GLA. The largest single tenant remains the South African government, representing 19% of annual rental income in 2011 (2010: 18%), followed by Edcon at 4% (2010: 4%) and Absa Bank at 3% (2010: 3%). Approximately 50% of our tenants are A-grade, 42% B-grade and 8% C-grade.

In line with our asset-enhancement strategy, focused on premier locations in key geographic markets, we made good progress with our core portfolio realignment during the review period to a mix of 51% A-grade, 36% B-grade and 13% C-grade. On completion of the restructure process, we expect the number of tenants will be reduced to approximately 3 300, and the number of properties from 358 in 2011 to around 250 in 2012 (total book value will be largely unchanged but the average value per property will increase from around R50 million to approximately R80 million). The total South African portfolio would remain at R20 billion.

During the year, in line with the strategic objective of continuously improving the quality of our extensive property portfolio, Redefine announced development projects totalling R680 million for the new financial year. This is likely to increase further as new projects are approved against our stringent investment criteria. The yields on these projects average out at 9,5% comprising long-term investments, maintenance assets and portfolio yield enhancement.

Subsequent to year-end, on 28 October 2011, Redefine linked unitholders approved the unbundling of a subsidiary, Arrowhead, which will be listed on the JSE. In the process, we disposed of 98 properties that we have classified as non-core as we believe managing these smaller investments is best done by specialist managers in separate portfolios. We also concluded an agreement with Arrow Creek for the disposal of 12 other non-core properties along with a number of speculative property developments based primarily in Cape Town through joint ventures and the Upper Eastside Hotel, which is non-core to our business.

Portfolio restructuring is only one leg of our strategic plan. Hand-in-hand with our acquisition and disposal strategy is the equally vital management of our funding activities. Redefine recently made its debut in the bond market with a successful R250 million CP issue. We intend to continue accessing this market as part of the funding mix. We envisage that 15% to 20% of our funding requirements will ultimately be sourced from the bond market. We also intend taking advantage of lower interest rates and aim to have at least 70% of our debt fixed for longer periods.

Our people

It has been a challenge to meet the needs of our market while completing our own initiatives, yet this challenge has convincingly proven the mettle of our people and our focus on developing talent. Our executive team is well settled and functioning effectively, and we continue to strengthen this team. At senior level, we are intensifying our international exchange programmes, with visits to Australia and the UK during the year proving most beneficial.

Our customers

An extremely important part of our strategy is to focus more on customers (tenants) and we have created a number of positions whose sole function is to liaise with tenants. Although we have a high tenant-retention percentage, we believe this can be further improved, resulting in lower vacancies and less spend on tenant installations and letting commissions. Our focus on customers includes our stakeholders; in the coming year, there will be increased interaction and communication with stakeholders on developments at Redefine.

Thanks

Redefine is a very different company to what it was at the beginning of the year. In that time, we have increased our workforce five-fold, introduced more formal systems, articulated our strategy to our people, and incorporated their feedback. With the support and skill of our employees, we are well positioned to continue this process

Equally, the support of our suppliers, brokers and service providers is deeply appreciated. We will continue to strengthen these relationships, aiming for mutual benefit in the best interests of our company and its stakeholders at every level.

Prospects

In 2012, we expect challenging trading conditions to continue, as the domestic economy has not escaped the impacts of global financial market turmoil. In South Africa, the combination of poor macroeconomic conditions and spiralling municipal charges and electricity tariffs are likely to keep renewal escalations under pressure.

We will continue to reposition our core property portfolio to meet our strategic objectives. As noted in the chairman's review, our intention is to concentrate the bulk of this portfolio in the Western Cape, KwaZulu-Natal and Gauteng. Within these areas, most of the portfolio will be located in so-called "hotspots" for offices and industrial premises. While there is still merit in having retail shopping centres of sufficient size countrywide, we believe these "hotspots" offer the greatest potential for rental growth and capital appreciation over the next few years.

Redefine has decided against investing further in areas where experience has shown that local authorities are dysfunctional. While investing in these areas may well give us attractive initial yields, we have to obtain the required internal rate of return over a given period. The prognosis for property in many of these areas, in our view, is that values will decline or growth will be very low.

We will also conduct a review of our strategic investment in listed securities in the new financial year.

Despite challenging conditions in our market, our core property portfolio is expected to achieve satisfactory growth which will, in line with the restructuring strategy, be offset by the immediate negative impact of the Arrowhead unbundling and lower yields from acquisitions. As a result, distributable income on a recurring income basis is expected to reduce moderately in 2012. Fee and trading income remain largely unpredictable.

We believe we are making the right decisions at the right time, with the medium and long-term benefits of all stakeholders in mind. This should be reflected in our distribution growth and increase in net asset value over time.

Marc Wainer
Chief executive officer

7 December 2011

Financial director's statement

Despite challenging conditions during the year under review, Redefine achieved results in line with forecast

Prospects

- Despite ongoing challenging market conditions, the core property portfolio is anticipated to achieve satisfactory growth, in line with the restructuring strategy
- This will be offset by the immediate negative impact of the Arrowhead unbundling and the lower yields from acquisitions
- Distributable income on a recurring income basis is anticipated to reduce moderately in 2012
- From a unitholder perspective, recognising the forecast Arrowhead distribution, and assuming lower non-recurring fee income, there would be a modest decrease in total unitholder income
- Redefine is well positioned, through its liquid funding position, to execute expansion opportunities efficiently

Andrew Konig,
Financial director

Distributable income

Redefine has produced distributable income of R1 825 million (68 cents per linked unit) for the year ended 31 August 2011, which is 2,3% ahead of last year's 66,5 cents per linked unit or R1 777 million. Redefine's local operations generated 93% of distributable income, with net operating income from investment properties and listed securities contributing 79% and 14% respectively to total local revenue.

On a like-for-like basis the 2011 distributable income (after excluding the Hyprop/Attfund transaction fee of R99 million and other non-recurring fee income totalling R25 million, the bulk of which arises from underwriting the Dipula listing) is 3,1% up on the 2010 recurring distribution of 61,5 cents.

Distributable income extract for the year ended 31 August

	2011 (R million)	2010 (R million)	Change %
Net operating income from investment properties	1 925	1 876	2,6
Listed securities portfolio	347	240	44,6
Fee income	127	108	17,6
Property trading income	35	20	75,0
Total revenue	2 434	2 244	8,5
Administration costs	(82)	(79)	3,8
Net operating profit	2 352	2 165	8,6
Share of distributable income of associates	2	(1)	300,0
Minority interest	–	2	(100,0)
Adjusted operating profit	2 354	2 166	8,7
Net finance charges	(662)	(492)	34,6
Taxation	–	2	(100,0)
South African distributable income	1 692	1 676	0,9
International distributable income	133	101	31,7
Distributable income	1 825	1 777	2,7
Average units in issue ranking for distribution ('000)	2 684 296	2 672 800	
Available for distribution per linked unit (cents)	68,0	66,5	2,3

Note: Certain line items differ to the consolidated IFRS accounts, refer to note 32 of the group financial statements for a reconciliation of distributable income to the statutory statement of comprehensive income

Net operating income from investment properties

Redefine has made significant progress in implementing the restructure of its local property portfolio. To assess the current year's organic trading performance of the core (wholly owned) property portfolio, trading contributions from the properties that were acquired during the year, properties disposed or to be disposed of (such as Arrowhead, Dipula and Arrow Creek) have been excluded from total net operating income from investment properties below.

Property income from the core property portfolio has grown by 1,6%, with the 6,4% property revenue growth (mainly contractual) eroded by a significant increase in property costs. The consequent pressure on property margins and cost push is explained below.

	2011 (R million)	2010 (R million)	Change %
Property revenue	2 066	1 941	6,4
Property costs	(509)	(408)	24,8
Property income from core property portfolio	1 557	1 533	1,6
Net operating income from acquired/development properties	34	10	240,0
Net operating income from disposed properties	308	315	(2,2)
Miscellaneous income	15	2	650,0
Wholly owned investment properties	1 914	1 860	2,9
Partially owned investment properties	11	16	(31,3)
Net operating income from investment properties	1 925	1 876	2,6
Core property cost (%)	24,6	21,0	
Core property margin (%)	75,4	79,0	

Financial director's statement *continued*

To highlight the causes of the year-on-year core property margin decline from 79% to 75,4%, every R100 of property revenue converts into property income as follows:

	2011 Rand	2010 Rand	Change Rand
Property revenue	100,0	100,0	
Less property costs	24,6	21,0	3,6
– Municipal charges net of recoveries	4,1	3,1	1,0
– Electricity charges net of recoveries	1,4	1,0	0,4
– Operating costs	7,6	7,5	0,1
– Property management and management fees	5,7	4,4	1,3
– Repairs and maintenance	2,1	2,3	(0,2)
– Tenant installation	1,8	1,1	0,7
– Letting commission	1,6	1,2	0,4
– Bad debts	0,3	0,4	(0,1)
Property income	75,4	79,0	(3,6)

Margins (the inverse of the property cost %) in 2011 have come under pressure mainly from increases in municipal and electricity charges that could not be fully recovered from tenants and the R35,5 million non-recurring "investment" (outlined below) in internalising property management during 2011.

The property cost push on the prior year can be summarised as follows:

	2011 (R million)	2010 (R million)	Change %
Municipal charges net of recoveries	84	60	41,5
Electricity charges net of recoveries	29	20	39,4
Property management and management fees	120	86	39,5
Tenant installation costs	37	23	72,4
Letting commission	34	23	45,5
Other	205	198	3,8
Property costs	509	408	24,8

The significant increase in municipal charges is driven by municipal rates and taxes increasing by 18,2% with recoveries from tenants rising by 7,2% (mainly due to the inability of being able to pass the increase onto government tenants). The impact of a 44,4% increase in electricity costs was slightly offset by a 48,8% rise in electricity recoveries. Property management and management fees, which have been combined, due to the current year's internalisation of property management are flat if the duplicate cost of R28 million (arising from running a parallel process during the phased handover) and staff termination cost of R7,5 million are excluded. The sharp rise in TI costs are deal driven (mainly new lets). Letting commission has been adversely affected by additional accruals.

CORE PROPERTY PORTFOLIO RATIOS

	2011 %	2010 %
Operating costs* as a % of core property income	21,2	18,7
Property management costs as a % of collections**	3,5	3,6
Municipal recoveries as a % of municipal charges	61,6	67,9
Electricity recoveries as a % of electricity charges	54,6	53,0

** Operating costs defined as all core property costs including recoveries, excluding tenant installation costs and letting commission.*
*** Collections defined as core property income plus recoveries including VAT.*

LISTED SECURITIES PORTFOLIO

The 44,6% increase in income from the local listed securities portfolio was driven mainly by the additional Hyprop units acquired during August 2010.

FEE INCOME

Fee income in the current year comprises the Hyprop/Attfund transaction fee of R99 million, an underwriting fee of R24 million earned from the Dipula listing, management fees of R3 million and directors' fees of R1 million.

PROPERTY TRADING INCOME

Property trading income arose from the sale of properties within speculative developments, mainly in Cape Town.

ADMINISTRATION COSTS

Administration costs have been well controlled, increasing by 3,8% on the prior year.

NET FINANCE CHARGES

The adjusted operating profit growth of 8,7% was diluted to a 0,9% increase in South African distributable income after accounting for the 34,6% increase in finance charges. This increase can be explained as follows:

	(R million)
Net finance charges 2010	**492**
Funding of additional Hyprop units	95
Funding of 2011 acquisitions	35
Breakage costs of unfavourable swaps	16
Arranging fees – renegotiated facilities	13
Revised liquidity margins on renewed facilities	8
Increasing fixed debt from 56% to 74%	10
Savings arising from moving to six-monthly distributions	(10)
Commitment fee	3
Net finance charges 2011	**509**

INTERNATIONAL DISTRIBUTABLE INCOME

Along with underlying growth of the international operations' distributions, recent British Pound appreciation against the Rand following the market turmoil arising from the eurozone sovereign debt crisis boosted RIN and RIFM's contributions.

REVIEW OF STATEMENT OF FINANCIAL POSITION

On 23 August 2011, the merger between RI and RIHL ("the Wichford reverse acquisition") became unconditional in all respects, establishing RI with a primary listing on the LSE. The Wichford reverse acquisition was undertaken by means of a recommended all share offer by RI for the entire issued ordinary share capital of RIHL, whereby RIHL shareholders received 7,2 RI shares for each RIHL share.

The provisional fair value of the net assets acquired is set out below:

	(R million)
Investment property	6 301
Trade and other receivables	43
Loans and borrowings	(5 621)
Derivative financial instruments	(215)
Deferred tax	(19)
Trade and other payables	(177)
Cash acquired (of which R88 million is restricted)	460
Consideration settled by way of share swop	772

This transaction had a significant impact on the group's 2011 statement of financial position and the significant movements have been outlined below by splitting the group amounts into local and international.

Financial director's statement *continued*

INVESTMENT PROPERTIES

	Group (R million)	Local (R million)	International (R million)
2011	**28 848**	**17 481**	**11 367**
2010	21 651	19 059	2 592
Movement	6 833	(1 578)	8 775

At group level, investment properties have increased by R6,8 billion, with the local component declining by R1,6 billion and the international component increasing by R8,8 billion (driven largely by the Wichford reverse acquisition and general acquisitions).

The local movement arises from the disposal of properties to various third parties valued at R953 million, acquisitions that were transferred during 2011 amounting to R733 million, capital (mostly development) expenditure/tenant installations of R229 million, positive fair value adjustments of R394 million and in line with Redefine's objective of restructuring its property portfolio, properties valued at R2 billion which were transferred to non-current assets held-for-sale through the sale of property portfolios to Arrowhead (book value R1,7 billion) and Arrow Creek (book value R282 million).

LISTED SECURITIES PORTFOLIO

	Group (R million)	Local (R million)	International (R million)
2011	**4 664**	**4 664**	**–**
2010	5 099	4 248	851
Movement	(435)	416	(851)

The listed securities portfolio comprises:

	2011		2010	
	Value (R million)	Interest held %	Value (R million)	Interest held %
Local listed securities				
Hyprop	4 123	45,7	3 959	45,7
Dipula	386	33,8	–	–
Oryx	155	26,4	145	26,4
Sycom	–		144	3,1
	4 664		4 248	
International listed securities				
Cromwell	–	–	851	19,8
Total	4 664		5 099	

Following Hyprop's acquisition of the Attfund retail portfolio, Redefine's shareholding declined from 45,7% to 31,2% of the enlarged company after year-end. Sycom was sold during 2011. Dipula was listed on the JSE on 17 August 2011. Redefine underwrote the listing and as a result holds 66 624 872 Dipula "B" units. The accounting treatment of listed securities is set out in the footnote to note 5.3 on page 113 of the financial statements.

Cromwell is now being treated as an associate as a result of RI increasing its investment from 19,8% to 22,4% during the year.

GOODWILL AND INTANGIBLES

	Group (R million)	Local (R million)	International (R million)
2011	**3 850**	**3 388**	**462**
2010	4 683	3 492	1 191
Movement	(833)	(104)	(729)

The movement on local goodwill and intangibles is due to amortisation.

Goodwill arising on the February 2010 acquisition of RIHL and September 2010 listing of RIN (raised on consolidation) amounting to R655 million was written down as a capital adjustment, accounting for the bulk of the international movement.

INVESTMENT IN ASSOCIATES AND JOINT VENTURES

	Group (R million)	Local (R million)	International (R million)
2011	**1 237**	**–**	**1 237**
2010	346	346	–
Movement	891	(346)	1 237

The listing of the merged Dipula and Mergence has resulted in a reclassification of Dipula to listed securities (which is consistent with the treatment of Hyprop and Oryx), which accounts for the local movement on investments in associates.

The foreign increase is due to Cromwell moving from listed securities to investments in associates and joint ventures (as explained above).

LOANS RECEIVABLE

	Group (R million)	Local (R million)	International (R million)
2011	**1 323**	**31**	**1 292**
2010	1 107	467	640
Movement	216	(436)	652

Local loans receivable have decreased by R436 million, through the “monetisation” of the Dipula and Mergence loans which were repaid through the Dipula listing, as well as the reclassification of the joint venture loans being sold to Arrow Creek to non-current assets held-for-sale.

As part of the Wichford reverse acquisition and international debt restructure, the R652 million increase in the loan receivable from Corovest Mezzanine Capital has caused the increase in international loans.

PROPERTY, PLANT AND EQUIPMENT

	Group (R million)	Local (R million)	International (R million)
2011	**80**	**40**	**40**
2010	211	210	1
Movement	(131)	(170)	39

Property, plant and equipment has decreased by R131 million in total, with the local decline of R170 million due to the sale of the Upper East Side Hotel and Oasis Frail Care Centre to Arrow Creek (reclassified as non-current assets held-for-sale), which was offset by foreign increasing by R39 million, mainly due to the relocation of their offices.

PROPERTIES HELD-FOR-TRADING

	Group (R million)	Local (R million)	International (R million)
2011	**31**	**31**	**–**
2010	128	128	–
Movement	(97)	(97)	–

The decline of R97 million is due to the sale of the Brickfield, Oasis and Broadlands joint ventures to Arrow Creek (reclassified as non-current assets held-for-sale). The remaining R31 million is in respect of unsold units in the Buchanan and Berea developments.

Financial director's statement *continued*

CASH AND CASH EQUIVALENTS

	Group (R million)	Local (R million)	International (R million)
2011	**660**	**22**	**638**
2010	607	193	414
Movement	53	(171)	224

The abridged cash flow explains the movement in cash at local and international level. At local level, excess cash has been allocated to revolving credit facilities negotiated with the financial institutions, resulting in a year-end cash balance of R22 million.

LISTED SECURITIES INCOME

	Group (R million)	Local (R million)	International (R million)
2011	**196**	**196**	**–**
2010	153	140	13
Movement	43	56	(13)

The local increase of R56 million is mainly due to Hyprop, which includes a special distribution of approximately R50 million for the months of July and August 2011.

NON-CURRENT ASSETS HELD-FOR-SALE

	Group (R million)	Local (R million)	International (R million)
2011	**2 646**	**2 646**	**–**
2010	351	351	–
Movement	2 295	2 295	–

Non-current assets held-for-sale comprises the Arrowhead properties (R1,7 billion), Arrow Creek properties (R225 million), Upper East Side Hotel (R85 million), Arrow Creek Joint Ventures (R146 million – note that third-party debt of R87 million in respect of the joint ventures is reflected under non-current liabilities held-for-sale) and R471 million is in respect of other properties which no longer fit Redefine's investment criteria and are in the process of being disposed to various third parties. Note that these assets are stated at their disposal value.

INTEREST-BEARING BORROWINGS AND INTEREST RATE SWAPS

	Group (R million)	Local (R million)	International (R million)
Long term			
2011	**16 524**	**6 935**	**9 589**
2010	9 762	7 858	1 904
Movement	6 762	(923)	7 685
Short term			
2011	**2 346**	**810**	**1 536**
2010	1 987	677	1 310
Movement	369	133	226

Interest-bearing borrowings and interest rate swaps have been covered under funding in detail. The current element of interest-bearing liabilities includes R1,3 billion of foreign debt maturing in 2012 (mainly arising from the Wichford reverse acquisition) and R810 million local debt (mostly from Absa Bank).

DEFERRED TAXATION

	Group (R million)	Local (R million)	International (R million)
2011	**1 427**	**1 401**	**26**
2010	1 488	1 500	(12)
Movement	(61)	(99)	38

Redefine has early adopted the amendment to IAS 12. Deferred taxation is now recognised on the revaluation of the building component of investment properties at the capital gains tax rate on the presumption that the investment will be recovered through disposal and will therefore attract capital gains tax. Redefine has applied the amendment retrospectively as required by IAS 8. The early adoption had the effect of reducing the 2009 deferred taxation balance with a corresponding increase of opening 2010 reserves by R728 million. The effect on the 2010 deferred taxation balance and opening reserves was a net decrease of R38 million.

TRADE AND OTHER RECEIVABLES AND PAYABLES

	Group (R million)	Local (R million)	International (R million)
Receivables			
2011	**743**	**475**	**268**
2010	572	422	150
Movement	171	53	118
Payables			
2011	**1 037**	**497**	**540**
2010	636	438	198
Movement	401	59	342

Ordinary trade has caused the local movement, with the Wichford reverse acquisition significantly increasing the foreign component.

REDEFINE'S CAPITAL STRUCTURE

Redefine's capital structure comprises shares and debentures:

	Group (R million)
Share capital and premium	11 788
Debenture capital (disclosed under non-current liabilities)	4 831
	16 619

Redefine's equity capital is issued in the form of a linked share and debenture. Debentures are indivisibly linked to ordinary shares so that unitholders are one and the same persons, holding their shares and debentures in the form of linked or combined units that cannot be traded on the JSE other than as linked units. Redemption of the debenture occurs five years after the unitholders resolve, by way of special resolution, that the debentures be repaid, which resolution can only be passed after 25 years after the first date of issue of the debentures. The debentures are subordinated to all other claims and liabilities as far as payment of interest or capital is concerned. Interest payable on the debentures is calculated at a variable rate, relative to profits earned, after payment of all expenses, including interest payable on external borrowings. Redefine's management therefore regard the debentures as an integral part of the company's capital structure, even though under IAS 32 debentures are classified as part of non-current liabilities.

Financial director's statement *continued*

ABRIDGED 2011 CASH FLOW

	Group (R million)	Local (R million)	International (R million)
Cash generated from operations	2 819	2 428	391
Net financing costs	(937)	(672)	(265)
Linked unit distributions paid	(1 289)	(1 289)	–
Payment to non-controlling interest	(48)	–	(48)
Net cash inflow from operating activities	545	467	78
Net cash (outflow)/inflow from investing activities	(2 782)	65	(2 847)
Net cash inflow/(outflow) from financing activities	2 285	(703)	2 988
Net movement in cash and cash equivalents	48	(171)	219
Cash and cash equivalents at beginning of year	607	193	414
Translation effects of cash and cash equivalents	5	–	5
Cash and cash equivalents at end of year	660	22	638

Cash management is a critical component of optimising Redefine's funding. During the current year, the group's operating activities yielded a cash surplus, which on the local front, along with a net inflow of cash from investing activities (mainly due to the sale of investment properties and Dipula listing offsetting acquisitions of investment properties), was used to reduce local debt (excess cash has been allocated to revolving credit facilities negotiated with the financial institutions). The international operations, benefited from R224 million in cash acquired from the reverse acquisition of Wichford and raised additional funding to cover their investment activities. Note that R132 million of the international cash at year-end is restricted.

DEBT POLICY

Foreign borrowings are negotiated directly by foreign entities and have no recourse whatsoever to Redefine's local statement of financial position. As such, Redefine actively manages local debt and allows the foreign entities to manage their debt independently.

Redefine's debenture trust deed does not limit gearing, however Redefine's board has imposed a limit on local gearing of 45% of total assets (direct property and listed securities). Management believe that the optimal long-term level of gearing for the local operation should not exceed 30%. However, in the prevailing low interest rate market, Redefine is taking advantage of the situation by funding local acquisitions with debt, which will in the short term, increase gearing beyond the 30% level.

FUNDING

Group funding at 31 August 2011 totals R18,3 billion, with R10,7 billion thereof being non-recourse foreign debt, R78,4 million Redefine's share of the joint venture's third-party loans not being sold (third-party debt totalling R87,4 million will be disposed of in terms of the Arrow Creek transaction and has been classified as non-current liabilities held-for-sale) and R7,4 billion Redefine's funding of its local operations.

Local banking facilities totalling R12,3 billion are in place. Redefine has pledged R18,5 billion worth of local properties and listed securities against these facilities, which results in R9,9 billion being immediately accessible (R2,4 billion of the facilities are restricted as the banks require additional security, as and when new properties are acquired and mortgaged, the restriction would be lifted).

At 31 August 2011, Redefine had drawn R7,4 billion against these facilities, leaving R2,5 billion available on demand. The average term of the local debt is 37 months. Allowing for 2012 planned development/capital expenditure requirements totalling R981 million, property acquisitions of R2,4 billion, listed security investments of R1 billion, property disposals amounting to R1,4 billion, a bond issue of R500 million, and the release of R1,2 billion from the restricted facilities (working on a LTV of 50% for properties to be acquired) results in projected net funding headroom from existing funding facilities of R858 million during the 2012 financial year.

During June 2011, Moody's assigned an investment grade credit rating with a stable outlook to Redefine as follows:

– Global long term	Baa3
– Global short term	P-3
– National long term	A3.za
– National short term	P-2.za

On 5 September 2011, Redefine made its debut in the bond market with an issue of R250 million 90-day CP (maturing on 7 December 2011) under its R5 billion DMTN, which is listed on the JSE. The issue was priced at an all-in fixed rate of 5,925%.

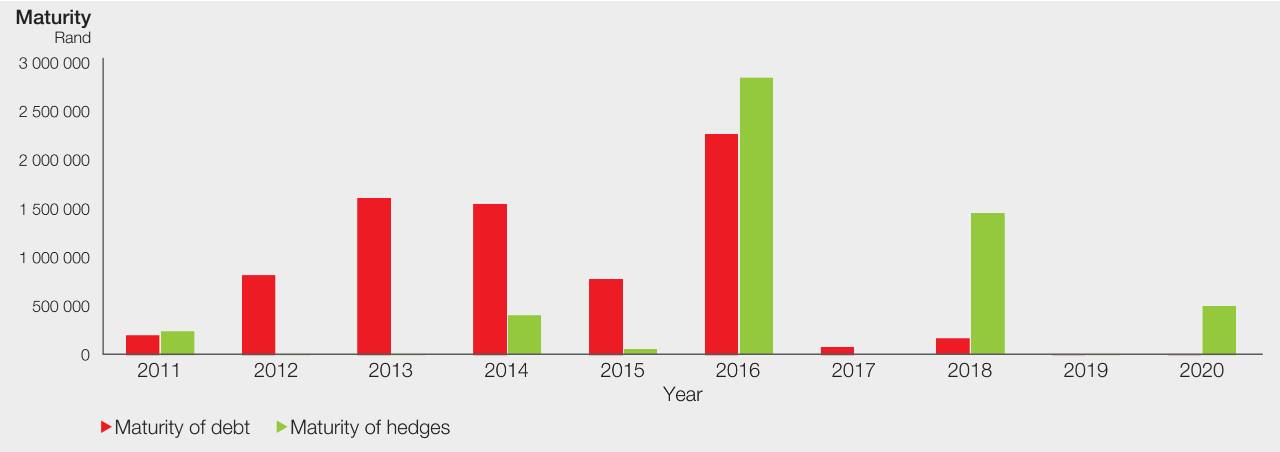
Redefine intends to roll the initial CP issuance twice, or until such time as there is a need for additional funding. It is then anticipated that an issue of a R500 million bond will be undertaken. From a liquidity risk point of view, it is prudent to spread the maturity profile of the issuances and maintain sufficient funding headroom from banking facilities available to cover the maturity. With this in mind, Redefine intends to have approximately 15% to 20% of its debt funded by the bond market.

The local loan to value ratio at 31 August 2011, assisted by cash inflows arising from the Dipula listing (R531 million) is 28,8% (August 2010: 34%). At group level, including the non-recourse foreign debt (following the Wichford reverse acquisition), the loan to value ratio at 31 August 2011 is 50,9% (31 August 2010: 44%). The international operation's £100 million capital raise planned for 2012, assuming that approximately £34 million is supported by third parties, is expected to reduce the 2012 projected group loan to value ratio down to 49,6%.

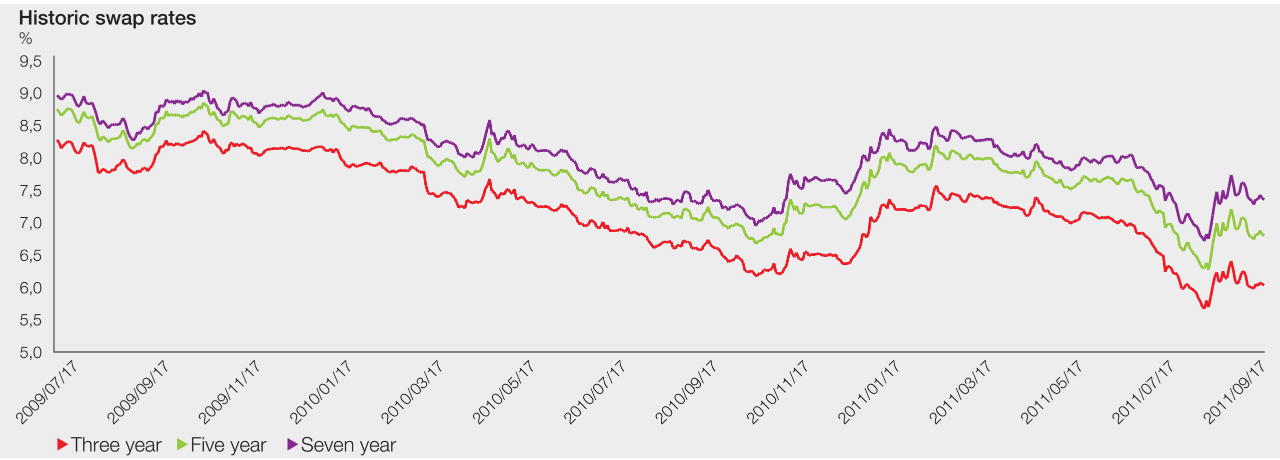
HEDGING

Redefine's revised local hedging strategy is to fix at least 70% of its debt through interest rate swaps at low interest rates for as long as possible. At 31 August 2011, 74% (2010: 56%) of the local loan book is hedged (once again assisted by the August cash inflows). After allowing for the impact of hedging, the total cost of funding is 9,6%, which compares favourably to the prior year's average funding cost of 9,3% given the considerable increase in the level of fixed debt.

The average term of the swaps and fixed rate loans is 63,7 months (5,8 years) and the expiry profile of debt and interest rate swaps is indicated in the graph below.



Redefine will be exercising extreme caution in executing its hedging policy, as it would be beneficial to take maximum advantage of the prevailing floating interest rate, which needs to be balanced with an opportunistic view on longer dated (beyond quarter one 2013) forward-starting swaps, which remain quite attractive (as can be seen from the graph below of historic swap rates). This decision rests on funding requirements going forward and the need to maintain the level of fixed debt at 70%.



Source: Absa Capital

APPRECIATION

I would like to sincerely thank all my financial colleagues for their dedication and hard work, providing Redefine's management timeously with reliable and superior information to measure their financial and operational decisions during 2011 and with strategic input to plan the execution of the way ahead.

Andrew Konig
Financial director

7 December 2011

Our property portfolio

reenergising

our property portfolio

Property portfolio

Highlights

- Property management division fully functional
- Significant progress made in implementing strategy to improve the quality of the portfolio through acquisitions, disposals and unbundling
- Fair value of the portfolio increased by R403 million (2,6% like-for-like basis)
- Vacancy levels have improved to 8,4% overall with 470 586m² (68% of expired leases) renewed and 305 259m² new lets
- Redefine is establishing itself as an active developer to meet tenant requirements
- Speculative property development is being phased out

David Rice,
Chief operating officer

Summary of the local core property portfolio

	Number of properties	GLA m²	Gross monthly rental R000	% of gross rental	Value R000 (directly managed)	Value R000 (indirectly managed*)	Value R000 (Total)	% of total value
Property portfolio	**230**	**2 866 186**	**172 220**	**86**	**16 964 296**	**335 255**	**17 299 551**	**87**
Office	96	1 120 795	86 508	43	8 139 330	41 712	8 181 042	41
Retail	83	819 725	60 347	30	6 285 012	293 152	6 578 164	33
Industrial	51	925 666	25 365	13	2 539 954	391	2 540 345	13
Non-current assets held-for-sale	**128**	**644 997**	**27 435**	**14**	**2 414 251**	**231 931**	**2 646 182**	**13**
Office	44	199 753	12 023	6	896 858	190 441	1 087 299	5
Retail	48	245 592	10 896	5	1 052 290	41 490	1 093 780	5
Industrial	36	199 652	4 516	2	465 103	–	465 103	2
Total	**358**	**3 511 183**	**199 655**	**100**	**19 378 547**	**567 186**	**19 945 733**	**100**

**Assets managed through joint ventures*

Analysis of the property portfolio

During the financial year, there has been movement within the Redefine property portfolio with the realignment of the Redefine investment strategy. The portfolio as at 31 August 2011 now comprises a total of 358 (2010: 397) properties valued at R19,4 billion (2010: R19,3 billion), with a GLA of 3 511 183m² (2010: 3 648 414m²).

A full schedule of properties can be found on pages 49 to 57.

Becoming the property owner of choice

Internalising property management

In December 2009, Redefine decided to internalise its property management function. This decision was driven by the changing needs of the newly merged entity, to improve tenant relations and enhance the flow of accurate property management information at a reduced overall cost. The expected benefits include increased revenue, financial savings and efficiencies of operation, which we are starting to see.

The total take-on of staff from the external property manager was completed in March 2011, increasing the number of employees in the group to 261. We estimate an operating cost saving of R40 million in 2012 and an improved service to tenants. Additional benefits will include:

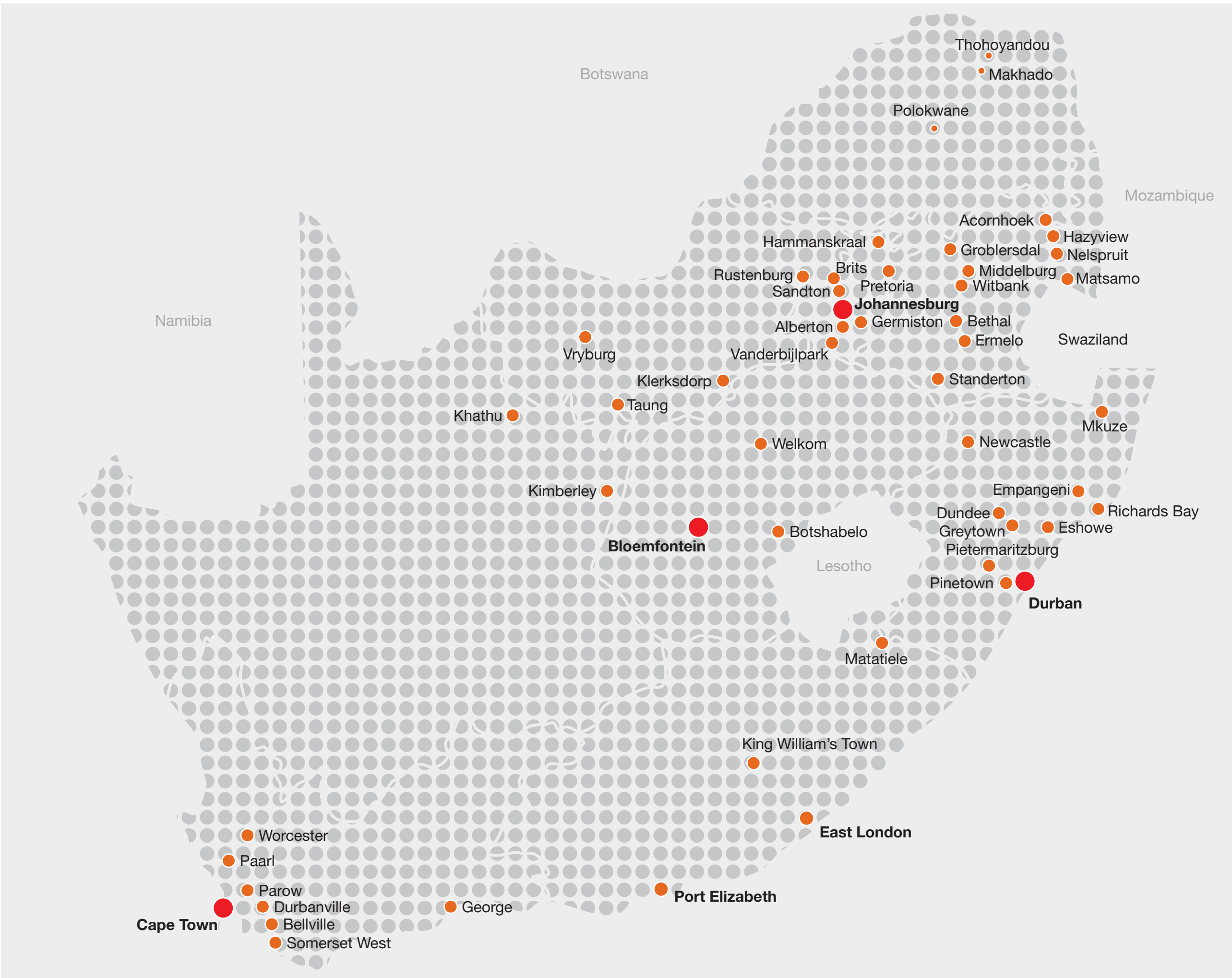
- Improved tenant relations: we have effectively reduced delays between tenant, property manager and property owner in order that we better understand the tenants' needs.

It is Redefine's intention to invest the bulk of its office and industrial property portfolio in Gauteng, Western Cape and KwaZulu-Natal, and within these areas properties will be located in what we have defined as "hotspots" with retail shopping centres on the other hand remaining country wide.

South African property portfolio

Description	Office	Retail	Industrial
Asset value (R billion)†	9,0	7,3	3,0
Number of properties	140	130	87
Average property value (R million)	64,5	56,4	34,5
GLA (m²)	1 321 674	1 064 191	1 125 318
Vacancy (%)	12,8%	4,8%	6,8%
GLA as % of total portfolio	38%	30%	32%
Net property income (R million)*	922	674	295
Percentage of net property income*	49%	36%	15%
Valuation per m²	6 837	6 895	2 670
Average gross rental (per m²/month)	85,95	69,88	28,41
Average escalation	7,6%	8,3%	7,9%
Average lease period (years)	3,8	3,6	3,6
Average yield	13,1%	11,7%	11,9%
*Property expense ratio (excl amortisation)	24%	23%	17%

†*Based on properties held at 31 August 2011 including non-current assets held-for-sale*



Property portfolio *continued*

- Enhanced service delivery to tenants and improved billing and recoveries: our goal is to have our property managers thinking like property owners – to align the long-term interests of the occupant and the building – which is starting to take effect.
- Increased accountability and ownership of staff: our HR department is playing a vital role in ensuring consistency among our staff in projecting the desired Redefine brand.
- The implementation of our ICT system is ensuring availability of information on call and on location for our property management staff, enabling them to make decisions effectively and immediately.
- Entrenching the Redefine brand: by managing the portfolio in-house, we are deepening awareness of our brand in the market and enhancing perceptions of the quality of our portfolio.
- Better access to and management of customer data: automated systems can be accessed by asset and property managers remotely, enabling staff to spend more time with our tenants, improve the quality of decision-making based on real-time data, and efficiency of decision-making.
- In-house legal counsel being able to liaise and resolve issues on a grassroots level, often avoiding acrimonious litigation and associated costs.

Top 20 properties by value

Property name	Province	Sector	GLA m²	2011 Valuation R000	Valuation R/m²
Golden Walk	Gauteng	Retail	44 955	694 600	15 451
Standard Bank Centre	Western Cape	Office	59 783	460 377	7 701
Sammy Marks Square	Gauteng	Retail	31 684	417 507	13 177
Commerce Square	Gauteng	Office	15 690	361 000	23 008
Cleary Park Shopping Centre	Eastern Cape	Retail	36 498	359 762	9 857
Convention Tower	Western Cape	Office	17 644	341 561	19 358
Park Meadows	Gauteng	Retail	30 845	333 500	10 812
Poyntons	Gauteng	Office	73 639	331 605	4 503
90 Rivonia Road	Gauteng	Office	14 270	245 700	17 218
Foretrust Building	Western Cape	Office	26 780	244 000	9 111
Knowledge Park	Western Cape	Office	17 044	241 100	14 146
11 Diagonal Street	Gauteng	Office	32 972	223 600	6 782
Redefine Towers (320 West Street Durban)	KwaZulu-Natal	Office	46 681	220 000	4 713
Pier Place	Western Cape	Office	14 614	212 362	14 531
Jewel City	Gauteng	Office	44 000	208 000	4 727
Wingfield Park	Gauteng	Industrial	56 486	206 750	3 660
Maynard Mall	Western Cape	Retail	24 271	203 500	8 384
Standard Bank Centre Pretoria	Gauteng	Office	24 015	188 850	7 864
The Village @ Horizon	Gauteng	Retail	19 728	183 700	9 312
Stand 509 Isando	Gauteng	Industrial	40 438	183 000	4 525
Total			672 037	5 860 474	8 720

Top 10 office properties by value

	Property	Province	GLA m²	2011 Valuation R000	Valuation R/m²
1	Standard Bank Centre	Western Cape	59 783	460 377	7 701
2	Commerce Square	Gauteng	15 690	361 000	23 008
3	Convention Tower	Western Cape	17 644	341 561	19 358
4	Poyntons	Gauteng	73 639	331 605	4 503
5	90 Rivonia Road	Gauteng	14 270	245 700	17 218
6	Foretrust Building	Western Cape	26 780	244 000	9 111
7	Knowledge Park	Western Cape	17 044	241 100	14 146
8	11 Diagonal Street	Gauteng	32 972	223 600	6 782
9	Redefine Towers (320 West Street Durban)	KwaZulu-Natal	46 681	220 000	4 713
10	Pier Place	Western Cape	14 614	212 362	14 531
	Total		**319 117**	**2 881 305**	**9 029**
	As a percentage of total number of office properties		24,2%	35,3%	

Top 10 retail properties by value

	Property	Province	GLA m²	2011 Valuation R000	Valuation R/m²
1	Golden Walk	Gauteng	44 955	694 600	15 451
2	Sammy Marks Square	Gauteng	31 684	417 507	13 177
3	Cleary Park Shopping Centre	Eastern Cape	36 498	359 762	9 857
4	Park Meadows	Gauteng	30 845	333 500	10 812
5	Maynard Mall	Western Cape	24 271	203 500	8 384
6	The Village @ Horizon	Gauteng	19 728	183 700	9 312
7	Ottery Centre	Western Cape	27 298	164 000	6 008
8	Kempton Square Shopping Centre	Gauteng	16 808	146 800	8 734
9	Sable Square	Western Cape	27 195	134 000	4 927
10	Middestad Centre	Free State	20 029	128 500	6 416
	Total		**279 311**	**2 765 869**	**9 902**
	As a percentage of total number of retail properties		26,2%	37,7%	

Top 10 industrial properties by value

	Property	Province	GLA m²	2011 Valuation R000	Valuation R/m²
1	Wingfield Park	Gauteng	56 486	206 750	3 660
2	Stand 509 Isando	Gauteng	40 438	183 000	4 525
3	Premier Milling – Durban	KwaZulu-Natal	89 000	145 426	1 634
4	8 Jansen Road	Gauteng	22 774	113 000	4 962
5	Waltloo	Gauteng	30 858	108 000	3 500
6	Heron Industrial	Western Cape	23 803	105 000	4 411
7	12 Piet Rautenbach Street	Gauteng	23 392	84 000	3 591
8	21 Wrench Road	Gauteng	32 702	76 000	2 324
9	Premier Milling – Waltloo	Gauteng	27 666	74 000	2 675
10	Freeway Centre	Gauteng	42 309	73 000	1 725
	Total		**389 428**	**1 168 176**	**3 000**
	As a percentage of total number of industrial properties		34,6%	38,9%	

Property portfolio *continued*

Sectoral spread

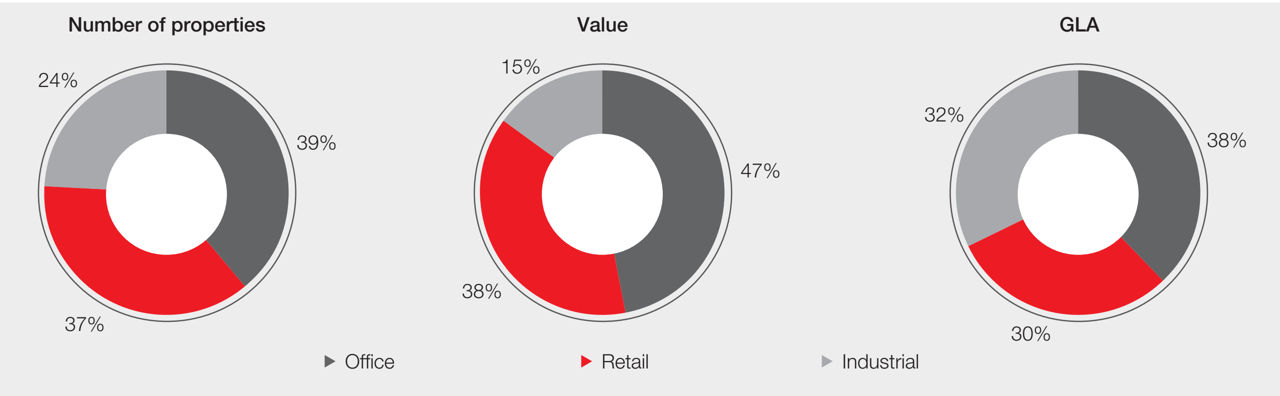
The sectoral spread remains balanced across sectors to reduce risk of over-exposure to any one sector.

Sectoral spread by gross lettable area

	2011				2010		
	Value R000	Number of properties	GLA m²	GLA %	Number of properties	GLA m²	GLA %
Office	9 036 188	140	1 320 548	38	154	1 365 724	37
Retail	7 337 302	131	1 065 317	30	151	1 198 448	33
Industrial	3 005 057	87	1 125 318	32	88	1 084 242	30
Total	**19 378 547**	**358**	**3 511 183**	**100**	**393**	**3 648 414**	**100**

Sectoral spread by gross monthly rental

	2011				2010		
	Value R000	Number of properties	GMR R000	GMR %	Number of properties	GMR R000	GMR %
Office	9 036 188	140	98 531	49	154	95 888	47
Retail	7 337 302	131	71 243	36	151	75 829	38
Industrial	3 005 057	87	29 881	15	88	30 079	15
Total	**19 378 547**	**358**	**199 655**	**100**	**393**	**201 796**	**100**



Geographic spread

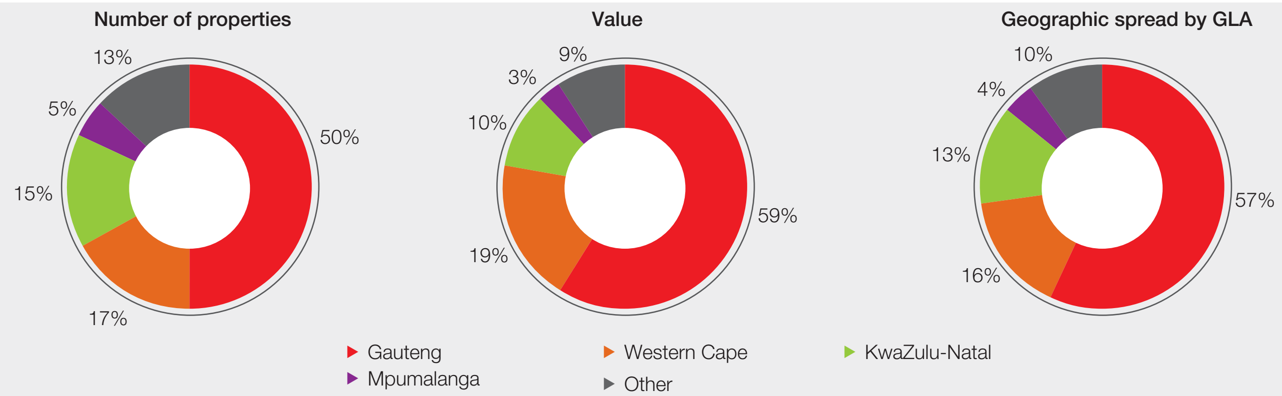
In line with the Redefine property strategy, the major focus is to concentrate investment in the key nodal areas within Gauteng, Western Cape and KwaZulu-Natal. The core focus remains to reduce the industrial and commercial exposure in the areas of the Eastern Cape, Free State, Northern Cape and North West. However, key retail investments will be retained in these nodes.

Geographic spread by GLA

	2011				2010	
Province	Value R000	GLA m²	Number of properties	GLA %	GLA m²	GLA %
Gauteng	11 353 925	1 990 401	179	57	2 042 051	56
Western Cape	3 717 450	571 296	59	16	580 287	16
KwaZulu-Natal	1 893 035	474 175	54	13	509 986	14
Mpumalanga	696 815	138 740	19	4	141 503	4
Other	1 717 322	336 571	47	10	374 587	10
Total	**19 378 547**	**3 511 183**	**358**	**100**	**3 648 414**	**100**

Geographic spread by GMR

	2011				2010	
Province	Value R000	GMR R000	Number of properties	GMR %	GMR R000	GMR %
Gauteng	11 353 925	113 152	179	57	115 538	57
Western Cape	3 717 450	36 425	59	18	33 726	17
KwaZulu-Natal	1 893 035	23 324	54	12	24 887	12
Mpumalanga	696 815	7 664	19	4	7 788	4
Other	1 717 322	19 090	47	9	19 857	10
Total	**19 378 547**	**199 655**	**358**	**100**	**201 796**	**100**



Property portfolio *continued*

Vacancy profile

At 31 August 2011, the vacancy in the Redefine portfolio was 8,4% (2010: 10,4%). The reduction is a result of the sale of properties and, backed by letting of new space.

Summary of vacancy of property portfolio

Province	Office m²	Retail m²	Industrial m²	Total m²
Gauteng	80 582	18 290	53 094	151 966
Western Cape	19 711	7 362	8 225	35 298
KwaZulu-Natal	43 924	4 289	11 249	59 462
Mpumalanga	8 011	10 511	0	18 522
Other	16 551	10 890	3 499	30 940
Total	**168 779**	**51 342**	**76 067**	**296 188**
	12,8%	4,8%	6,8%	8,4%
Total gross lettable area	**1 320 548**	**1 065 317**	**1 125 318**	**3 511 183**

TENANT PROFILE

Redefine's policy is to lease space to quality tenants with a high likelihood of renewal. Tenants are classified as follows:

- **A-grade:** National, provincial and local government, parastatals, national retailers and large companies.
- **B-grade:** Professional firms and medium-size companies.
- **C-grade:** Other.

Redefine has 4 949 tenants. Of the total number of tenants:

- 50% are classified as A, accounting for 52% of the net rental within the portfolio;
- 42% are classified as B-grade which accounts for 36% of the net rental; and
- the remaining 8% are classified C-grade tenants representing 12% of the net rental within the portfolio.

The change in A and B-grade tenants in the portfolio is representative of the drive within the business to improve the quality of tenancy, thus resulting in a more stable income base.

Tenant grading	GMR %	GLA m²	GLA %
A-grade	**52**	**1 753 223**	**50**
Office	30	853 590	24
Retail	18	591 499	17
Industrial	4	308 134	9
B-grade	**36**	**1 493 503**	**42**
Office	16	365 460	10
Retail	10	327 535	9
Industrial	10	800 508	23
C-grade	**12**	**264 457**	**8**
Office	5	107 347	3
Retail	7	142 862	5
Industrial	0	14 248	0
Total	**100**	**3 511 183**	**100**

Top 20 tenants	GMR R000	GMR %
Government	38 070	19
Edcon	7 620	4
Absa	6 788	3
Shoprite	5 824	3
Standard Bank	5 276	3
Pepkor	3 568	2
Premier Foods	2 849	1
FNB	2 683	1
Vodacom	2 621	1
Pick n Pay	2 265	1
De Beers	2 262	1
Foschini	2 148	1
Nedbank	2 084	1
Alexander Forbes	2 074	1
JD Group	1 979	1
Ellerines	1 900	1
Iliad Africa Trading	1 802	1
Mr Price	1 636	1
MTN	1 544	1
Cell C	1 419	1
Total	**96 412**	**48**

Developing systems for improved performance

To manage the responsibilities of property management and provide real-time data for all property and asset managers regionally and in the field, Redefine invested over R61 million in ICT systems. At year-end, with this implemented the focus is now on report development and continual improvement to enhance service delivery and efficiency. Immediate reporting requirements for trends, vacancies, letting activities, financial growth and sectoral growth is under development.

Call centre and administrative support

In May 2011, Redefine launched its national call centre. By consolidating data-capture processes, we are systematically identifying root causes of repeat problems and anomalies such as poor municipal monitoring and meter reading. We have also initiated customer satisfaction surveys, which will be a useful tool for continual improvement.

Rent collection has improved significantly, with arrears reducing from approximately 12% of total monthly rentals a year ago to 7,5%. We are also integrating our different ICT systems, particularly between billing and lease documentation. Our objective is 48-hour turnaround on providing lease agreements, and 72 hours on renewals (due to higher volumes).

Top 10 office tenants

Tenant	GMR R000	GMR %
Government	34 494	35
Absa	5 072	5
Standard Bank	3 759	4
Vodacom	2 537	3
De Beers	2 262	2
Alexander Forbes	2 074	2
Nedbank	1 645	2
Edcon	1 547	2
MTN	1 428	1
Cell C	1 379	1
Total	**56 197**	**57**

Top 10 retail tenants

Tenant	GMR R000	GMR %
Edcon	5 927	8
Shoprite	5 824	8
Pick n Pay	2 265	3
Pepkor	2 182	3
Foschini	1 847	3
Absa	1 673	2
JD Group	1 638	2
Mr Price	1 595	2
FNB	1 527	2
Standard Bank	1 430	2
Total	**25 908**	**36**

Property portfolio *continued*

Top 10 industrial tenants

Tenant	GMR R000	GMR %
Government	2 884	10
Premier Foods	2 849	10
Pepkor	1 266	4
DHL Global Forwarding	1 048	4
Royal Fern Investments 24	951	3
Kintetsu World Express	951	3
Iliad Africa Trading	808	3
Avroy Shlain Cosmetics	727	2
Coricraft Group	687	2
Finlar Fine Foods	466	2
Total	**12 637**	**42**

Case study – adding value through systems

In recent years, we had to adapt to many changes in our business management systems. Sometimes we faced major problems like line speeds and applications as all our day-to-day work is done on remote packages. These issues have improved over the last eight months, and the benefits are real.

Although we are a much smaller team here in Cape Town, we have a wonderful working spirit and feel that we are at the forefront of the company. Redefine is an exciting space to be in – we have grown very quickly and are definitely outperforming our strategy.

Menora Voegt – property administrator, Cape Town

Case study – adding value through customer service

"Thank you for calling Redefine. My name is Nthabiseng, how may I help you?"

My responsibility is to manage the call centre at the Rosebank head office. It was a particularly challenging year with all the changes in the business and the prominent role the call centre plays in dealing with tenants' enquiries. Structures we have implemented during the year to manage this process include:

- Monitoring our turnaround times in addressing complaints, and the number of complaints per month. Despite the fact that all calls are logged when they are received, they can only be completed when we have feedback from the respective departments. As we are the first port of call for all Redefine's tenant queries, we fully rely on other departments to get back to us before we can respond to the client. Any delays from these teams – because they are in the field or require input from suppliers – can mean a delay on the call centre side. We are concentrating on streamlining this process.
- We are effectively the face (or the voice) of the company. As such, we need to understand the business in its entirety and strengthen our relationships with every other department, and, literally, every other person in the company. I make it my business to gather as much information possible from everyone in the business about what they do.

The history of Redefine is such that transformation is only really starting now. As a company, we are getting our demographic balances right, and I am positive about the changes I have seen in the year since I joined. There are great opportunities here to prove myself and I have expressed my ambition to one day be an asset manager. I am now registered on a property management course at Wits (run by SAPOA) and my studies are being sponsored by Redefine.

Nthabiseng Mzolo – call centre manager

Insurance, legal and risk

As part of the ongoing process of formalising the structures of internal departments, the legal and risk team at Rosebank head office is now providing an internal advisory, insurance, legal and risk service to the entire company. Specific developments during the year include:

Insurance

- The process of performing full valuations of all properties in the portfolio is managed by the legal department in conjunction with quantity surveyors.
- Annual reviews of all properties are performed in conjunction with our insurance brokers and property management division.
- Internal reviews of the portfolio are performed every six months.
- Insurance risk assessment tools are in the process of being implemented in conjunction with our insurers to reduce risk and reduce premiums.
- The legal team acts as liaison between internal operations and the insurer.
- Given the high level of industrial action in South Africa in the last year (the highest in the history of the country), we have also revised SASRIA provisions in our policies, including limits of indemnity.
- Our main concern, as property owner, is principally to ensure the safety of our tenants and their patrons and this is becoming a higher priority as industrial action becomes more prevalent.
- In this regard, the legal department, in conjunction with Redefine's brokers and insurers, is introducing in-house industrial action workshops and written guidelines to ensure that all centre managers', operational personnel are educated as to Redefine's statutory rights and obligations. These workshops will also be aimed at providing details of the protocol to be followed and steps to be taken in the event of industrial action. This is being done with a view to mitigating potential adverse effects and in so doing, affording maximum protection to our tenants.
- A further advantage of concentrating the Redefine portfolio has been a reduction of insurance premiums and excesses. In this regard the legal team has worked hand-in-hand with the operational team and the insurers and will continue to do so to further reduce exposure, claims, premiums and excesses.

Property management

Redefine embarked on a process of internalising many of the property management and legal functions which were previously outsourced. This internalisation of functions has resulted in, inter alia, improved debt recoveries, a reduction in legal fees, faster turnaround time and better tenant relationships.

Although dealing with municipalities remains a challenge, particularly obtaining clearance figures and certificates, obtaining refunds on billing errors and disposal of properties, and opening of new accounts, the internalisation process has allowed a more hands-on approach and has allowed internal follow-ups.

Statutory compliance

In light of the introduction of new legislation, inter alia, the National Credit Act, No 34 of 2005; the Consumer Protection Act, No 68 of 2008; and the Companies Act, No 71 of 2008 the legal department, in conjunction with external counsel, has undertaken an audit of all standard legal documents eg lease agreements and disposal and acquisition agreements, to ensure that Redefine is compliant in all respects.

Redefine has also addressed corporate governance issues in light of the Companies Act and King III.

Due to the fact that the legislation is new and no case law or legal precedents have been set, Redefine believes that the legislation will have far-reaching effects on the property sector. To mitigate these effects and stay abreast of all decisions and precedents made in relation thereto, the legal department has arranged workshops with external legal experts and prepared handbooks for the relevant departments with a view to providing a fundamental understanding of the implications and requirements of the Acts.

Redefine, in conjunction with Property Management, also intends to implement regular workshops, information booklets and Q&A sessions to ensure that all legal, statutory and other relevant compliance issues are addressed.

Internal legal drafting and litigation functions

The legal team is involved in the drafting and settling of agreements which agreements were previously outsourced. This has reduced the incurring of external legal fees and costs. Similarly, all litigation is processed via the legal department. This centralised approach enables the legal department to consider all matters on a case-by-case basis, taking into consideration the merits of each individual matter, the quantum, the prospects of success as well as associated legal costs. If it becomes necessary to instruct external counsel to settle complex agreements, provide opinions or proceed to institute or defend litigation matters, the legal department works hand-in-hand with external counsel to ensure that costs are minimised in all possible respects.

Case study – legal department adding value

As the number of transactions increases, particularly during this period of upgrading our property portfolio, we are seeing more opportunities to add value to our business processes. The fact that we are all housed in one building in Rosebank has also facilitated better communication and compliance with the changing legal landscape. For example, following the promulgation of the Consumer Protection Act, we organised workshops with all operational staff. The call centre has also been an invaluable help with referring questions from tenants. During the year, we have introduced clearer lines of authority, governance structures and channels of communication. As Redefine continues to formalise its processes, the legal team is becoming more than just personalities – we are becoming a valuable business tool.

Tracey-Ann Wolf and Bianca de Waal Nunes

Service providers

As a process of internalising our property management function and optimising our cost centres and BEE performance, we aim to streamline our procurement process. We are striving towards partnership agreements with service providers based on the core values of Redefine, focusing on quality, competitive pricing, consistency and efficiency of service. In outlying areas, this is more challenging as adequate skills are not readily available. During the prior year, while the property management function was outsourced, Redefine engaged with more than 5 000 suppliers. In 2011, this number has been reduced to approximately 2 000. By appointing dependable contractors, we ensure that our property assets are correctly maintained, ensuring the longevity of our revenue producing assets. To maintain cost effective and consistent service delivery, contracts are being changed to three-year performance-based service level agreements with all service providers. Included in each service level agreement are:

- Response times;
- Turnaround times to resolve issues;
- Preferential call-out rates; and
- Service quality criteria.

The advantages to Redefine of these service level agreements include:

- Fewer service providers to make service delivery more manageable;
- Streamlined operating and financial reporting process with closer cost control;
- Common commitment to service delivery; and
- Tight cost management which includes fixed escalation clauses.

We fully appreciate the social benefits of local procurement, and while at present we do not monitor the labour-sourcing practices of our suppliers, we intend to introduce this moving forward. We do however screen suppliers for BEE certification and compliance with stipulated basic conditions of employment (ie minimum wages paid, leave, compensation for injuries, overtime pay). As systems evolve and more suppliers have verified empowerment credentials, this level of reporting will become standard.

Health and safety

While our property assets are the investment vehicles for our unitholders, they are also the facilities in which our tenants achieve their business aspirations. As such, we endeavour to provide facilities that protect and preserve the assets of our tenants, both in terms of human lives (health and safety) and the assets they are managing (security). We have appointed the necessary responsible personnel in terms of the Occupational Health and Safety Act for all our properties. A health and safety committee has been established at Rosebank head office, and all operations managers have received legal compliance training. We also regularly engage specialist consultants to assist in conducting legal compliance audits and inspections at all our premises.

Electricity efficiency

In response to planned electricity price increases in excess of 25% per year to 2012, we have prioritised energy management in our portfolio:

- When we first anticipated the electricity supply-side constraints in South Africa, we deployed state-of-the-art check metering and online tenant metering throughout the portfolio.
- In late 2011, we appointed a dedicated in-house electrical engineer to focus on energy efficiency and compliance with the Green Building Council of South Africa.

Property portfolio *continued*

Leasing

Multi- and single-tenanted buildings

	Number of properties	Lease count	GLA m^2	Value R000	% of property count	% of GLA	% of value
Multi	**260**	**4 844**	**2 674 389**	**15 656 987**			
Office	105	1 897	1 117 398	7 333 921	30	32	38
Retail	108	2 567	944 931	6 748 063	29	27	35
Industrial	47	380	612 060	1 575 003	13	17	8
Single	**98**	**105**	**836 794**	**3 721 560**			
Office	35	36	203 150	1 702 267	10	6	9
Retail	23	25	120 386	589 239	7	3	3
Industrial	40	44	513 258	1 430 054	11	15	7
Grand total	**358**	**4 949**	**3 511 183**	**19 378 547**	**100**	**100**	**100**

Lease renewals and tenant relationships

A key focus is to improve the quantity of A- and B-grade tenants within the portfolio, thereby ensuring a stable income base going forward. Such tenants include government (national, regional and local), banks, national retailers, and international and national businesses. Our core focus is to build relationships with such tenants within our portfolio and the retention of these tenants. This allows our tenants to grow within our portfolio as business partners and is more cost-effective for them as well as for Redefine, as opposed to sourcing new occupants. As such, we are constantly developing new skills and tools to refine our approach to ensuring continuity in our relationships with tenants.

Brokers

Brokers are a primary conduit to communicate lease opportunities to the market and secure appropriate tenants. We currently maintain relationships with around 2 000 brokers nationally. In 2011, we also strengthened relationships with space planners that assume a project management role on behalf of the tenant. During the year, we focused on facilitating more effective business relationships with our brokers by:

– improving our responsiveness and ensuring brokers always have one point of contact at Redefine;
– empowering our asset management team as knowledge experts in the property sector to conclude deals quickly and efficiently;
– never deviating from our commitment to pay commissions promptly. We will always favour filling a vacancy sooner to waiting for a higher rental and are thus eager to reward responsiveness from our broking relationships; and
– ensuring a relationship of trust with our brokers.

Leasing activity

Gross lettable area and vacancy movement for the year under review is summarised as follows:

	GLA m^2	Vacant GLA m^2	Vacancy %
Balance at 31 August 2010	3 592 707	366 069	10,2
GLA adjustments	60 316	13 324	
Acquisitions	42 243	1 085	2,6
Disposals	(184 083)	(30 278)	16,5
Vacancy due to the re-development		(20 211)	
Leases expired during the period		687 089	
Renewals of expired leases		(470 586)	
New letting of vacant space		(305 259)	
Leases terminated prior to expiry		54 955	
Balance at 31 August 2011	**3 511 183**	**296 188**	**8,4**

Lease expiry

Year ending August	Office GLA m²	Office GMR R/m²	Retail GLA m²	Retail GMR R/m²	Industrial GLA m²	Industrial GMR R/m²	Total GLA m²	Total GMR R/m²
2012	433,282	102,54	232,334	60,60	262,071	24,51	927,687	65,44
2013	234,114	98,31	214,224	75,48	286,018	31,60	734,356	65,53
2014	141,926	111,94	131,272	113,74	168,892	42,51	442,090	86,69
2015	173,882	95,05	130,167	67,99	114,811	26,02	418,860	69,84
Beyond 2015	173,435	119,18	283,042	75,88	214,465	37,91	670,942	74,38

Redefine concluded 1 569 leases with a gross monthly rental of approximately R51,1 million from 1 September 2010 to 31 August 2011.

Of the leases concluded, 952 were renewals with a gross monthly rental of approximately R34,1 million and 617 were new leases with a gross monthly rental of approximately R17,0 million.

Leases of approximately 775 000 square metres were concluded during the year under review.

Of the office leases expiring in 2012, approximately 25% have already been renewed.

Parking

With the internalisation of property management, parking has been identified as one of the potential growth areas within the business. With nominal growth during the 2011 financial year, focus is being placed on revenue growth in parking through the appointment of a specialist consultant to further the growth of income.

Parking bays post sales and acquisitions have reduced to 36 946. Parking generates monthly revenue of R13,7 million (2010: R13 million). This equates to a 5% growth in parking revenue; the average rental per bay has increased from R309 to R370.

Capital expenditure

Redefine is committed to investing in its core portfolio in order to maintain and upgrade the properties, thereby ensuring future sustainability. Capital expenditure for the year amounted to R193 million.

The valuation process

The valuation policy is for properties previously valued at more than R20 million to be valued externally by independent valuers on an annual basis and for properties, previously valued at less than R20 million, which are valued internally, are externally valued by independent valuers on a three-year rotational basis.

The following panel of valuers were appointed to undertake the external independent valuation of the local core property portfolio under the guidelines of the South African Institute of Valuers:

- Alternative Real Estate
- Asset Valuation Services
- DDP Valuers
- Eris Property Group
- Mills Fitchet – JHB
- Mills Fitchet – KZN
- Mills Fitchet Magnus Penny
- Quadrant Properties

The valuation methodology applied is predominantly the DCF method, which is the widely accepted international valuation practice.

Valuation assumptions

The range of the reversionary capitalisation rates applied to the portfolio was between 8% and 15%, with the average being approximately 11%. The discount rates applied ranged between 11% and 19%, with the average being approximately 14,6%. The market rental growth rates applied to the portfolio were between 3% and 6%, with the average being approximately 4,5%.

Valuation results

The value of properties increased from R19,2 billion to R19,4 billion, excluding vacant land. The average property value increased from R48,4 million to R54,1 million, with the average value per square metre increasing from R5 330/m² to R5 519/m². The initial average yield of the portfolio is 10,6%. (2010: 10,5%).

Acquisition and disposal strategy

Redefine continues to seek prime investment properties that are preferably above R50 million in value, in well-located centralised growth nodes with quality long-term leases, preferably on a fully maintaining and repairing basis. The acquisitions of office and industrial properties are geographically focused mainly in the larger metropolitan regions of Gauteng, Western Cape and KwaZulu-Natal. Major investment factors include public transport (such as the Gautrain in Gauteng), toll roads, electricity tariffs and municipal charges. In terms of retail properties, the geographical scope also includes outlying areas which offer long-term consumer/economic growth prospects as long as they are of a sufficient size and we are able to control our own environment.

Process of acquisitions and disposals

Redefine follows a robust process of due diligence and risk assessment to identify all risks and opportunities when assessing possible changes to the property portfolio. The process is initially mandated by the board prior to notifying our team of brokers or issuing tenders to intermediaries.

All proposals are approved by the company's Exco before formally considering the investment opportunity. Criteria for evaluation include yield, tenants' covenants, lease-expiry profiles, rental levels, location and overall condition of the investment proposition.

Property portfolio *continued*

Approval at exco results in a due diligence exercise which involves the following disciplines:

Due diligence study	Issues considered for acquisitions
Town planning	Limitations on expansions Rates and taxes Accessibility and visibility
Structural integrity	Health and safety
Facilities (heating, ventilation and air conditioning, lifts, escalators, etc)	Maintenance and repair requirements
Fire and safety	Compliance
Insurances	Adequacy of cover

This process also increasingly considers the environmental impacts (energy and water efficiency, carbon footprint, etc) of an asset prior to acquisition. Security and traffic issues are key considerations as part of the due diligence process. Once the due diligence is complete, a financial model is developed and the opportunity is presented to the investment committee for formal approval. A detailed database of all brokers and investors is maintained by our acquisitions and disposals team, and regular consultations are held to remain abreast of potential opportunities.

Unsolicited requests to buy assets are also considered and presented to Exco. This is also used to benchmark selling prices against current leases, and gauge competitiveness in the market and responsiveness to micro and macro-economic effects. Redefine's relationships with large property broking houses, strong networking ability, flat decision-making structure and immediate access to funding ensure that Redefine is well positioned to execute these transactions when they present themselves.

The critical success factors we apply to our performance include:

- Responsiveness: in 2011, turnaround times for the entire due diligence process, from initial enquiry to investment committee decision, were maintained at 7 – 10 days. Exco meets every week to ensure that new opportunities are considered timeously.
- Communicating Redefine's strategy and decisions effectively and clearly to all our business partners.
- Redefine's in-house legal department prepares and settles agreements (ie all agreements are specific to an individual transaction).

Acquisitions

During the financial year, Redefine acquired and transferred three properties with a combined value of R733 million at an initial yield of 9,1%.

Post year-end, there were a further 25 individual property acquisitions with a combined value of R3,2 billion at an overall initial yield of 8,9%

Acquisitions during the year

Property name	Sector	Province	Acquisition date	GLA m²	Acquisition cost R000	Yield %
Commerce Square	Office	Gauteng	31 Jan 2011	15 690	350 000	9,3
Esher Place	Office	Gauteng	31 Jan 2011	9 007	150 000	9,3
Sammy Marks Square Portion 2	Retail	Gauteng	16 Aug 2011	17 546	233 150	8,7
Grand total				**42 243**	**733 150**	**9,1**

Disposals are determined on an ongoing basis with the continual assessment of performance and surrounding micro-economic factors.

Disposals

Redefine continues with its strategy of disposing properties which no longer fit its investment criteria; typically properties which are located in areas with poor growth prospects, office and industrial properties that are in outlying and decentralised nodes (outside the larger metropolitan areas), as well as government tenanted properties located in the CBDs. Properties earmarked for disposal are determined on an ongoing basis, with the continual assessment of sustainable income generation and capital appreciation prospects driving the process.

During the year under review, Redefine has disposed of and transferred to various buyers 39 investment properties for R958 million at an average yield of 11,2%, realising a surplus on original cost of R190,3 million. Included in these disposals is a portfolio of 15 properties sold to Dipula.

Post year-end a further 120 properties at a combined value of R2,1 billion have been sold, which include both the Arrowhead and Arrow Creek transactions.

Disposals during the year under review

Property	Province	Sector	Date of transfer	GLA m²	Vacant GLA m²	Selling price R000	Yield %	Selling price R/m²
Nameplate Centre	Gauteng	Industrial	3 Sep 2010	5 720	4 295	11 800	10,7	2 063
Standard Bank Rustenburg	North West	Retail	30 Sep 2010	2 744	2 017	14 500	11,6	5 284
Middelburg Plaza	Mpumalanga	Retail	14 Oct 2010	7 897	84	61 000	11,5	7 724
Union Club	KwaZulu-Natal	Office	28 Oct 2010	5 428	5 166	11 700	4,2	2 155
Agency 2 Erf 27	Gauteng	Office	16 Nov 2010	2 163	2 163	15 460	9,0	7 147
Florida Road Durban	KwaZulu-Natal	Retail	9 Dec 2010	954	393	7 965	10,7	8 349
Shepstone & Wylie	KwaZulu-Natal	Office	14 Dec 2010	5 096	5 096	17 000	9,0	3 336
Centenary Branch	KwaZulu-Natal	Office	25 Jan 2010	966	966	7 800	10,4	8 075
Metcash Mokopane	Limpopo	Industrial	27 Jan 2010	3 152	–	4 600	14,3	1 459
Ellerines Empangeni	KwaZulu-Natal	Retail	1 Feb 2010	1 656	1 656	11 000	10,9	6 643
Oxford & Terminus Street	Eastern Cape	Retail	17 Feb 2010	2 090	–	24 500	11,7	11 722
Ellerine Property Benoni 1	Gauteng	Retail	28 Feb 2010	1 839	712	2 600	13,1	1 414
Ellerines Caywood	Eastern Cape	Retail	2 Mar 2010	2 265	1 265	1 475	12,2	651
Siyabuswa	Mpumalanga	Retail	29 Mar 2010	3 213	112	24 000	10,5	7 470
Town Talk Groblersdal	Mpumalanga	Retail	8 Apr 2010	2 057	–	4 455	17,6	2 166
De Bruyn Park	Gauteng	Office	3 Jun 2010	35 582	53	180 000	11,7	5 059
Ellerines Matatiele	KwaZulu-Natal	Retail	21 Jun 2010	3 165	31	15 753	12,2	4 978
Ellerines Eshowe	KwaZulu-Natal	Retail	21 Jun 2010	1 185	–	8 369	10,7	7 063
Citizens KWT	Eastern Cape	Retail	21 Jun 2011	2 724	1 114	7 876	13,2	2 892
Hyde West	Gauteng	Office	30 Jun 2011	1 207	–	13 000	10,2	10 771
Motorcity Strydom Park	Gauteng	Retail	26 Jul 2011	7 424	1 153	37 000	12,3	4 984
Metro	KwaZulu-Natal	Retail	8 Aug 2011	11 887	–	27 500	13,6	2 313
Finance House	Gauteng	Office	17 Aug 2011	7 589	2 226	50 903	10,0	6 708
Sanburn Benoni	Gauteng	Office	17 Aug 2011	6 757	–	32 756	10,1	4 848
Palm Court	Gauteng	Retail	17 Aug 2011	6 284	506	50 000	10,7	7 957
360 Pretoria Avenue	Gauteng	Office	17 Aug 2011	4 979	–	26 971	10,6	5 417
Bruma Boulevard	Gauteng	Office	17 Aug 2011	4 802	31	28 358	11,3	5 906
274 Beyers Naudè Drive	Gauteng	Retail	17 Aug 2011	3 784	–	42 500	10,0	11 232
Blackheath Galleries	Gauteng	Retail	17 Aug 2011	3 667	569	23 000	10,0	6 272
233 Bram Fischer Drive	Gauteng	Retail	17 Aug 2011	2 958	–	19 065	10,6	6 445
Agency 1 Erf 1087	Gauteng	Office	17 Aug 2011	2 598	–	27 465	10,8	10 572
Waterview Corner	Gauteng	Office	17 Aug 2011	2 443	–	15 243	14,9	6 239
ABSA Horizon Park	Gauteng	Office	17 Aug 2011	2 427	–	30 233	14,4	12 457
College House	Gauteng	Office	17 Aug 2011	1 863	–	19 740	10,3	10 596
BMW Bruma	Gauteng	Retail	17 Aug 2011	1 847	–	18 574	10,4	10 057
Norwood Centre	Gauteng	Retail	17 Aug 2011	1 102	50	7 798	11,7	7 077
Enel	Gauteng	Office	17 Aug 2011	272	–	2 388	11,8	8 781
Motorcity Capital Park	Gauteng	Retail	23 Aug 2011	7 636	619	31 000	11,2	4 060
Education Centre	Gauteng	Office	23 Aug 2011	12 662	–	23 000	11,0	1 816
Grand total				**184 084**	**30 277**	**958 354**	**11,2**	**5 206**

Property portfolio *continued*

Post-balance sheet acquisitions and disposals

Acquisitions subsequent to 31 August 2011

Potential acquisitions	Property	Province	Sector	Expected date of transfer	GLA m²	Purchase price R000	Yield %	Purchase price R/m²
Dawn	Dawn	Gauteng	Industrial	30 Jan 2012	44 138	184 131	8,6	4 172
Discovery	155 West Street	Gauteng	Office	30 Jan 2012	24 238	510 000	8,0	21 041
DLR	DLR	Gauteng	Office/industrial	31 Mar 2012	6 435	104 000	10,4	16 162
GM	GM-Coega	Eastern Cape	Industrial	05 Dec 2011	38 000	135 000	9,5	3 553
Improvon	TFD Network Africa	Gauteng	Industrial	31 Mar 2012	20 000	118 500	9,0	5 925
	Cadbury South Africa	Gauteng	Industrial	31 Mar 2012	12 464	102 000	9,0	8 184
	Edcon	Gauteng	Industrial	31 Mar 2012	22 490	90 000	9,0	3 699
	GNLD International	Gauteng	Industrial	31 Mar 2012	5 477	64 000	9,0	11 685
	SSAB Hardox	Gauteng	Industrial	31 Mar 2012	8 874	53 500	9,0	6 029
	Aristocrat Technologies Africa	Gauteng	Industrial	31 Mar 2012	2 158	21 000	12,0	9 731
UTI	UTI	Gauteng	Industrial	31 Dec 2012	6 217	42 500	13,0	6 836
Zenprop 1	Thibault Square	Gauteng	Office	28 Feb 2012	30 419	402 349	8,7	13 227
	22 Fredman Dr.	Gauteng	Office	28 Feb 2012	10 974	230 000	8,0	20 959
	Le Sel 1	Gauteng	Industrial	28 Feb 2012	11 605	85 900	12,7	7 402
	Waco Elandsfontein	Gauteng	Industrial	28 Feb 2012	14 542	87 900	8,8	6 045
	Schneider Electric	Gauteng	Industrial	28 Feb 2012	9 710	71 076	8,0	7 320
	ITT Flygt	Gauteng	Industrial	28 Feb 2012	5 941	58 985	8,0	9 929
	Le Sel 2	Gauteng	Industrial	28 Feb 2012	10 680	43 200	9,4	4 045
Zenprop 2	Design Quarter – Nichol Grove	Gauteng	Retail	31 Dec 2012	23 814	391 500	8,6	16 440
	Business Centre – Nichol Grove	Gauteng	Office	31 Dec 2012	9 259	210 700	8,6	22 756
	Saachi – Nichol Grove	Gauteng	Office	31 Dec 2012	4 245	84 500	8,7	19 906
	Old Mutual – Nichol Grove	Gauteng	Office	31 Dec 2012	2 532	47 800	8,7	18 878
	Cycle Lab – Nichol Grove	Gauteng	Retail	31 Dec 2012	3 558	45 400	8,7	12 760
	Lexmark – Nichol Grove	Gauteng	Office	31 Dec 2012	2 030	34 500	8,7	16 995
	Twinbourne	Gauteng	Retail	31 Dec 2012	940	10 416	8,7	11 081
Grand total					**330 740**	**3 228 857**	**8,9**	**9 763**

Disposals subsequent to 31 August 2011

Property	Province	Sector	Date of transfer	GLA m^2	Selling price R000	Yield %	Selling price R/m^2
Perm Claremont	Western Cape	Retail	28 Sep 2011	3 180	11 000	8,9	3 459
Tolaram House	KwaZulu-Natal	Office	07 Sep 2011	6 920	20 900	6,7	3 020
Servier House	Gauteng	Office	05 Oct 2011	974	8 000	8,9	8 214
Checkers Rustenburg	Gauteng	Retail	08 Nov 2011	8 700	48 939	8,5	5 625
Sandton Action Cricket	Gauteng	Industrial	14 Nov 2011	2 600	12 064	9,5	4 640
RT Hillbank	Gauteng	Retail	17 Nov 2011	9 707	11 640	11,5	1 199
FNB – Centurion	Gauteng	Retail	17 Nov 2011	1 895	24 000	9,0	12 665
The Wang	Gauteng	Industrial	17 Nov 2011	3 718	15 370	9,5	4 134
Rand Stadium Toyota*	Gauteng	Retail	29 Nov 2011	2 500	6 000	–(1)	2 400
Business Furniture Centre	Gauteng	Industrial	29 Nov 2011	7 700	20 900	10,1	2 714
Arrowhead Portfolio	Varied	Office/retail/ industrial	01 Dec 2011	428 992	1 720 900	10,7	4 604
Arrow Creek Portfolio	Varied	Office/retail/ industrial	01 Sep 2011	56 027	225 000	11,3	3 611
					2 124 713	**10,6**	**3 987**

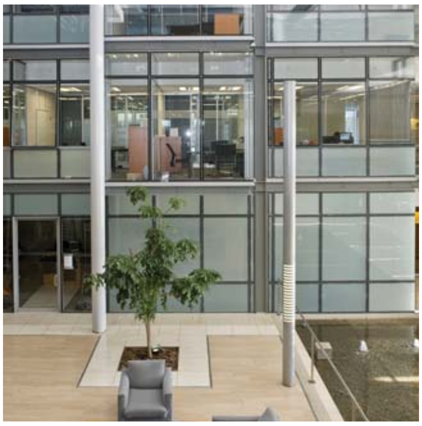
* *Effective date of transaction*
(1) *Selling price based on land value*

Trading properties

Developments for trading purposes are in the process of being phased out and do not form part of Redefine's property strategy moving forward. During the current year, 79 On-Roeland was sold, the unsold residential units at Upper East Side phase 2 were sold to Arrow Creek and at year-end, unsold units in respect of Buchanan Square and the Berea developments only are available for sale in 2012.

Property portfolio *continued*

Developments are subject to stringent investment criteria and decisions are driven by tenant demand, property location, pre-lets, yield and overall value enhancement being achieved.



Development

Development philosophy

Redefine offers customised and creative development solutions for office, retail, or industrial properties via improvements to existing premises, or greenfield developments according to client requirements. Where possible, Redefine is adopting a partnership approach with strategic clients. In this approach, the development team works closely with the enduser as a business partner to ensure all their requirements are met, using an inclusive approach to develop the most appropriate solutions.

Developments and refurbishments

Redefine has a number of developments and refurbishments in progress. All developments require the approval of the investment committee. Any development above the mandate threshold of the investment committee requires board approval.

Highly skilled managers are employed for these projects, and Redefine enters into joint ventures where opportune.

Redefine is mainly engaged in developments for long-term investment and has decided to exit out of developments for trading.

These include office, retail or industrial developments in which land is acquired and the process from rezoning through to completion is managed by the development team.

Redefine may acquire land for future development when opportunities arise, and all holding expenses are capitalised to the cost of the land. Investment in land for future development must be approved by the investment committee and is limited to a maximum of 5% of the value of the total property portfolio. As with the investment property portfolio, vacant land is revalued annually, and the increase or decrease in value is applied to non-distributable reserves.

At 31 August 2011, Redefine had a single vacant property for development valued at R62 million.

Current market conditions offer significant opportunities for property development. As the economy recovers, the industrial sector of the property market may well be the first to see improvement and the need for warehousing and distribution centres should therefore increase.

Property development, especially in the corporate sector, has endured a difficult period. Overall development costs have decreased due to a keener tender market in addition to low interest rates, and this has created an opportunity to invest profitably in development opportunities where tenants can be secured at reasonable rental rates. Accordingly, Redefine has existing and approved future development projects valued at around R1,7 billion for completion during the 2012 financial year.

Focus areas during 2011 include:

- Addressing delays in council approvals related to town planning matters – strong relationships have been established with key town planning consultants and council officials, and projects will not be commenced unless key development planning approvals are in place.
- Community relations are becoming a mandatory part of project planning – recent experiences across the industry have demonstrated the militant tendency of local stakeholders, despite companies like Redefine engaging with them upfront and during the construction process. Where pertinent, Redefine developments are planned with taxi and bus facilities, and these associations are included as

standard stakeholders in the project design phase.

– One of the fundamentals of any successful development project is the quality of the professional consulting team, together with contractors appointed to perform the work. Redefine maintains a defined list of core high-quality industry consultants and contractors, while building long-term loyalty by offering repeat work in recognition that not every project conceptualised is actually commissioned.

The existing property portfolio is regularly physically inspected to ensure properties are being operated and maintained correctly. Maintenance plans are implemented with the property managers and feasibility studies conducted to identify opportunities for upgrades, renovations and extensions.

Once approval has been obtained for these projects, the asset management team works with our development department to ensure the project is delivered on time, within budget and quality constraints, to the satisfaction of Redefine and the tenant.

Capital expenditure for key current developments is indicated in the table below:

Current developments

Property	Location	Description	Projected total cost (R000)	Initial yield (%)	Projected completion date
Park Meadows	Gauteng	Sportsmans Warehouse	11 000	10,5	Oct 2012
Park Meadows	Gauteng	Foodlovers market	11 000	9,0	Apr 2012
Park Meadows	Gauteng	Mall upgrade	10 000	Nil	Apr 2012
64 Mimetes Rd Denver	Gauteng	Expansion	14 000	9,0	Dec 2011
Jewel City	Gauteng	Relocate Diamond Board and State Trader	30 000	9,5	Sep 2011
Kopanong	Gauteng	Development for Shoprite	37 000	9,0	Oct 2011
Pepkor	Gauteng	Additional 66 475m²	339 000	9,2	Jun 2012
Essex Gardens	KwaZulu-Natal	New office block and parking	34 000	9,0	Aug 2012
Scottsville Mall	KwaZulu-Natal	Redevelopment	35 000	9,0	Apr 2012
CTX Business Park	Western Cape	Additional 5 700m²	32 000	9,0	Nov 2011
Shoprite Parow	Western Cape	Alterations and additions	78 000	11,0	Apr 2012
Total			**631 000**	**9,5**	

Anticipated capital expenditure on key future projects is reflected in the table below:

Future developments under consideration

Property	Location	Description	Projected total costs R000	Projected completion date
New developments				
90 Rivonia Rd, Sandown	Gauteng	New AAA grade office development 32 000m²	700 000	Oct 2014
90 Grayston Ave, Sandown	Gauteng	New AAA grade office development 18 000m²	400 000	Mar 2014
Sturdee Ave, Rosebank	Gauteng	New AAA grade office development ±40 000m² (50%)	880 000	Oct 2014
Tubatse Mall	Burgersfort	New 32 000m² shopping centre	520 000	Mar 2013
Matlosana Mall	Klerksdorp	New 57 000m² shopping centre	889 000	Dec 2013
Rautenbach Street	Rosslyn	New distribution warehouse (50%)	39 000	Oct 2012
Total new developments			**3 428 000**	
Redevelopments				
Standard Bank Centre	Western Cape	New parking garage	300 000	Apr 2014
Total redevelopments			**300 000**	
Projected 2012 Spend			1 680 000	

Property portfolio *continued*

Case study – Meeting client needs, building long-term relationships

Redefine's in-house development team generally handles non-tenant installation related projects with capital expenditure greater than R5 million. Until recently, due to the economic downturn, most of these projects have been brownfield refurbishments (development of existing properties). A significant opportunity to demonstrate our commitment to meeting a client's requirements was, however, presented when Pepkor Retail Limited approached Redefine to develop a second distribution facility in Isando, east of Johannesburg.

The Pep2 project, as it became known, required developing 66 475m^2 of distribution centre space, in addition to the 40 438m^2 already developed under lease to Redefine on an adjacent site. The project was approved and signed off by both parties early in December 2010, and subsequently broke ground in the first quarter of 2011. With a budgeted cost of approximately Pep R339 million and completion date for beneficial occupation by in June 2012 followed by trading in September 2012, the project is on track to meet both targets.

In this project, a partnering approach was adopted to ensure Pepkor's requirements were met: a turnkey, holistic solution from land-purchase negotiations to delivery of the finished product. Since the existing distribution facility for Pep had already been developed, the ideal solution was to develop the adjacent property. Although a slight premium was paid for the land, this was offset by savings in other areas of the project as suppliers and contractors offered keen prices in the wake of the construction industry slowdown.

Key features in the approach taken by the development team included:

- Costs and timing risks for key project variables, such as early demolition and civil works, were appropriately covered in the feasibility study.
- An incentive scheme for professional consultants on the project was introduced: any contributions that optimised design and generated savings against the original budget resulted in a share of the upside. All consultants who agreed to the programme will benefit. Given that many of these consulting teams had also been involved with Redefine on recent projects that were not commissioned, the incentive scheme recognises their prior and current contributions while underpinning a team-building approach.
- All demolished structures were dismantled for recycling, and all waste concrete was reused in the road and building sub-bases.
- Specifications for energy efficiency were improved (compared to the existing facility). For example: translucent sheeting was used for solar protection or overhangs, and natural lighting, thermal insulation and ventilation were all improved. Energy efficient light fittings were also specified.
- Access studies were conducted to minimise the impact of traffic and trucks on the adjacent external road environment. A taxi drop-off point will be included on the external road.

Feedback from our partners in this project, both suppliers and Pepkor, has been positive:

- Pep manager: "Redefine had a very accommodating approach. The planning and design was clearly set out from the beginning and sign-off occurred after agreement between both teams of consultants. The quality of the facilities and adherence to deadlines were paramount for us and to date we are on track for scheduled delivery."
- Bromag Architects: "The desire to please the tenant and acquire extra land to locate the new facility next to the existing distribution centre was achieved due to skilful and diligent negotiations on Redefine's part. Redefine addressed every aspect of the project in a professional way, calling in built-environment professionals as required. All regulatory issues have been dealt with in the correct manner."
- BWR Quantity Surveyors: "Redefine respects its consultants' time and efforts and regularly gives feedback on performance. They are extremely sensitive to commercial risk. For an industry that is renowned as being full of risk-takers, their approach of being quite cautious and conservative has built a relationship of trust. While certain budget and end-user lease structure constraints have resulted in Redefine development managers not always being able to take an aggressive approach compared to certain other corporate clients in terms of sustainable materials and technologies, we trust this is something that may be incorporated into future projects where the opportunity arises."
- SFT Fire Consultants: "In our opinion, and based on our experience with Redefine on various projects, they prioritise the safety of building occupants and do not merely implement fire safety out of legislative obligation, but also out of moral concern."
- Comprac Occupational Health and Safety Consultants: "Redefine Properties and its personnel have always interacted positively with our occupational health and safety practitioners to achieve the highest level of compliance and risk reduction on all projects (recent examples include Jewel City, Hammanskraal, and the Pep2 distribution centre). Their careful selection of project professionals has enhanced overall service delivery potential, resulting in zero fatalities and a manageable minor injury statistic."

Office property list

Property name	Province	Value R000	GLA m²	GMR R000	GMR R/m²	Vacancy m²
Standard Bank Centre	Western Cape	460 377	59 783	5 051	84,49	6 254
Commerce Square	Gauteng	361 000	15 690	1 432	91,27	20
Convention Tower	Western Cape	341 561	17 644	2 806	159,03	185
Poyntons	Gauteng	331 605	73 639	4 021	54,60	9 065
90 Rivonia Road	Gauteng	245 700	14 270	–	82,61	–*
Foretrust Building	Western Cape	244 000	26 780	2 435	90,93	2 431
Knowledge Park Consolidated	Western Cape	241 100	17 044	2 279	133,71	135
11 Diagonal Street	Gauteng	223 600	32 972	–	82,61	–*
Redefine Towers (320 West Street Durban)	KwaZulu-Natal	220 000	46 681	2 011	43,08	23 813
Pier Place	Western Cape	212 362	14 614	2 379	162,79	–
Jewel City	Gauteng	208 000	44 000	2 575	58,52	1 245
Standard Bank Centre Pretoria	Gauteng	188 850	24 015	2 261	94,15	1 400
Isivuno House	Gauteng	182 350	23 680	2 457	103,76	–
111 Commissioner Street	Gauteng	175 200	28 467	2 245	78,86	471
De Beers House	Gauteng	169 200	11 919	–	82,61	–*
Trust Bank Building	Gauteng	156 300	35 218	1 804	51,22	18 183
Esher Place	Gauteng	155 200	9 007	661	73,39	–
Glenrand M·I·B House	Gauteng	138 500	12 832	1 222	95,23	–
Accenture	Gauteng	132 100	6 388	–	82,61	–*
Absa Investments Campus	Gauteng	126 450	10 469	1 056	100,87	–
Fedsure Forum	Gauteng	124 500	29 052	2 047	70,46	419
82 Maude	Gauteng	122 700	9 684	344	35,52	4 591
209 Smit Street	Gauteng	111 000	28 422	1 415	49,79	2 909
Nedbank Building Polokwane	Limpopo	111 000	13 311	939	70,54	3 348
Hatfield Square	Gauteng	101 000	14 859	1 124	75,64	7 015
Surrey Place	Gauteng	100 700	11 750	–	82,61	–*
Nedbank Centre Nelspruit	Mpumalanga	99 600	15 449	1 282	82,98	396
Boskruin Village Office Park	Gauteng	98 800	6 766	771	113,95	–
Batho Pele House	Gauteng	96 500	14 258	–	82,61	–*
Besterbrown (Pty) Limited	Mpumalanga	87 800	14 369	1 124	78,22	311
Thornhill Office Park	Gauteng	86 200	9 513	713	74,95	972
61 Jorrisen Street	Gauteng	84 700	18 181	1 007	55,39	–
15 Baker Street	Gauteng	78 600	7 094	–	82,61	–*
Matlotlo House	Gauteng	76 000	13 853	1 120	80,85	–
Mineralia Building	Gauteng	75 100	13 605	1 182	86,88	–
Shell House	KwaZulu-Natal	74 511	14 022	–	82,61	–*
Lakeview Terrace	KwaZulu-Natal	71 700	12 653	798	63,07	3 713
Opera Plaza Pretoria	Gauteng	67 700	14 940	995	66,60	132
Hollard House and Parkade	Gauteng	65 800	10 414	758	72,79	889
17 Harrison Street	Gauteng	65 630	12 377	1 152	93,08	–
Stonewedge	Gauteng	64 800	6 012	597	99,30	12
Wheat Board	Gauteng	62 500	13 109	677	51,64	–
Heron Place	Western Cape	61 796	4 734	–	82,61	–*
Shorburg	Gauteng	61 500	14 657	616	42,03	3 757
222 Smit Street	Gauteng	61 000	21 430	572	26,69	11 091
85 On Field	KwaZulu-Natal	55 908	13 003	852	65,52	4 268
The Avenues	Gauteng	55 000	6 325	512	80,95	–
Redefine Place	Gauteng	55 000	4 517	196	43,39	–

Property portfolio *continued*

Office property list *continued*

Property name	Province	Value R000	GLA m²	GMR R000	GMR R/m²	Vacancy m²
Parliament Towers	Western Cape	54 800	8 629	607	70,34	9
90 Grayston Drive	Gauteng	54 200	3 735	–	82,61	–*
Curator	Gauteng	51 798	8 132	868	106,74	–
Nedbank Centre – Durban Club Place	KwaZulu-Natal	50 964	13 932	872	62,59	3 546
Outspan House	Gauteng	50 100	7 492	564	75,28	2 925
Essex Gardens	KwaZulu-Natal	50 093	6 623	559	84,40	697
The Spearhead	Western Cape	48 300	4 694	390	83,08	188
Garlicks Building Durban	KwaZulu-Natal	47 474	11 084	605	54,58	2 674
Treasury House	KwaZulu-Natal	46 659	9 762	571	58,49	–
West End Shopping Centre	North West	45 843	20 478	787	38,43	4 821
Allhart Park	Gauteng	44 600	4 401	370	84,07	–
Hyde Park Manor	Gauteng	44 500	4 688	459	97,91	–
66 Peter Place	Gauteng	43 100	4 332	312	72,02	1 344
6 Durban Club Place	KwaZulu-Natal	42 796	8 838	652	73,77	30
Wynberg Mews	Western Cape	40 800	7 431	476	64,06	1 429
Domus	Gauteng	40 000	5 401	453	83,87	940
3 Sturdee Avenue	Gauteng	39 800	3 459	406	117,37	111
Homestead	Gauteng	39 000	3 221	336	104,32	–
125 Simmonds Street	Gauteng	37 700	4 889	–	82,61	–*
2 Rissik Street	Gauteng	37 700	6 110	446	73,00	–
Perm – Smith Street	KwaZulu-Natal	36 400	9 060	526	58,06	1 401
Emanzeni	Gauteng	36 100	9 340	–	82,61	–*
Reserve Road	Gauteng	35 600	5 847	526	89,96	73
142 Bree Street (ex Finsource House)	Western Cape	35 500	2 971	166	55,87	–
37 Bath Avenue	Gauteng	35 300	3 187	317	99,47	–
Wedgefield	Gauteng	34 600	4 107	383	93,26	147
Delpen Building	Gauteng	34 530	5 550	–	82,61	–*
Pentagraph Building	Gauteng	33 800	2 895	–	82,61	–*
127 Bethlehem Street	North West	33 000	7 021	438	62,38	188
Fidelity Centre	Eastern Cape	32 700	7 456	453	60,76	1 510
Noswal Hall	Gauteng	31 800	8 593	405	47,13	1 641
Commissioner House Bellville	Western Cape	31 700	4 019	–	82,61	195*
NBS Building	Gauteng	31 300	9 401	1 055	112,22	33
Samancor House	Gauteng	30 300	14 982	899	60,01	2 229
Hatfield Forum East	Gauteng	29 500	5 385	266	49,40	1 234
Kernick House	Gauteng	28 200	3 564	–	82,61	–*
2 Devonshire Place	KwaZulu-Natal	26 853	8 161	377	46,20	1 208
Monitor House	Gauteng	26 800	1 709	–	82,61	–*
101 Dorp Street GVT	Limpopo	25 500	5 093	348	68,33	909
74 Lorne Street	KwaZulu-Natal	25 039	4 162	–	82,61	–*
CCMA House	Western Cape	24 700	4 741	351	74,04	180
Nosa	Gauteng	24 200	3 770	–	82,61	–*
Manhattan Plaza	Western Cape	24 200	4 886	506	103,56	110
Accord House	KwaZulu-Natal	23 998	3 963	245	61,82	355
Lakeside 2	Gauteng	22 400	4 115	165	40,10	2 438
Tolaram House	KwaZulu-Natal	21 841	6 920	–	82,61	–*
The Station Building	KwaZulu-Natal	21 688	6 809	435	63,89	479
Rivonia Boulevard	Gauteng	20 800	3 455	144	41,68	308

Office property list *continued*

Property name	Province	Value R000	GLA m²	GMR R000	GMR R/m²	Vacancy m²
Longmarket Street Branch	KwaZulu-Natal	20 800	3 892	277	71,17	523
SAPS Worcester	Western Cape	20 700	3 848	–	82,61	–*
Victoria Gate	Gauteng	19 400	2 418	–	82,61	–*
Parc Du Bel	Western Cape	18 000	2 299	159	69,16	1 791
Duncan Street	Gauteng	17 469	1 310	195	148,85	–
Glenashley Views	KwaZulu-Natal	17 117	2 994	163	54,44	953
The Arches	Eastern Cape	17 000	2 707	224	82,75	46
Embassy House	Gauteng	16 700	3 419	–	82,61	–*
Mae West Building	Limpopo	16 700	2 922	–	82,61	–*
Sterling Place	Western Cape	16 500	4 183	268	64,07	942
Engen House	Gauteng	16 498	2 579	203	78,71	–
North-End	Eastern Cape	16 400	7 018	640	91,19	–
De Goede Hoop Park	Western Cape	15 400	2 278	–	82,61	2 278*
SAPS – Mitchell's Plain	Western Cape	15 400	3 416	149	43,62	541
Optiplan House	Gauteng	15 100	1 703	172	101,00	196
Middelburg SAPS	Mpumalanga	14 500	3 400	–	82,61	3 400*
Plum Park	Western Cape	14 300	1 994	192	96,29	65
BDO House	KwaZulu-Natal	13 602	2 265	155	68,43	422
Odyssey Place	KwaZulu-Natal	12 267	2 162	132	61,05	298
151/155 Juniper Road	KwaZulu-Natal	12 200	1 560	114	73,08	211
Pica Bethal	Mpumalanga	11 838	10 315	281	27,24	3 904
Spooral Park Centurion	Gauteng	11 800	4 223	66	15,63	81
Perm Kimberley	Northern Cape	11 600	4 843	115	23,75	2 840
Perm Claremont	Western Cape	11 000	3 180	144	45,28	1 658
Perm Building Pietermaritzburg	KwaZulu-Natal	10 900	2 727	122	44,74	29
Omnipark	Western Cape	10 800	2 212	140	63,29	611
Department of Forestry and Water	Eastern Cape	10 500	3 790	–	82,61	–*
Berolina	Limpopo	9 500	1 647	–	82,61	–*
Bloemhof Building	Western Cape	8 500	4 232	308	72,78	589
Philippi Court	Western Cape	8 200	1 357	–	82,61	–*
Servier House	Gauteng	8 000	974	58	59,55	974
Edufin PE	Eastern Cape	7 800	3 500	–	82,61	–*
Motswedi House	Gauteng	7 700	1 630	–	82,61	1 219*
Empire Place	Limpopo	7 600	1 066	92	86,30	–
West House	Gauteng	7 194	1 050	27	25,71	561
The Ridge	KwaZulu-Natal	7 127	1 107	87	78,59	2
135 Pietermaritz Street	KwaZulu-Natal	7 100	2 198	–	82,61	–*
Chesan	Gauteng	6 650	1 019	–	82,61	–*
Chamber House	Eastern Cape	6 478	2 862	99	34,59	1 347
Nedbank Kimberley	Northern Cape	6 400	1 281	113	88,21	98
F B Motors	Limpopo	5 800	2 570	118	45,91	–
Sevenfold	KwaZulu-Natal	3 972	670	62	92,54	–
Education Building	Eastern Cape	2 400	1 444	–	82,61	1 444*
Grotto Mews	Western Cape	2 200	320	–	82,61	320
Total		**9 036 188**	**1 320 548**			**167 320**

**GRM for single tenanted buildings has not been reflected. The average rental per m² disclosed is the average of all single tenanted buildings in the sector.*

Property portfolio *continued*

Retail property list

Property name	Province	Value R000	GLA m^2	GMR R000	GMR R/m^2	Vacancy m^2
Golden Walk	Gauteng	694 600	44 955	5 214	115,98	329
Sammy Marks Square Consolidated	Gauteng	417 507	31 684	2 126	67,1	990
Cleary Park Shopping Centre	Eastern Cape	359 762	36 498	3 378	92,55	2 993
Park Meadows	Gauteng	333 500	30 845	3 170	102,77	1 227
Maynard Mall	Western Cape	203 500	24 271	1 910	78,69	2 121
The Village @ Horizon	Gauteng	183 700	19 728	1 599	81,05	2 736
Ottery Centre	Western Cape	164 000	27 298	1 381	50,59	269
Kempton Square Shopping Centre	Gauteng	146 800	16 808	1 421	84,54	537
Sable Square	Western Cape	134 000	27 195	1 516	55,75	375
Middestad Centre	Free State	128 500	20 029	1 746	87,17	347
The Pritchard Street Trust	Gauteng	124 000	15 039	1 076	71,55	–
Small Street Mall	Gauteng	122 000	7 925	2 122	267,76	–
Kopanong Shopping Centre	Gauteng	121 800	10 719	1 151	107,38	570
Shoprite Park	Western Cape	118 000	26 546	1 034	38,95	7 959
Monument Commercial Centre	Gauteng	116 360	19 318	891	46,12	–
Makhado Crossing Shopping	Limpopo	113 100	14 034	986	70,26	1 344
Jetmart Pretoria	Gauteng	108 400	11 008	–	61,91	–*
Shoprite Alberton	Gauteng	105 700	16 706	1 118	66,92	374
Ermelo Mall	Mpumalanga	104 300	20 447	1 048	51,25	300
Moreleta Plaza	Gauteng	97 105	8 856	770	86,95	468
Festival Square	Gauteng	94 800	11 041	–	61,91	–*
Ferreiras North Riding	Gauteng	88 000	27 144	913	33,64	–
The Riverside Centre	Western Cape	81 000	9 703	760	78,33	958
Botshabelo Shopping Centre	Free State	80 700	15 044	1 050	69,8	501
Witbank Medical Centre	Mpumalanga	80 600	13 889	867	62,42	439
Scott St Mall – Newcastle	KwaZulu-Natal	76 223	17 665	995	56,33	283
Stanhope Bridge	Western Cape	76 200	6 406	572	89,29	506
Taung Forum	North West	67 200	10 231	693	67,74	323
Vaal Walk	Gauteng	63 200	18 318	753	41,11	366
Klerksdorp Game Store	North West	62 900	10 455	644	61,6	500
Capital Centre Pietermaritzburg	KwaZulu-Natal	62 152	11 540	734	63,6	445
China Town	Western Cape	61 700	8 227	543	66	–
Pine Parkade	KwaZulu-Natal	61 474	2 977	966	324,49	–
Redefine Boulevard	Western Cape	61 332	11 630	494	42,48	2 610
Riverside Value Mart	Mpumalanga	59 300	10 270	474	46,15	929
Berea Centre Durban	KwaZulu-Natal	58 893	16 634	1 003	60,3	1 902
The Terminus Shopping Centre	North West	57 600	11 353	508	44,75	1 201
Hammanskraal	Gauteng	54 700	11 286	603	53,43	4 483
West Street Parkade	Gauteng	54 500	3 211	631	196,51	245
Shoprite Polokwane	Limpopo	54 450	10 149	–	61,91	–*
Matsamo Plaza	Mpumalanga	51 100	7 568	503	66,46	–
Scottsville Mall	KwaZulu-Natal	50 930	14 384	933	64,86	4 088
Turfloop Plaza	Limpopo	50 400	6 800	459	67,5	265
452 West Street	KwaZulu-Natal	50 170	3 235	502	155,18	–
Rustenburg Checkers	North West	48 940	8 502	–	61,91	–*
Posthouse Link	Gauteng	48 700	4 532	440	97,09	355
City Centre Eersterivier	Western Cape	48 500	6 663	484	72,64	–
Finpark	Gauteng	48 500	2 957	882	298,28	210

Retail property list *continued*

Property name	Province	Value R000	GLA m²	GMR R000	GMR R/m²	Vacancy m²
African City	Gauteng	45 400	9 457	589	62,28	–
Bryanston Carvenience	Gauteng	42 000	4 192	397	94,7	–
Argyle Centre	KwaZulu-Natal	40 974	5 299	527	99,45	–
Lowveld Lifestyle Centre	Mpumalanga	40 700	11 170	492	44,05	3 810
Mega Park Shopping Centre	Free State	40 300	5 960	310	52,01	–
Mkuze Plaza	KwaZulu-Natal	39 800	8 535	433	50,73	878
Pro Shop Woodmead	Gauteng	38 750	5 045	–	61,91	–*
Post House	Gauteng	38 200	3 288	344	104,62	–
Viking Business Park	Western Cape	36 700	9 090	489	53,8	182
Shoprite Eloff	Gauteng	36 000	34 224	–	61,91	–*
Williams Hunt Randburg	Gauteng	35 700	3 351	–	61,91	–*
Kemsquare	Gauteng	35 000	7 390	398	53,86	226
Olivedale Shopping Centre	Gauteng	34 400	5 109	431	84,36	1 884
Standard Bank Centurion	Gauteng	30 800	2 732	241	88,21	–
Sibasa Centre	Limpopo	30 800	4 102	264	64,36	–
Ellerines Pinetown 1	KwaZulu-Natal	30 157	4 209	375	89,09	–
Kathu Shopping Centre	Northern Cape	30 000	5 088	301	59,16	–
Devonshire Parking Garage	KwaZulu-Natal	29 960	800	440	550	–
Meadowpoint Shopping Centre	Gauteng	29 800	4 558	426	93,46	98
Rustenburg Sanlam Centre	North West	29 400	6 690	374	55,9	134
Standard Bank Blackheath	Gauteng	28 900	2 880	318	110,42	18
Pinetown Link	KwaZulu-Natal	28 700	15 503	215	13,87	8 437
Simunye Shopping Centre	Mpumalanga	28 600	6 538	283	43,29	1 851
448 West Street Durban	KwaZulu-Natal	28 461	1 485	280	188,55	–
Acornhoek Shopping Centre	Mpumalanga	27 750	5 363	360	67,13	–
Shoprite Claremont	Western Cape	27 600	6 737	211	31,32	–
Hartmann & Keppler	Gauteng	27 500	3 769	173	45,9	–
Isipingo Junction	KwaZulu-Natal	26 790	5 920	388	65,54	177
423/429 Church Street	KwaZulu-Natal	26 092	4 000	231	57,75	434
Ellerines Alberton 1 & 2	Gauteng	26 000	5 264	248	47,11	–
Oudehuis Centre	Western Cape	25 600	4 182	245	58,58	341
Jet Stores Pietersburg	Limpopo	25 300	3 320	–	61,91	–*
Proteapoint Shopping Centre	Gauteng	25 100	3 563	291	81,67	–
The Pond Shopping Centre	Gauteng	25 100	5 501	247	44,9	425
McCarthy Parow	Western Cape	24 600	4 193	–	61,91	–*
FNB Centurion	Gauteng	24 000	1 867	221	118,37	–
Thohoyandou Centre	Limpopo	22 200	4 006	206	51,42	–
Ronsyn Building	Western Cape	21 600	2 391	192	80,3	–
Absa Randburg	Gauteng	21 100	1 533	–	61,91	–*
4 Weightman Avenue	KwaZulu-Natal	19 800	4 171	247	59,22	–
Greytown Shopping Centre	KwaZulu-Natal	19 500	5 373	221	41,13	–
Standerton Centre	Mpumalanga	19 077	6 496	225	34,64	638
Thohoyandou Shopping Centre	Limpopo	18 800	4 359	131	30,05	760
McCarthy Centre – Turffontein	Gauteng	18 300	5 935	–	61,91	–*
Dobsonpoint	Gauteng	18 300	3 562	243	68,22	62
Standard Bank Nelspruit Branch	Mpumalanga	18 250	2 374	180	75,82	680
Town Centre Boksburg	Gauteng	18 200	6 815	184	27	1 067

Property portfolio *continued*

Retail property list *continued*

Property name	Province	Value R000	GLA m²	GMR R000	GMR R/m²	Vacancy m²
OK Klerksdorp	North West	17 600	7 931	184	23,2	–
101 Market Street	Gauteng	17 400	5 249	194	36,96	1 899
Southern Motors	Gauteng	16 900	3 863	–	61,91	–*
Shoprite Boksburg	Gauteng	15 900	3 034	174	57,35	–
Dikai Shopping Centre	Mpumalanga	15 600	2 923	172	58,84	390
Citizens Cape Town	Western Cape	14 700	1 467	147	100,2	–
Rand Stadium Toyota	Gauteng	14 300	7 535	149	19,77	–
Sanlam Centre Vryburg	Northern Cape	14 300	1 853	148	79,87	167
Absa Centurion	Gauteng	14 100	1 306	–	61,91	–*
Groblersdal Fruit & Veg City	Mpumalanga	13 800	3 980	108	27,14	1 474
Parkmore Shopping Centre	Gauteng	13 500	1 099	159	144,68	–
Royal Palm Avenue	KwaZulu-Natal	12 600	893	90	100,78	–
Ellerines Dundee	KwaZulu-Natal	12 500	3 518	129	36,67	170
Ellerines Pinetown 2	KwaZulu-Natal	11 626	1 742	118	67,74	–
Edgars Wynberg	Western Cape	11 264	2 606	–	61,91	–*
Melville Properties	Gauteng	9 800	1 094	143	130,71	167
38 Prospecton Road	KwaZulu-Natal	9 600	1 528	131	85,73	–
Pimville Square	Gauteng	8 800	3 596	180	50,06	781
Nelspruit Ellerines 1	Mpumalanga	8 700	1 147	91	79,34	–
Standard Bank George	Western Cape	8 628	1 199	–	61,91	–*
Nelspruit Centre	Mpumalanga	7 600	1 060	94	88,68	–
Church Street Boulevard C	KwaZulu-Natal	7 181	957	75	78,37	–
106 Landdros Mare Street	Limpopo	6 700	1 200	–	61,91	–*
Town Talk Nelspruit	Mpumalanga	5 800	1 082	58	53,6	–
Truworths Corner	Western Cape	5 300	520	–	61,91	–*
Church Street Boulevard A	KwaZulu-Natal	5 176	623	56	89,89	–
Klein Brothers	Northern Cape	4 350	915	–	61,91	–*
Citizens Building Kimberley	Northern Cape	4 000	840	51	60,71	–
105 Landdros Mare Street	Limpopo	3 900	571	47	82,31	–
Church Street Boulevard B	KwaZulu-Natal	3 857	973	–	61,91	–*
The Forum	Western Cape	3 700	668	–	61,91	–*
Ellerines Thohoyandou	Limpopo	3 200	829	–	61,91	–*
Church Street Boulevard D	KwaZulu-Natal	3 160	398	40	100,5	–
Kimberley Building	Northern Cape	2 500	1 989	–	61,91	1 540*
Metcash Welkom	Free State	2 400	5 202	–	61,91	–*
106 Mark Street	Limpopo	–	815	–	61,91	815*
Total		**7 337 301**	**1 065 317**			**73 053**

**GRM for single tenanted buildings has not been reflected. The average rental per m² disclosed is the average of all single tenanted buildings in the sector.*

Industrial property list

Property name	Province	Value R000	GLA m²	GMR R000	GMR R/m²	Vacancy m²
Wingfield Park	Gauteng	206 750	56 486	1 218	21,56	–
Stand 509 Isando	Gauteng	183 000	40 438	–	28,91	–*
Premier Milling – Durban	KwaZulu-Natal	145 426	89 000	–	28,91	–*
8 Jansen Road	Gauteng	113 000	22 774	–	28,91	–*
Waltloo	Gauteng	108 000	30 858	–	28,91	–*
Heron Industrial	Western Cape	105 000	23 803	–	28,91	–*
12 Piet Rautenbach Street	Gauteng	84 000	23 392	948	40,53	778
21 Wrench Road	Gauteng	76 000	32 702	809	24,74	4 792
Premier Milling – Waltloo	Gauteng	74 000	27 666	1 335	48,25	–
Freeway Centre	Gauteng	73 000	42 309	1 007	23,8	4 299
Avroy Shlain Cosmetics	Gauteng	71 000	12 448	729	58,56	–
Ferreiras Honeydew	Gauteng	67 700	27 000	–	28,91	–*
Berg River Park	Western Cape	64 500	36 018	660	18,32	5 971
CTX Business Park	Western Cape	64 355	14 392	461	32,03	6 240
Spearhead Business Park	Western Cape	61 500	13 695	590	43,08	296
City Deep 45 & 46	Gauteng	60 200	13 407	–	28,91	–*
Platinum Park (cons)	Western Cape	58 700	7 761	470	60,56	–
Erf 681 – Alrode	Gauteng	51 000	20 111	–	28,91	–*
Hudaco Park	Gauteng	50 300	44 351	660	14,88	19 870
Creation	North West	49 200	28 182	732	25,97	–
Trentyre Sebenza 1	Gauteng	47 750	12 344	–	28,91	–*
Amalgamated Inv – Tedelex	Gauteng	46 750	21 313	239	11,21	–
Coricraft	Western Cape	44 500	13 727	–	28,91	–*
Southern Denver	Gauteng	38 000	16 216	–	28,91	–*
Golf Air Park	Western Cape	37 500	14 801	294	19,86	778
101 Lawley – Playtex Building	KwaZulu-Natal	37 094	33 249	–	28,91	11 249
Denver Industrial Park	Gauteng	35 100	12 830	–	29,23	1 181
S Burde	Gauteng	33 200	19 696	–	28,91	–*
Nampak Epping	Western Cape	31 800	15 399	363	23,57	–
Fabric Park	Gauteng	30 500	13 819	410	29,67	940
Ohm Street Industrial Park	Gauteng	30 100	12 773	355	27,79	2 470
Eagle Park	Western Cape	30 099	4 055	269	66,34	205
African Glass – Denver	Gauteng	30 000	7 768	303	39,01	–
Trencor	Western Cape	28 978	6 861	–	28,91	–*
Jet Industrial Park	Gauteng	28 500	11 786	306	25,96	422
Premier Milling – Pinetown	KwaZulu-Natal	28 200	5 850	–	28,91	–*
Wholesale Housing Supplies	Gauteng	25 200	5 300	–	28,91	–*
HK Manufacturing Parow	Western Cape	25 000	8 933	237	26,53	–

Property portfolio *continued*

Industrial property list *continued*

Property name	Province	Value R000	GLA m²	GMR R000	GMR R/m²	Vacancy m²
52 Mimetes Road	Gauteng	25 000	7 567	–	28,91	–*
Pepsi	Gauteng	24 100	6 902	190	27,53	–
12 Nourse Avenue	Western Cape	23 300	10 581	225	21,26	–
77 & 78 Plane Road	Gauteng	22 700	8 686	254	29,24	–
Virgin Active Benoni	Gauteng	22 700	3 154	–	28,91	–*
28 Marine Drive	Western Cape	22 100	4 455	256	57,46	–
5 Laub Street	Gauteng	21 410	16 469	–	28,91	–*
2 Sterling Road	Gauteng	21 075	6 845	196	28,63	–
Fascor	KwaZulu-Natal	21 000	8 282	–	28,91	–*
Business Furniture Centre	Gauteng	20 010	7 250	–	28,91	–*
Chai Properties	Gauteng	19 500	6 430	–	28,91	4 145*
Sentra Chem – New Germany	KwaZulu-Natal	19 230	7 070	–	28,91	–*
Creston	Gauteng	17 500	6 547	189	28,87	–
Distro Dee 2 Border Road Drost	Gauteng	16 774	6 931	–	28,91	–*
16th Street	Gauteng	16 757	3 460	–	28,91	–*
3 Spartan Crescent	Gauteng	16 600	4 587	–	28,91	–*
Plantation Road 20	Gauteng	15 900	4 209	126	29,94	–
The Wang	Gauteng	15 370	3 718	–	28,91	–*
Metcash Trading	Gauteng	14 200	3 892	–	28,91	–*
Cadbury	Eastern Cape	14 100	14 509	137	9,44	1 599
Diesel Road	Gauteng	13 600	7 921	105	13,26	1 470
Log Square	Gauteng	13 500	17 263	209	12,11	2 271
Plantation Road 18	Gauteng	13 400	3 954	127	32,12	–
Hi Tech Mini Factories	Gauteng	13 000	2 719	123	45,24	–
Fabriek & Sterling Road BLD	Gauteng	12 900	4 586	92	20,06	–
Transwire	Gauteng	12 300	6 500	–	28,91	–*
Sandton Action Cricket	Gauteng	12 064	2 600	–	28,91	–*
1 Paarden Eiland	Western Cape	11 900	3 155	145	45,96	–
RT Hillbank	Gauteng	11 640	9 707	–	28,91	–*
Kimberley Clark	Gauteng	11 500	6 817	115	16,87	1 897
46 Steel Road	Gauteng	9 800	3 790	–	28,91	–*
38 Derrick Road	Gauteng	9 600	3 846	–	28,91	–*
9 Montague Drive	Western Cape	9 100	2 649	115	43,41	256
30 Marine Drive	Western Cape	9 000	2 730	102	37,36	719
16 & 18 Forge Road	Gauteng	8 400	3 166	80	25,27	–

Industrial property list *continued*

Property name	Province	Value R000	GLA m²	GMR R000	GMR R/m²	Vacancy m²
7 Dartfield Road	Gauteng	8 004	2 299	–	28,91	824*
JM Investments	Gauteng	7 800	2 700	–	28,91	–*
CMH Spartan	Gauteng	6 800	2 467	72	29,19	–
Tarry's Head Office	Gauteng	6 700	10 825	123	11,36	1 686
Corpgro Building – Benoni	Gauteng	6 547	3 841	–	28,91	–*
Herfred Pietersburg	Limpopo	6 400	2 250	51	22,67	–
64 Mimetes Road	Gauteng	6 360	5 317	121	22,76	5 317
Elna Sewing Machine	Gauteng	5 615	3 658	85	23,24	458
21 Dartfield (Omlap)	Gauteng	5 600	1 021	–	28,91	274*
Star Foods	KwaZulu-Natal	5 300	3 114	132	42,39	–
Corpgro Welkom	Free State	2 100	3 856	20	5,19	1 900
Federal Mogul	Mpumalanga	1 900	900	–	28,91	–*
Trentyre Sebenza 2	Gauteng	–	3 138	–	28,91	–*
Stand 502 Isando	Gauteng	–	13 472	–	28,91	–*
Total		**3 005 058**	**1 125 318**			**82 307**

**GRM for single tenanted buildings has not been reflected. The average rental per m² disclosed is the average of all single tenanted buildings in the sector.*

Our responsibility


rediscovering

our horizons


ABSA

Sustainability

Introduction

This sustainability report forms an integral part of Redefine's integrated annual report. Redefine endeavours to provide a transparent, accurate and integrated perspective of its sustainability philosophy by covering not only its economic performance, but also portraying the scope of its associated social, environmental and governance initiatives, which is an important step towards our goal of broader stakeholder inclusivity. The emphasis is on the link between financial and non-financial performance. Redefine views the integrated reporting process as a journey that will evolve over time. Redefine has adopted the GRI Index for reporting purposes, however, the sustainability issues that are not considered material to Redefine's business have not been reported on.

The directors of Redefine are committed to the principles of integrity and accountability to all stakeholders. The directors conduct the affairs of the company against the highest standards and accept responsibility for achieving these standards. Redefine is committed to creating long-term sustainable growth for all of its stakeholders. Redefine acts as a responsible citizen in its social, environmental and economic interactions with stakeholders.

Redefine believes that property is our product, but people are our business. Our unique approach to relationships allows creating and sustaining meaningful value for all our stakeholders.

During the year Redefine conducted an independent external investor perception survey. The survey was aligned with JSE requirements for integrated reporting which stipulates that we communicate with the broader community other than shareholders. The outcome of this and other stakeholder engagement processes will be significant in how we prepare ourselves for the next phase in Redefine's growth. Integral to future growth, is continually improving our level of reporting to achieve best practice standards in communicating to all stakeholders. This will require implementing enhanced data-gathering systems to ensure detailed sustainability reporting. By internalising our property management function, we have also internalised many of our stakeholders, bringing them closer to our core business. Our internal systems are being finalised and we look forward to reporting in greater depth on sustainability in 2012. We believe this year's report is an important step towards best international reporting practice, and gives stakeholders a good understanding of our activities for the year.

Stakeholder engagement and analysis

The table below lists (in random order) key stakeholders in the success of our business, the material considerations that impact them and how we interact with each of them.

Stakeholders	What matters	Communication forum
Employees	• Job security • Fair reward and benefits • Recognition and rewards • Mentorship • Personal growth	• Induction • Ethics hotline • Training and development • Cross-border best practice exchange • Intranet • Open communication to CEO • Performance appraisals
Investors	• Share price movements • Strength of distributions • Sustainability of earnings • Visibility of earnings • Delivering on expectations • Confidence in leadership • Access to senior management • Strategic objectives	• Two formal results presentations • Interim results and integrated annual report • Website • Breaking news emails • JSE SENS announcements • Media briefings • Video of results presentations online • Property road shows • One-on-one meetings with management • Shareholder and analyst meetings

Stakeholders	What matters	Communication forum
Funders	• Ability to service debt • Solvency • Loan-to-value ratios • Adhering to covenants • Adequate security • Quality of investments • Quality of tenants, credit risk • Strength and length of leases, escalation clauses • Quality of management	• One-on-one meetings with management • Two formal results presentations • Regular reporting on covenants • Property inspections • Integrated annual report • Cash flow forecasts • Rating agency opinions
Tenants	• Cost of occupation • Compliance with OHS Act, Building Act and regulations • Clean, safe and secure environment • Complementary mix of tenants • Location • Responsive to addressing problems	• On-site building staff • Property manager meetings • Quarterly meeting with nationals • Personal relationships • Availability of senior management to all levels of tenants • Call centre • Ethics hotline
Local and national government	• Compliance with OHS Act, Building Act and regulations • Compliance • Job creation • Municipal charges • Taxes	• Tax and VAT returns • Statistics SA returns
Service providers/ suppliers/brokers	• Fair tender process • Reasonable supplier and payment terms • Timeous payments • Equal opportunities • Redefine is first contact point for any new acquisition or lease opportunity • Partnering relationship to understand tenant's needs	• Close and consistent project management • Partnering with industry experts • One-on-one meetings • Tenders
Development partners for large capex projects	• Timeous project delivery • Meeting expectations • Compliance with regulations	• Project management meetings • Personal relationships
Industry bodies	• General industry trends issues • Property charter • Knowledge • Industry-wide initiatives	• Quarterly meetings • Representations on committees • Networking events
Communities and public	• Cleanliness, security and safety • Ease of access • Corporate social responsibility projects • Localisation of suppliers	• CID (city improvement districts) memberships • Community security forums

Sustainability *continued*

GRI commitments overview

Sustainability category	Sustainability elements	Redefine commitment	Progress on commitments for the period under review
Economic	Investors	• Implementing the strategic objectives and meeting distributable income targets	• The progress on the strategic objectives is discussed in the CEO's report and is outlined on pages 6 and 7
	Employees	Continual investment in skills and development	• 434 training interventions refer to page 67
	Tenants	• Retention of existing and attracting of new tenants • Reducing unoccupied space • Improving channels of communication • Implement customer interactive relationship management system	• Tenant renewal process has been refined • Progress has been made in reducing vacancies from 10,2% to 8,4% • Introduced a customer call centre • Internalisation of property management has enabled improved tenant relations
	Suppliers	Supplier and procurement appointments	• Introduced a formal tendering process
	Government and regulators	Fulfilment of obligations with regard to: • compliance; • legislation; and • governance	• Established an in-house internal audit function • Provided training and staff education in respect of the implementation of the CPA • Updated all leases to comply with the CPA • In-house legal function which deals with all compliance matters • Performed a gap analysis with recommendations to comply with the new Companies Act requirements • Refer to the governance section for compliance with King III
	Communities	Community engagement in the areas where the group conducts its business	• Refer to the CSI initiatives on pages 69 to 70 • Commuter facilities (eg taxi ranks) are an integral part of commuter retail shopping centres • Local community suppliers and labour employed when properties are developed in outlying areas where possible
Environmental	Materials	Paper management	• Board and committee members supplied with electronic reporting packs • Recycle bins placed in all office areas • All office printers set to print back-to-back • Electronic document management system in place to reduce the transfer of paper
	Energy	Reduction of energy usage	• Energy efficient light bulbs have been placed in most buildings • Light sensors installed – lights switch off after a period of non-activity • Installed power factor correction units in buildings • Employed an in-house electrical engineer specifically focused on driving energy efficiencies • Optimising the equipment power profiles within buildings (eg air-conditioners and lifts)

Sustainability category	Sustainability elements	Redefine commitment	Progress on commitments for the period under review
	Water	Reduction of water usage	• Pulse meter monitoring in larger building – consumption monitor to identify water leakages timeously
	Emissions, effluents and waste	Waste management	• Green initiative started at various retail centres • Recycle bins placed in all office areas • Where appropriate management meetings with regional offices outside of Johannesburg take place via video conference facilities which reduce air and road travel, thereby reducing fuel consumption and related emissions
	Suppliers	Reputational risk mitigation	• Streamlining of service level agreement and the number of suppliers used • Certifications and qualifications verified • BEE certification recorded
	Compliance	Compliance with legislation and regulations	• Provided training and staff education in respect of the implementation of the CPA • No material regulatory fines incurred • Contributions to the Community Improvement District
	Transport	Reducing fuel consumption and related emissions	• Where appropriate management meetings with regional offices outside of Johannesburg take place via video conference facilities which reduces air and road travel thereby reducing fuel consumption and related emissions • Regional offices established in areas where we have a concentration of properties thereby reducing the fuel and related emissions as long distance travel is not required
Social	Employment	Striving to be the employer of choice	• Annual review and upgrading of employee benefits and reward policies • Employee engagement statistics monitored and measured • Career path planning through a regular staff appraisal process
	Health and safety	Compliance with the Occupational Health and Safety Act	• Policy and procedures implemented in accordance with the Act • Head office OHASA committees with trained members
	Training and education	Continual investment in employees' skills and development	• 434 training interventions • Provided training and staff education in respect of the implementation of the CPA

Sustainability *continued*

Sustainability category	Sustainability elements	Redefine commitment	Progress on commitments for the period under review
	Diversity and opportunity	Equal opportunity employer	• 57% of our employees are from previously disadvantaged backgrounds
	Human rights	Recognition	• Ethical values and human dignity are upheld
	Communities	Ongoing involvement and contributions	• Refer to the CSI initiatives on pages 69 and 70 • Commuter facilities (eg taxi ranks) built at community shopping centres • Local people from the area employed when properties are developed where possible
	Bribery and corruption	Full application of the code of ethics	• Policies and procedures are in place • Maintain a whistle-blowing hotline for reporting of criminal activity • All employees have to acknowledge and adhere to the code of conduct
	Customer service levels	Quality and timely resolution of all tenant complaints and queries	• Call centre implemented which ensures that the tenant complaint reaches the appropriate person in the organisation for efficient and effective resolution • Progress on all tenant queries is monitored

Group value added statement (based on distributable income)

	2011 (R000)	% of value added
Gross property revenue	2 543 406	
Income from listed securities	351 408	
Fee income	135 146	
Trading income	28 997	
Equity accounted losses	(3 924)	
	3 055 033	
Cost of services and expenses	(301 436)	
International income	126 767	
Value added	2 880 364	
Distributed as follows:		
– Employee: salaries, commissions and other benefits	113 579	4%
– Government: taxation, municipal rates and other levies	276 371	10%
– Providers of capital	2 490 414	86%
– Distributions to linked unitholders	1 825 646	63%
– Finance costs	664 768	23%
Value distributed	2 880 364	100%

Our people

Our goal is to become the preferred employer in the listed property sector in South Africa. Accordingly, the human resources department is creating an environment that allows employees to develop, reach their potential and achieve Redefine's strategic objectives. This includes fostering a culture that is driven by performance and outcomes, encourages learning, and prizes integrity. All employees' performance is measured formally on a biannual basis against set key performance indicators through our performance management system.

In addition to 261 Redefine staff members at 31 August 2011 (2010: 125), all located in South Africa, Redefine provides a working environment for in excess of 4 900 tenants who in turn employ a multitude of people across our 358 buildings.

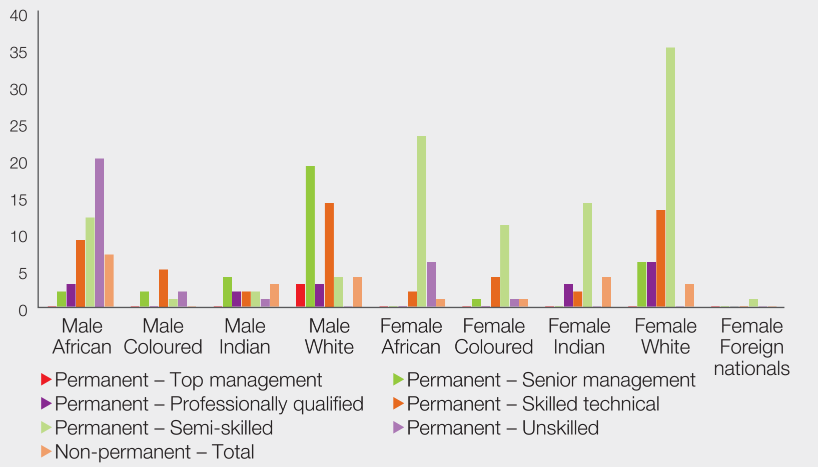
Our decision to become directly involved in managing our property portfolio had a direct beneficial effect on our people: just as we are investing in higher-grade properties, we are also investing significantly in recruiting, training and developing our staff and providing them with the opportunity to grow and make a difference.

Through the process of internalising property management, new departments were established during the year and we have refocused by:

- being more proactive to tenants' requirements which is largely facilitated through improved access to information by our recently commissioned technology-based property management systems, including a dedicated call centre;
- supporting an entrepreneurial attitude: we are proud of the creative solutions we offer our tenants (see development case study on page 48);
- through easy access and closer communication we are able to reap the benefits of a team who bought into Redefine's value proposition; and
- creating awareness of career opportunities at Redefine in the property sector.

One of the aims of internalising property management was to benefit from economies of scale by avoiding duplication of effort thereby saving unnecessary costs. As part of the internalisation process, a 286 strong team transferred to Redefine in terms of the provisions of section 197 of the Labour Relations Act 1995. Regrettably, this take on of additional staff resulted in some redundancies. These were handled sensitively and in line with legislation. Where possible, individuals were referred to other property management companies for re-employment.

Workforce profile by occupational level



Equally, the company is creating an equitable workplace by embracing diversity, concentrating on employee wellbeing, ensuring decisions are fair and consistent, and being available and approachable to all employees. Employee wellbeing includes policies dealing with dreaded diseases such as HIV/Aids, with voluntary testing and counselling services. As our industry has low levels of unionisation, Redefine does not participate in collective bargaining; however structures are in place to ensure employees have a platform to raise any concerns. The following committees have been convened:

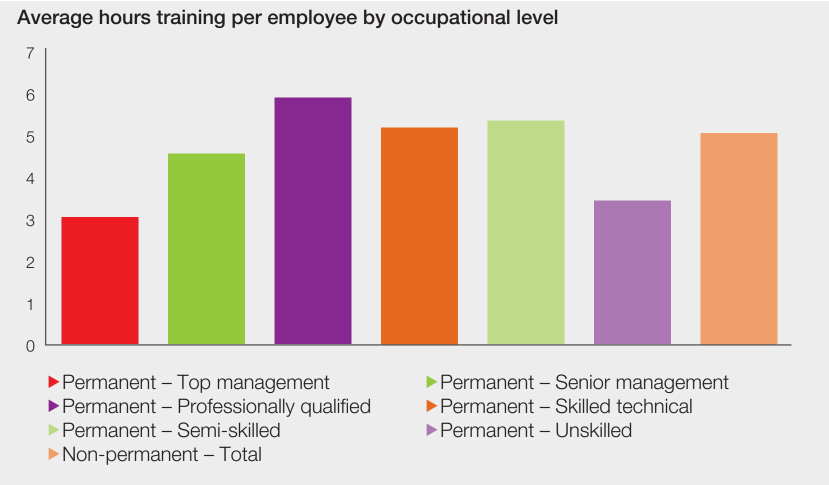
	Male					Female					Grand
Committee	Black	Coloured	Indian	White	Total	Black	Coloured	Indian	White	Total	total
Skills development/training	1	1	1	1	4	1	2	1	3	7	11
Employment equity	1	1	1	1	4	1	2	1	3	7	11
Health and safety	3	1	0	1	5	2	2	0	1	5	10

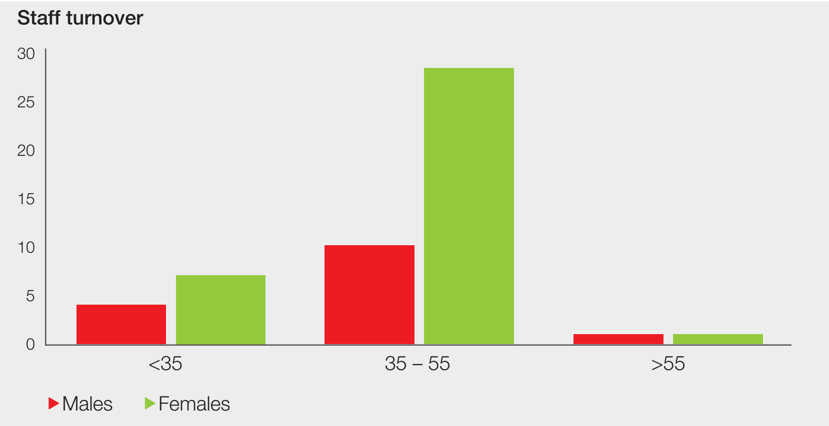
Sustainability *continued*

Using an innovative approach, we have focused on achieving the correct balance between formalising the employment relationship while creating sufficient flexibility for people to perform optimally. As work-life integration has become increasingly more important, the company supports this principle by offering good practice parental leave benefits to employees. During the year all employees returned to work after parental leave. Financial benefits for permanently employed staff are well structured and provide for medical, retirement, death and disability.

Although we enjoy low staff turnover, as evidenced by the staff turnover graph, our ability to retain and attract the calibre of people we require depends on being a preferred employer. Accordingly, much attention during the year was given to designing an organisational structure that will effectively support the strategy of the business, and embed a "one company" culture after the recent mergers, acquisitions and the internalisation of property management.

We also implemented an international exchange programme in which our senior people are exposed to international best practice that can be adapted to add value to our business and to our stakeholders.





Remuneration philosophy and policy

The remuneration policy is applicable to all Redefine employees, including the executive directors. The policy sets out the philosophy and methodology in all matters pertaining to employee remuneration and reward. The policy aligns the strategic business objectives, operational requirements and shareholder expectations.

All reward practices being applied by Redefine are in compliance with remuneration and labour related South African law.

The remuneration policy follows the recommendations of King III, and is based on the following principles:

- All remuneration practices are aligned and designed to enable achievement of Redefine's strategic business objectives
- All decisions are applied consistently
- Performance is formally reviewed bi-annually in line with Redefine's performance recognition process
- All salaries are reviewed annually, based on a formal appraisal, however, an annual increase is not guaranteed
- All benchmarks and grading is set at levels that are competitive and relevant within the market.

We value the importance of recognising and rewarding contributions of employees to the success of the business. The short-term incentive structure is aligned to meaningful performance criteria to fairly reward individual performance. The share appreciation scheme, a medium-term initiative for senior management, is part of the reward and recognition philosophy and links to the retention strategy.

The remuneration and nominations committee is in the process of establishing a new medium-term share scheme for executive directors and qualifying senior management, which is subject to JSE and unitholder approval, to be implemented during 2012.

Executive director remuneration

The remuneration strategy for executives is based on retention of key individuals and critical skills that will drive performance. This strategy is driven by means of guaranteed pay and short and medium-term incentives.

Total guaranteed pay including benefits are subject to an annual review by the remuneration committee. The guaranteed total package is based on a cost-to-company package which is benchmarked against peer companies aligned to individuals' performance and responsibility.

For the medium-term share appreciation scheme (phantom share option scheme) individuals have been awarded units set on a multiple of annual cost-to-company which vest from September 2012 to September 2015. The multiple has been derived based on individuals' responsibility levels and have been benchmarked to peer companies.

Short-term incentives of executives, being variable remuneration, are based on the achievement of budget and certain performance criteria.

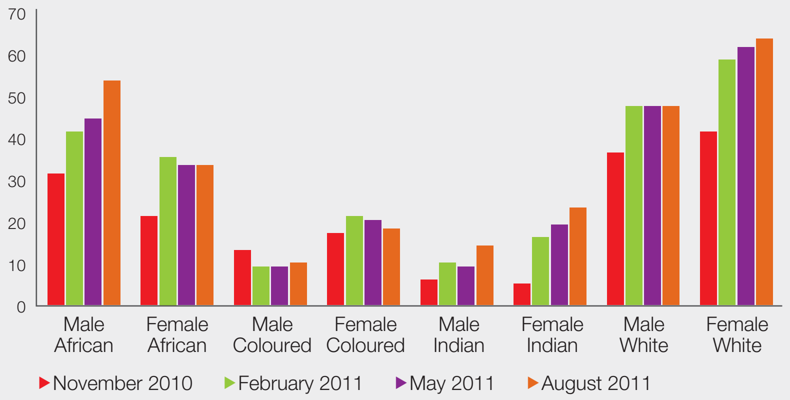
Refer to the directors' report on page 90 of this report for further information on the executive directors' remuneration.

Employment equity

At year-end, 57% of our employees were from previously disadvantaged backgrounds (2010: 41%). Our target for 2012 is 62%. Reaching a demographic balance is exacerbated by the shortage of specific skills in our sector – as with many others – but we are confident of achieving this balance in due course.

No cases of discrimination in the workplace were reported during the period.

Employment equity profile



Case study – adding value through training

I started working as an accountant on the Redefine portfolio in Cape Town on a fixed-term contract and subsequently took up a permanent position in Johannesburg. Two years later, I can safely say I made a good career decision. The internalisation of the property management function presented many challenges, as with all strategy changes, but it is reassuring that management has put in place tools and processes to help all of us adapt to change.

The strategy presents many opportunities for employees to be involved in property management, asset management, operations and redevelopment projects being pursued by Redefine.

Management's plan for continued education through the bursary scheme is confirmation of the company's long-term vision of empowering employees. Through this programme, I am completing a certificate as commercial property practitioner through the University of Pretoria and believe this will add value to both the company and my personal development.

My career goal is asset management in the property industry and I believe management has created an environment that will help me achieve this goal. Redefine is my preferred employer in the property industry.

Andrew Chavhunduka, regional accountant

Training interventions

	Male					Female					Grand	Age categories		
Occupational level	African	Coloured	Indian	White	Total	African	Coloured	Indian	White	Total	total	<35	35 – 55	>55
Top management	–	–	–	3	3	–	–	–	–	–	3	0	3	0
Senior management	4	10	3	20	37	–	5	–	9	14	51	12	33	6
Professionally qualified	6	–	5	3	14	–	–	9	10	19	33	14	19	0
Skilled technical	8	6	–	30	44	4	10	–	29	43	87	31	42	14
Semi-skilled	19	4	5	9	37	60	26	13	82	181	218	69	138	11
Unskilled	2	1	–	–	3	6	–	4	3	13	16	1	15	0
Permanent	**39**	**21**	**13**	**65**	**138**	**70**	**41**	**26**	**133**	**270**	**408**	**127**	**250**	**31**
Non-permanent	2	–	3	3	8	8	–	3	7	18	26	3	17	6
Grand total	**41**	**21**	**16**	**68**	**146**	**78**	**41**	**29**	**140**	**288**	**434**	**130**	**267**	**37**

Sustainability *continued*

Case study – adding value through property administration

I joined Redefine in February 2011, as admin manager, as part of the process of internalising property management. Initially, the transition was a bit unsettling due to the company's restructuring, but that was expected with the volume of staff Redefine had to take on.

In time, I would like to see Redefine focus on empowering women by creating a platform for career enhancement. In my experience, women have great organisational, administrative and communicative skills and should be encouraged to give their input and contribute to strategic planning of the day-to-day management of any business. Women also take into account the human factor, which is vital to any organisation, especially as Redefine positions itself to enhance its personal relationships with its tenants.

Safia Preston – property administration manager, Johannesburg

Empowerment

Redefine recognises and acknowledges the importance of adhering to the country's black economic empowerment policies. As a good corporate citizen, Redefine fully subscribes to King III and the Property Charter.

Redefine has not yet been rated against the broad-based black economic empowerment codes of good practice (B-BBEE, or BEE scorecard) published by the Department of Trade and Industry because historically, it has been difficult to determine its BEE rating due to the high level of liquidity of its units and that a high proportion of units are held by private individuals. The finalisation of the Property Charter – a tailored scorecard that considers aspects specific to our industry – will assist materially in establishing Redefine's compliance levels.

In order to ensure future compliance with B-BBEE, Redefine has appointed a transformation committee to oversee, implement, co-ordinate and maintain B-BBEE initiatives and strategies within the company.

In June 2011, Redefine started a B-BBEE accreditation programme using external consultants. An initial gap analysis has been completed with the following highlights:

Ownership

B-BBEE shareholding in Redefine

	Shareholder base	Issued share capital
As at 31 August 2011	22 997	2 690 172 102

Composition of B-BBEE shareholders

B-BBEE shareholder types	Number of B-BBEE shareholdings	% of B-BBEE shareholdings	Number of B-BBEE shares	% of B-BBEE shares
Black empowerment	4	0,02	162 984 125	6,06
Black investment companies	2	0,01	753 107	0,03
Black insurance companies	23	0,10	34 485 599	1,28
Black banks/brokers	9	0,04	2 521 971	0,09
	38	0,17	200 744 802	7,46

	Number of shareholdings	% of shareholdings	Shares	% of shares	Allowable number of shares excluded	% of shares excluded
Total mandated investments	569	2,47	1 730 283 458	64,32	1 076 068 841	40,00
Total treasury stock	1	0,00	5 866 500	0,22	5 866 500	0,22
Adjusted issued share capital	1 608 236 761					
Adjusted shareholder base	22 427					

	Effective B-BBEE shareholder base	Effective B-BBEE shareholding
B-BBEE shareholding in Redefine	0,17%	12,48%

A detailed BEE ownership analysis was performed by an independent company and an effective BEE shareholding of 12,5% was established.

Cape Gannet Properties and Clearwater are strategic BEE partners that Redefine have supported in BEE transactions and their shareholding is included in the BEE investor base above.

ApexHi BEE Trust

During the first quarter of 2011 the ApexHi BEE Trust was unwound and a portion of the units sold to settle the outstanding loan. On the sale of 1,2 million Redefine units, a total of R9,2 million was raised. The balance of the units (6,6 million) were transferred to the Disability Empowerment Concern Trust resulting in an effective profit to the trust of R55 million.

Employment equity

The company is committed to addressing the representation of historically disadvantaged groups in the composition of the workforce. The objective of Redefine's employment equity strategy, underpinned by the Employment Equity Act, is twofold:

- To promote equal opportunity and fair treatment in employment through the elimination of unfair discrimination
- To implement affirmative action measures in order to redress the disadvantages in employment experienced by designated groups and in order to ensure their equitable representation in all occupational categories in the workplace.

In the year under review, the company's employment equity profile has changed significantly, with 57% (2010: 41%) of employees representing previously disadvantaged individuals.

Skills development

Redefine's skills development strategy supports the HR strategy of attracting and retaining talented staff and complies with the provision of current legislation.

The objective of skills development is to assist employees to develop functional and additional competence in their current jobs to improve themselves, as well as to develop in-house skills for succession planning and career advancement.

In the year under review, Redefine has begun implementation of its workplace skills plan which first addresses training employees on the priority skills.

Redefine is reviewing the current leadership and mentorship programmes in place and is placing specific emphasis on developing key individuals across the property management division.

The company has a bursary study policy to:

- ensure a competent and productive workforce;
- equip employees with the knowledge and skill to contribute to the success of the business;
- encourage employees who show a desire for career advancement;
- enhance employees' qualifications through further education; and
- ultimately to contribute to the national skills strategy of uplifting and up-skilling South Africans.

Through Redefine's enterprise development initiatives, the company actively participates in skills transfer and training and provides knowledge and resources to its partners.

Redefine has set a skills development spend target of between 1,5% to 3% of the payroll costs.

Procurement

With the completion of the internalisation of property management, Redefine has undertaken a process of vetting, updating and loading of all suppliers across to the Redefine database. This has included the vetting and updating of supplier BEE certificates. The process has assisted Redefine in obtaining the necessary information in order to establish a preferential procurement policy and system for the entire group.

Enterprise development

The DTI Codes and the Property Charter place emphasis on skills transfer and on ensuring that previously disadvantaged people are better able to acquire assets.

Dipula and Mergence

Redefine established two enterprise development initiatives, in which suitable partners were secured and new companies were formed with the partners having majority ownership of 51% and Redefine owning 49%. The intention from the outset was to transfer skills, grow the companies and facilitate the listing of these companies. During August 2011, the two funds amalgamated and were listed on the JSE. At the listing date the combined market value of the fund was R1,4 billion.

Isivuno

ApexHi's enterprise development initiative, Isivuno, was established to manage a portfolio of office properties let to, and occupied by, government departments and parastatals. Since the merger, Isivuno has been retained as a property manager on the Redefine portfolio. Isivuno is a 100% black-owned and managed property company.

During the year under review, the portfolio managed by Isivuno was increased to incorporate the entire Redefine Pretoria portfolio. The total value and area of properties under management was R2,2 billion and 422 938m^2, respectively.

Corporate social investment

Redefine has continued to support music education to disadvantaged children in the township of Cape Town, through The South African Music Education Trust (SAMET) and in Soweto, through Buskaid.

SAMET

A total grant of R506 273 (2010: R375 000) from Redefine for purchasing and maintaining instruments, salary subsidies for 12 teachers (including the team leader), sponsorship of tuition fees for 121 learners, administrative and transport costs.

During the year, through the sharing of skills, regular performances at schools and local churches have enriched the lives of the broader communities. Learners performed in small groups and/or solo at schools including Masipumelele and Kuils River primary schools, Luhlaza, Settlers and Malibu high schools. More advanced players also form part of the Redefine project orchestra.

The project leader and two project students once again participated in the Valdress Sommer Symfoni in Norway, which resulted in one student being offered a study grant by Norway for advanced classes in violin at the Barrat.

Further achievements include learners who became members of the Cape Philharmonic Orchestra and two students who have enrolled in the Music Certificate Programme at the University of Stellenbosch and passed with distinction.

Buskaid

Redefine remained one of the principal sponsors of Buskaid during 2011 and contributed R440 000 (2010: R275 000). This support covered salaries, repairs and maintenance (of instruments and offices), motor vehicle and general administrative expenses.

During 2011 Buskaid started their youngest ever violin and cello beginners (aged between four and seven) classes, bringing the number of students to approximately 100. Several salaried assistant teachers,

Sustainability *continued*

trainee teachers and learnership students have been employed.

Some of the highlights of this project included performing in the presence of two very distinguished visitors to South Africa (His Royal Highness Prince Charles, The Prince of Wales, and the First Lady of the United States of America, Mrs Michelle Obama). Another offshore tour was conducted, this time to Colombia, where they collaborated with the internationally acclaimed Colombian contemporary dance company, *El Colegio del Cuerpo*. Furthermore three students were sent to the Royal Academy of Music, London, two to commence their third year of study and one to start the first of a four-year degree course.

Performances included 11 public concerts in South Africa and overseas and the production of DVDs of live recordings from their Johannesburg concerts in 2010 and 2011.

Free market foundation (FMF)

Redefine supported the FMF with a contribution towards the Land Reform Project (LRP).

The FMF is a well established and highly credible think tank and is endorsed by several major corporates. The LRP is expected to pave the way for a major paradigm shift in property ownership in South Africa.

The objectives of the LRP are as follows:

- To convert economically idle land held by previously disadvantaged South Africans under diverse forms of untradable title and tenure to fully tradable and mortgagable ownership.
- Identify and redistribute superfluous state land to landless and homeless previously disadvantaged South Africans.
- Supported by legal experts, the FMF is investigating the possibility of having the standard pre-emptive clause removed as a current condition of Reconstruction and Development Programme home ownership.

The total cost of this project is estimated to be R10 million and the cost of administration is expected to be around R750 000 per annum, of which Redefine has contributed R350 000 in its first year.

City improvement districts

Our commitment to improving our social licence to operate is expressed through our contributions to city improvement districts where some of our properties are located. During 2011 Redefine contributed R7,4 million (2010: R6,9 million) to city improvement projects.

Information and communication technology

With the decision to internalise Redefine's property management, a world-class, state-of-the-art ICT system has been developed.

The ICT system is built on the principle of maximising availability and as such has built in redundancy allowing for failure of any one or more parts of the system with no or nominal impact on the business.

To ensure business continuity and thereby allow the business to achieve its goals and objectives the ICT system:

- Ensures business continuity by:
  - documenting and automating the business processes allowing for seamless transition during personnel changes;
  - housing the majority of the company's documentation in a shared file structure that allows company-wide user access to any document (based on privileges)
  - this increases efficiency in sharing, accessing and maintaining knowledge so not only is enterprise resource programme (ERP) information immediately available but also the underlying source documentation.
- Utilises a diverse partner network at negotiated prices thereby ensuring a globally aligned skill-set is always available for the maintenance, support and implementation of hardware and software
- Has a minimal carbon footprint by making use of the latest virtualisation technology and terminal server environments:
  - the bulk of the processing power, that would otherwise be distributed across every user, is centralised thereby lowering power consumption; and
  - software upgrades and changes to user profiles is done centrally reducing travel time, costs and associated emissions and reducing the overall time to make a system wide change.
- Allows for uninterrupted access even during upgrades because of the built in redundancy – this allows for a more efficient (and less risky) maintenance structure.

Redefine is currently finalising its disaster recovery environment which (through the use of virtualisation) will allow for all the major components of the ICT system to be up and running after a disaster within an hour. This project was initialised in June 2011 and its completion is anticipated during March 2012.

Because of the youth of the ICT system Redefine is aiming to have its maturity level in terms of King III at the "managed" level during the 2013 financial year.

ICT services are provided at three regional offices and 30 branch offices and comprise the following:

- Wide area network (WAN) and local area network (LAN) management
- Software and business application management (including licensing)
- Business process management (analysis and design of business processes)
- Security management
- User support both via a helpdesk and through desk-side support
- Software support (assisting users in maximising use of software applications)
- User training (on ICT related issues)
- ICT corporate governance and risk management.

The purpose of the ICT department is to enable the fulfilment of business goals and objectives through the facilitation of an effective information and communication technology environment.

Our environment

Energy

For 2011, our portfolio consumed 418GWh of electricity, with an indirect carbon emission (from Eskom) of 406 055t. The last financial year has demonstrated the effect of significant electricity price increases and a marked deterioration in municipal customer services. These included billing systems for electricity, resulting in numerous properties being either overcharged or not billed at all.

Specific projects and initiatives that have been implemented in recent years to reduce energy consumption in our buildings include:

- Outsourcing the responsibility and liability for incorrect municipal electricity charges, as well as billing tenants for electricity, to an external specialist contractor since 2005.
- Installing energy meters in 265 of our buildings, which report on use in kWhm².
- Performing consumption surveys to identify where electricity is being wasted. To date, installations at 10 buildings have been completed, resulting in savings. Given the success of this project, another 36 buildings have been identified for the next phase.
- Submitting tender and initiating negotiations with Eskom on its performance contracting scheme (Eskom pays the investor on a per-kWh-saved basis). If this initiative succeeds, numerous tenants and Redefine could save on electricity charges over the next three years without a monetary contribution from tenants towards the cost.
- In 2011, new power factor correction units valued at R3,7 million were installed at no capital cost to Redefine to further reduce electricity costs.

Redefine's monitoring exercises continue to demonstrate further cost-saving opportunities. By upgrading the lighting alone in the Rosebank head office, we can achieve a 65% saving of energy costs per annum. This implies a payback period of less than two years. Tenders for this project are being adjudicated and the project should begin in 2012. In addition, a saving of 25% on current operating costs for HVAC (heating, ventilation and air-conditioning) has been identified.

Redefine's total electricity consumption at its head office in Rosebank for the past financial year was 1 323 465kW.

In September 2011, National Treasury will publish details on the proposed carbon tax in the 2012 budget address. Eskom, which mainly uses coal to generate electricity, is a huge emitter of carbon dioxide and could be heavily taxed under a new tax system. This could hike electricity prices considerably, providing further support for our energy efficiency initiatives in our buildings.

Water

We have identified our largest consuming properties – these are being monitored through pulse meters. This system tracks real-time water consumption, enabling Redefine to manage consumption on site and identify any failures, breaks or leakages immediately.

Redefine's total water consumption at its head office in Rosebank for the past financial year was 4 117 kilolitres.

GRI index

Redefine has only reported on GRI indicators relevant to its business.

GRI ref	GRI indicator	Redefine group status
Strategy and analysis		
1.1	Statement from senior decision-maker on the relevance and importance of sustainability to the vision and strategy of the group	See the Chairman's statement
1.2	Key impacts, risks and opportunities	Key risks and opportunities are covered in the strategic objectives section
Organisational profile		
2.1	Name of the reporting organisation	Redefine Properties Limited
2.2	Primary products	Investment property assets
2.3	Operational structure of the organisation	Refer group organogram on page 3
2.4	Location of the organisation's headquarters	Redefine Place, 2 Arnold Road, Rosebank, Johannesburg, South Africa
2.5	Countries in which the organisation operates	South Africa
2.6	Nature of ownership/legal form	The group's holding company is incorporated in South Africa and listed on the JSE. It has approximately 22 997 private and institutional investors as shareholders
2.7	Markets served	Serves a cross-section of society
2.8	Scale of reporting organisation	Scale details are expressed in various sections of the report, in particular the financial statements
2.9	Significant changes during the reporting period	Redefine embarked on a group restructure in terms of section 47 of the Income Tax Act

Sustainability *continued*

GRI ref	GRI indicator	Redefine group status
Report parameters		
3.1	Reporting period	The 12 months ended 31 August 2011
3.2	Date of most recent previous period	The 12 months ended 31 August 2010
3.3	Reporting cycle	Annual and interim reports at 12 and six months, respectively
3.4	Contact point for the report	www.redefine.co.za
3.5	Process for defining report	The information contained in this report complies with the listing requirements of the JSE, the Companies Act and King III. The group also provides relevant information of interest to its defined stakeholders
3.6	Boundary of report	The report provides information on all operations, however, it should be noted that with regard to stakeholder reporting, the focus is mainly on its South African operations which generate the bulk of total revenue
3.7	Limitations on the scope or boundary of the report	The report mainly focuses on South Africa being the material part of the business
3.8	Basis for reporting on joint ventures and other situations affecting comparability	The group has both joint ventures which are equity accounted and jointly controlled assets which are proportionately accounted as noted in the financial statements
3.9	Data measurement techniques and assumptions	The group is IFRS compliant – refer to the notes of the financial statements
3.10	Explanation of restatements	Refer to the notes in the financial statements for disclosure of the prior year adjustment relating to the change in accounting policy for deferred tax
3.11	Significant changes to scope, boundary or methods	None
3.12	GRI Index	This GRI Index table
3.13	External assurance of this report	None
Governance		
4.1	Governance structure	Redefine complies with King III and full disclosure of the governance structure is disclosed in the corporate governance report – 18% of the board are female – 27% of the board are previously disadvantaged
4.2	Status of chairman	The chairman is considered to be an independent non-executive director. Refer to the corporate governance report
4.3	Independent non-executive directors	Six of the eight non-executive directors are independent
4.4	Mechanisms for stakeholders to interact with board	A number of mechanisms exist – refer to the stakeholder engagement and analysis table in this section of the report
4.5	Link between compensation and performance	A portion of executive remuneration is incentive based
4.6	Process for avoiding conflict of interest	The interest and potential conflicts of each director are declared formally in writing at the commencement of each board meeting – refer to corporate governance section
4.7	Expertise of board	Redefine verifies all formal qualifications and industry and related experience. Refer corporate governance report
4.8	Policies on economic, environmental and social performance	Refer to sustainability section of this report
4.9	Procedures for board oversight of economic, environmental and social performance	Redefine's financial director and his team have assumed responsibility for the sustainability report
4.10	Board performance	The board intends to perform self-assessment during 2012. The performance of the board and its committee are continuously monitored by the analysts, media and investors
4.11	Precautionary approach	Redefine's investment, funding and development strategies are stringently followed and reviewed on an ongoing basis
4.12	External principles endorsed	Not applicable to the property sector
4.13	Membership of industry associations and advocacy groups	Redefine subscribes to and holds memberships of various property associations, for example PLSA and SAPOA

GRI ref	GRI indicator	Redefine group status
4.14	Stakeholder groups	A number of stakeholders have been identified – refer to the stakeholder engagement and analysis table in this section of the report
4.15	Basis for identification	The stakeholders have been identified by the senior group finance team and have been approved by the board of directors
4.16	Approach to stakeholder engagement	Redefine makes use of various communication channels to share information and obtain feedback from its stakeholders. These channels are outlined in stakeholder engagement and analysis table
4.17	Topics and concerns raised, response	Refer to the stakeholder engagement and analysis table
Economic performance indicators		
EC1	Economic value generated and distributed	Refer to value added statement
EC3	Coverage of defined benefit plan obligations	Redefine does not operate a defined benefit plan scheme and therefore has no defined benefit plan obligations
EC4	Significant financial assistance from government	None
EC6	Policy, practices, and spending on local suppliers	Redefine has a preferential procurement policy
EC7	Procedures for local hiring, proportion of senior management from local community	Local community suppliers and labour employed when properties are developed in outlying areas
Social performance indicators		
	Labour practices	
LA1	Workforce by employment type, employment contract, and region	Redefine employs 261 employees all located within South Africa. Refer to our people section of this report for further analysis
LA2	Number and rate of employee turnover by age group, gender, and region	All employees are located within South Africa – male 48% and 52% female. Refer to our people section of this report for further analysis
LA3	Benefits for full-time employees not provided to temporary/part-time employees	Permanent employees enjoy financial benefits comprising medical, retirement, death and disability. Refer to our people section of this report
LA15	Return to work and retention rates after parental leave, by gender	100% retention rates for employees who return to work after parental leave. Refer to our people section of this report
	Occupational health and safety	
LA6	Percentage workforce represented in formal joint health and safety committees to monitor and advise on programmes	3,8% of the total workforce is represented in the health and safety committee. Refer to committees in the our people section of this report
LA7	Rates of injury, occupational diseases, lost days, absenteeism, work-related fatalities	Two minor injuries occurred during working hours during the year
LA8	Education, training, counselling, prevention, and risk-control programmes to assist workforce members, their families or community members with serious diseases	Voluntary counselling and testing in respect of HIV/Aids is available to employees through the external healthcare service providers
	Training and education	
LA10	Average hours training/year per employee by employee category	An average of five hours per employee. Refer to the our people section of this report
LA12	Percentage employees receiving regular performance and career development reviews	All employees are receiving regular performance feedback through Redefine's performance recognition process
Environmental performance indicators		
EN3	Direct energy consumption by primary source	Where available, details of energy consumption have been provided
EN5	Energy saving owing to conservation and efficiency improvements	Where available, details of energy conservations have been provided
EN8	Total water withdrawal by source	Municipality water only
EN28	Significant fines, sanctions for non-compliance with environmental laws and regulations	None

Corporate governance

Redefine is a PLS which is listed on the JSE. The company has implemented internal controls to provide reasonable assurance in compliance with the Companies Act and the JSE listing requirements.

The board of directors considers sound corporate governance practices to be pivotal to deliver sustainable growth for the benefit of all of its stakeholders. The board of directors is committed to and subscribes to the values of good corporate governance contained in King III. The board endorses the principles of fairness, responsibility, transparency and accountability advocated by King III. The directors endorse the objective of conducting the affairs of the company in accordance with the highest standards of corporate governance and accept responsibility for achieving these standards. The board committees regularly review the company's governance structures and processes to ensure that the board exercises effective and ethical leadership, good corporate citizenship and sustainability. Redefine is committed to achieving high standards of business integrity and ethics.

Redefine has made good progress in the implementation of best practice corporate governance processes and procedures ensuring that all policies are brought in line with the requirements of King III. Risk management systems have been implemented throughout the group. A stakeholder register has been compiled to improve communication with stakeholders while communication with the investment community has made positive progress. Redefine improved enterprise information systems through the implementation of ERP and real-time property management systems, which will enable management to make better informed and timely decisions.

The board of directors

The board of directors is responsible for the strategic direction and control of the company. The board exercises its control through the governance framework of the company which includes detailed reporting to the board and its committees, board reserved decision-making matters and a system of assurances on internal controls.

The role of the chairman is separate from that of the chief executive officer (CEO). The CEO takes full responsibility and is accountable for the operations of the group and provides leadership to the executive team and is also accountable for the effectiveness of governance practices. The chairman leads the board and facilitates constructive relations between executive and non-executive directors. The chairman holds no other listed company chairman positions.

The board comprises 11 directors of whom six are independent non-executive directors; two are non-executive directors and the balance executive directors. The non-executive directors have no fixed terms of office. The executive representation on the board comprises Marc Wainer (CEO), David Rice (COO) and Andrew Konig (FD). Each executive director has defined areas of responsibility. At each meeting of the board the directors declare their interest in writing and where there are any potential conflicts of interest these are minuted and the affected directors are recused from the relevant debate and decision making.

There is an appropriate balance of power and authority on the board, such that no one individual has unfettered powers of decision making and no one individual dominates the board's deliberations or its decisions.

Any newly appointed director who has been appointed by the directors during the year has to retire at the next AGM and has to be re-elected by unitholders. One-third of all directors retire on a rotational basis and make themselves available for re-election at the AGM. For details of the directors who are retiring and offering themselves for re-election refer to the directors' report on page 88.

The board regularly reviews the decision-making authority given to management and certain matters are reserved for decision-making by the board.

The board has adopted a charter which sets out the practices and processes adopted by the board in order to discharge its responsibilities. The board's charter specifically sets out the following:

- A description of roles, functions, responsibilities and powers of the board, the shareholders, the chairman, individual directors, company secretary and other prescribed officers and executives of the company.
- The terms of reference of the board and its committees.
- Matters reserved for the final decision-making or pre-approval of the board.
- The policies and practices of the board on matters such as corporate governance, directors' dealings in securities of the company, declarations of conflicts of interest, board meeting documentation, business rescue proceedings, and procedures for the nomination, appointment, induction, training and evaluation of the directors and members of the board committees.

The board has delegated certain specific responsibilities to the following committees:

- executive committee
- remuneration and nominations committee
- audit and risk committee
- investment committee

The committees assist the board of directors in discharging its responsibilities and duties under King III, however overall responsibility remains with the board. In accordance with the requirements of the Companies Act, a social and ethics committee will be established before 1 May 2012. Full transparency and disclosure of the committee deliberations is encouraged and the minutes of the committee meetings are available for inspection by any director.

Directors are encouraged to take independent advice, at the cost of the company, for the proper execution of their duties and responsibilities. During the financial year no director felt it necessary to seek such advice. The board has unrestricted access to the group external auditors, professional advisers, the services of the company secretary, the executives and the staff of the company at any given time.

All board members will be undertaking a detailed board assessment, which covers the composition, duties and responsibilities and overall effectiveness of the board as well as a peer review. These evaluations will also be completed for all board committees by the members. The results of these assessments will be collated and reported on by the company secretary. A review of the performance of the chairman will also be performed.

Both the directors and the members of the board committees are supplied with comprehensive and accurate information which allows them to properly discharge their responsibilities. The members of the board bring a mix of skills, experience and technical expertise to the board and all actively participate in the proceedings at board meetings. The board meets at least four times per year and more frequently if circumstances dictate. Each meeting is conducted in accordance with a formal and structured agenda. To facilitate the decision-making process, board papers are circulated to the directors well in advance of meetings to allow sufficient time for directors to properly scrutinise the content thereof and to apply their minds to the content. Non-executive directors have access to management and from time to time meet without the executive directors being present.

Board meetings and attendance

	03/11/10	02/02/11	04/05/11	03/08/11
D Gihwala (Chairman)	✓	✓	✓	✓
BH Azizollahoff[1]	✓	✓	N/A	N/A
JA Finn[2]	✓	N/A	N/A	N/A
MN Flax	✓	✓	✓	✓
GJ Heron	✓	✓	✓	✓
MK Khumalo	✓	✓	✓	✓
AJ Konig[3]	N/A	✓	✓	✓
GGL Leissner	✓	✓	✓	✓
HK Mehta	✓	✓	✓	✓
B Nackan	✓	✓	✓	✓
D Perton	✓	✓	✓	✓
DH Rice	✓	✓	✓	✓
M Wainer	✓	✓	✓	✓

✓ Present
[1] Resigned 28 February 2011
[2] Resigned 16 November 2010
[3] Appointed 12 January 2011

Corporate governance *continued*

Board committees

The executive committee

The executive committee is empowered and responsible for implementing the strategies approved by the board and for managing the affairs of Redefine. The committee is chaired by the CEO and comprises the financial director, chief operating officer, head of property management, head of development and regional manager of the Western Cape.

The committee meets weekly and deliberates, takes decisions or makes recommendations on all matters of strategy and operations within its mandate. The mandate is set by the board of directors and sometimes the decisions or recommendations are referred to the board or relevant board committee for final approval.

A summary of the role and responsibilities of the committee are as follows:

- Make recommendations and take decisions on all matters affecting the group strategy and operations including risk management
- Monitor markets and competitors in order to identify trends
- Define, configure, finance and structure the group's portfolio of assets
- Approve operating plans and budgets for each division
- Measure and monitor divisional performance
- Ensure adequate levels of risk management, controls, governance and compliance.

The investment committee

The board established an investment committee, comprising three executive, one independent non-executive and two non-executive directors. The investment committee meets when necessary to consider investment opportunities in respect of properties and listed securities. It approves acquisitions, disposals and capital expenditure in line with the limits of authority delegated to it and strategy determined by the board.

A summary of the roles and responsibilities of the committee are as follows:

- Review acquisitions, investments and disposals made by the executive committee in accordance with the authority granted to it by the board
- Review, consider and approve proposed acquisitions, investments and disposals of the group recommended by the executive committee ranging between R20 million and R100 million
- Recommend to the board acquisitions and investments of the group above the mandated limit
- Review the performance of all investments and acquisitions made.

Investment committee meetings and attendance

	14/09/10	01/12/10	09/03/11	31/03/11	08/06/11
MN Flax (Chairman)	✓	✓	✓	✓	✓
BH Azizollahoff[1]	✓	✓	N/A	N/A	N/A
JA Finn[2]	X	N/A	N/A	N/A	N/A
GJ Heron	✓	✓	✓	✓	✓
AJ Konig[3]	N/A	N/A	N/A	✓	✓
GGL Leissner	✓	X	X	✓	X
DH Rice	✓	✓	✓	✓	✓
M Wainer	✓	✓	✓	✓	✓

✓ Present/Participated
X Apology/Absent
[1] Resigned 28 February 2011
[2] Resigned 16 November 2010
[3] Appointed 12 January 2011

The remuneration and nominations committee

The board established a remuneration and nominations committee comprising two independent non-executive directors whose primary responsibility is to monitor the remuneration policies of Redefine, specifically in respect of the executive directors.

A summary of the roles and responsibilities of the committee are as follows:

- Design, monitor and communicate the group's remuneration policies
- Consider and approve the executive director remuneration including short and long-term incentives
- Assess, recruit and nominate new non-executive directors
- Assist the board in its responsibility for setting and administering remuneration policies in the company's long-term interests
- Consider and recommend remuneration policies for all levels in the company, especially the remuneration of senior executives, including directors, and provide advice on the remuneration of non-executive directors
- Ensures the mix of fixed and variable pay, in cash, shares and other elements, meets the company's needs and that incentives are based on targets that are stretching, verifiable and relevant
- Non-executive director fees, which may vary according to factors including the level of expertise of each director, representation on the various board committees, as well as an attendance fee per meeting
- Non-executive directors do not receive incentive awards geared to share price or corporate performance
- Guard against unjustified windfalls and inappropriate gains arising from the operation of share-based and other incentives
- Assess the skill, acumen and experience of potential candidates for directorship to ensure their appointment will significantly contribute to the activities of Redefine.

The CEO, financial director and the head of human resources attend the meetings by invitation. The executive directors are not involved in setting their own remuneration.

Remuneration and nominations committee meetings and attendance

	03/11/10	02/12/10	14/07/11	18/10/11
B Nackan (Chairman)	✓	✓	✓	✓
GJ Heron	✓	✓	✓	✓
AJ Konig[1#]	N/A	N/A	✓	✓
M Wainer[#]	✓	✓	✓	✓

✓ Present
[1] Appointed 12 January 2011
[#] Attended as invitee

The audit and risk committee

Redefine's audit and risk committee is integral to the group's risk management process. It reports to the board on the duties assigned to it by the board. In addition, it reports to unitholders on the extent to which it carried out its statutory oversight duties in respect of the external auditors, the appropriateness of the financial statements and the accounting practices, as well as the effectiveness of the internal financial controls. Their report can be found on pages 94 and 95.

All members of the committee are non-executive directors of the company in accordance with the Companies Act and there has been no change in the composition of the committee under the period of review. The CEO, financial director, chief operating officer, senior financial management of the group and representatives of the internal and external auditors attend all meetings by invitation. All committee members have the requisite financial and commercial skills and experience to contribute to the committee's deliberations. The internal and external auditors have unrestricted access to the audit committee.

The audit committee receives, well in advance of meetings, reports on the financial performance, governance and internal controls, adherence to the accounting policies, compliance and area of significant risk of the group as well as written reports from the external and internal auditors. Issues identified in the reports are discussed and deliberated in audit committee meetings. After considering all of these reports the audit committee reports to the board regarding the framework and effectiveness of controls.

The committee has unrestricted access to independent expert advice should the need arise.

Annually the audit committee reviews the external audit report and annual financial statements of subsidiary companies in order to meet its obligations as a holding company in terms of the Companies Act.

As required by the JSE, the audit committee and the board are satisfied that the Financial Director, Andrew Konig, has the necessary skills and qualifications in order to fulfil his responsibilities.

Corporate governance *continued*

A summary of the roles and responsibilities of the committee are as follows:

- Overseeing integrated reporting, having regard to all factors and risks that may impact the report
- Reviewing the annual financial statements and comment thereon in the integrated report
- Expressing a formal opinion on the company's going-concern status in the integrated annual report
- Ensuring that a combined assurance model is applied to provide a co-ordinated approach to all assurance activities
- Reviewing the expertise, resources and experience of the group's finance function and disclosing the results of the review in the integrated annual report
- Overseeing the internal audit function of the group
- Playing an integral part in the risk management process
- Recommending the external auditors and overseeing the external audit process
- Reporting to the group's stakeholders and the board on the effectiveness of the group's internal financial controls.

Audit and risk committee meetings and attendance

	02/11/10	02/02/11	03/05/11	03/08/11
GJ Heron (Chairman)	✓	✓	✓	✓
GGL Leissner	✓	✓	✓	✓
B Nackan	✓	✓	✓	✓
M Wainer (CEO)#	✓	X	✓	✓
JA Finn#1	✓	N/A	N/A	N/A
AJ Konig#2	N/A	✓	✓	✓
DH Rice#	✓	✓	✓	✓

✓ Present
X Apology/Absent
 # Attended as invitee
1 Resigned 16 November 2010
2 Appointed 12 January 2011

External audit

PKF (Jhb) are the external auditors of all group companies with the exception of the RIN group which is audited by KPMG Inc. During the year PKF (Jhb) provided certain non-audit services, including tax reviews and advice, reviews of information technology systems and applications and certain agreed upon procedures. The audit committee is satisfied that the non-audit services provided by PKF (Jhb) are insignificant and do not question their independence.

Internal audit

During 2011 an in-house internal audit function of the company was established. The internal audit department has unrestricted access to the chairman and members of the audit committee.

The audit committee consider the internal audit division to be an independent, objective body providing assurance to the group's governance, risk and control activities. The team comprises qualified and experienced personnel to ensure the delivery of a relevant and high quality risk-based audit service.

The responsibilities of the internal audit department are governed by a charter approved by the audit committee and the board. Internal audit has unrestricted access to all information and staff in order to discharge its responsibilities.

Internal audit reviews the significant business, strategic, governance, risk and controls. The internal audit department provides the audit committee with a level of assurance for the governance, control and risk management of the group.

To ensure the independence of internal audit, the department reports directly to the audit committee. The committee reviews and approves the annual internal audit plan, which approves the strategic risk-based internal audit plan. The head of internal audit has unrestricted access to all employees and directors of the organisation, frequent discussions are held with the audit committee chairman and the group executive committee.

The internal audit department formally reports any material findings and matters of significance to the audit committee on a quarterly basis. The report highlights all actual and potential risks to the business and whether or not these risks are being appropriately managed or controlled. Progress updates on unsatisfactory audit findings are followed up and reported back to the audit committee until resolved.

The internal audit department follows a risk-based approach audit methodology, which is updated annually. The annual audit plan is determined after consideration and assessment of all risks facing the group, including coverage of significant operating segments. The internal audit department review the ICT general and application controls of the company in order to ensure satisfactory ICT governance and assurance.

The key duties of the internal audit function include:

- evaluating the company's governance processes;
- performing an objective assessment of the effectiveness of risk management and the internal control network;

– systematically analysing and evaluating business processes and associated controls;
– providing a source of information where appropriate, regarding instances of fraud, corruption, unethical behaviour and irregularities;
– follow up on ethics hotline calls; and
– facilitation of enterprise-wide risk management process.

Risk management

Redefine is exposed to a number of risks which may have a material or adverse impact on its reputation, performance and financial position. The board considers risk management to be a key business discipline to balance risk and reward, and to protect the group against risks and uncertainties that could threaten the achievement of Redefine's strategic objectives. The board recognises the importance of an effective risk management process and has adopted an enterprise-wide approach to risk management.

The board's risk strategy has been established through debate with the executive directors. While it is not possible to identify or anticipate every risk due to the changing business environment, the company has an established risk management process to manage and mitigate those key risks which it believes could have an impact on its wellbeing.

The company's process for identifying and managing risk is set by the board. The board has delegated the management of risk to the audit and risk committee. The day-to-day responsibility for risk management, including maintaining an appropriate loss prevention and internal control framework remains with the executive committee of the group.

Risks are continually being identified and mitigated in terms of a process that involves allocating responsibility, developing action plans, and monitoring compliance with these action plans. Risks are monitored and reported upon at quarterly management meetings, and in the audit committee meetings. The internal audit plan incorporates the outcomes of the risk management process. Internal audit division facilitates the risk identification and mitigation. Redefine has developed a culture of identifying and managing risk.

Key features of Redefine's system of risk management are:
– setting the tone from the top in providing ethical leadership and creating an ethical environment;
– clear business objectives and business principles;
– an established risk policy;
– a continuing process for identification and evaluation of significant risks to the achievement of business objectives;
– management processes in place to mitigate significant risks to an acceptable level; and
– ongoing monitoring of significant risks and internal and external factors that may impact the organisation's risk profile.

The committee tables a group risk matrix to the board annually which highlights potential risk which could prevent Redefine from achieving its strategic objectives. The matrix is set out below. The audit and risk committee confirm that Redefine avoids those risks for which it has little or no appetite and the assumption of risk takes place within appropriate boundaries.

KEY RISKS

Risk	Impact	Mitigation
Interest rate risk – exposure to volatile interest rate cycles	Volatile interest rate movements will result in increased borrowing costs, thereby reducing distributable income	• At least 70% of local debt is fixed through interest rate swaps • Cheaper funding arrangements • Avoiding concentration risk of swap maturity
Liquidity risk – inability to roll over debt at optimal funding rates and exposure to single sources of funding	Inability to pursue investment opportunities and a reduction in distributable income	• Maintaining conservative loan to value ratios • Conservative management imposed loan to value ratio of 30% • Manage cash position and available funding headroom • Spread of funding providers • Maturity profile of debt evenly spread • Moody's global and national credit rating obtained to support alternative funding sources
Investment risk – investment at higher than the market value and yielding less than incremental funding costs	Dilution in distributable income and possible capital erosion. Breaching of loan to value covenants. Inefficient utilisation of existing funding facilities	• Stringent investment criteria • Approvals by the investment committee • Detailed due diligence process • Ongoing refinement of investment/growth strategy

Corporate governance *continued*

Risk	Impact	Mitigation
Significant increases in municipal charges and electricity tariffs	Reduction of property margins, erosion of distributable income growth	• Focus on cost efficiencies • Initiatives to reduce consumption • Acquisitions strategy to include cost saving factors • Focus on electricity savings initiatives • Review of recoveries from tenants
Unreliable or poor service delivery from local authorities particularly in outlying areas	Property values and revenue growth will decline. Low rental yields. Additional expenditure to compensate for the lack of services. Increased development costs to create suitable infrastructure. High risk of key tenant loss	• Plans under way to exit from these areas and to focus new acquisitions in well serviced areas
Tenant concentration and failure	Cash flow negatively impacted, decline in rental income, unlet space resulting in erosion of rental income and increased holding costs (funding, electricity and municipal charges) Knock on smaller retail tenants as a result of a loss of a major anchor tenant	• Tenant concentration is mitigated by a diverse property portfolio • Regular monitoring of tenants credit standing is undertaking • Credit profiling of tenants prior to the conclusion of lease agreements • Ongoing assessment of the economic and market environment in which the tenant operates • Identification of a tenant's potential to grow within the market environment • Adequate security from tenants to cover potential financial loss
Significant volumes of leases expiring in any one period	Erosion of rental income, increase in property holding costs (funding, electricity and municipal charges), increase in letting commissions and TI costs Discounting of new lets at below market rentals	• Proactive management of lease expiries • Broker incentive schemes in place • Dedicated external and internal brokers focused on securing long-term lease renewals • Monthly lease expiry reports by sector and geographical area
Business continuity risk – inability to recover operations in the event of unexpected disruptions and disasters	Loss of critical management information and delays in billing and collection of revenues, responding to tenant queries and possible inaccurate recovery of municipal and electricity charges	• Daily backups of information at an offsite storage facility • Virtualised server environment • Guaranteed uptime in terms of service level agreements • Complete redundancy of the IT environment is being built at an offsite location
Retention of key staff	Loss of key management members impact adversely on the company's ability to implement its strategic objectives	Retention strategy which encompass performance incentives, remuneration benchmarking, performance evaluation, personal development plans and share appreciation schemes
Health, safety and environmental compliance	Potential revenue loss, legal claims from tenants due to inability to conduct their business, withdrawal of insurance cover or escalated insurance premiums potential fines for non-compliance, reputational damage, value destruction of properties	• Health and safety policies in place • Established OHS committee to monitor and oversee all areas • Operation manager received legal compliance training

Code of ethics

The board of directors and the employees of Redefine are committed to the strictest standards of ethical conduct, fairness and integrity in all business practices both in the work and market place.

A code of ethics and conduct has been adopted by the company, which includes, but is not limited to:

- creating a culture which is intolerant of unethical conduct, fraud, corruption and conduct befitting the reputation of the company;
- striving to be perceived as ethical in all its dealings with the public and other interested parties;
- setting ethical objectives and milestones that are integrated into the company's strategy and operations;
- ethics being communicated and understood as an integral part of the company's corporate identity and purpose as well as corporate culture;
- ethics forming a constituent part of normal business as well as internal and external corporate communication and informs company policies, procedures, practices, conduct and business agendas;
- safeguarding the health and safety of those people who work in or visit our organisation by providing appropriate training and professional expertise where required;
- honest and effective communication with all stakeholders which is channelled through defined structures;
- information disseminated to the public is accurate, transparent, consistent, timely and in compliance with local laws and regulations;
- information obtained regarding competitors activities is ethical and in compliance with local laws and regulations;
- company assets being used appropriately and for purposes intended and proper measures implemented to protect them from loss, theft, damage and misuse;
- never offering or taking bribes or acting in any way that could be considered to be or to induce corruption and taking a zero tolerance approach of corruption or unethical business practices;
- taking reasonable steps to ensure that confidential information is adequately safeguarded and ensuring communication of information only to those who are authorised to receive it; and
- recognising our responsibility of sound environmental practices through researching and applying best practices in environmental issues facing the property sector and evaluating and managing the environmental impact of current and potential future operations.

This code has been adopted by the board and communicated to all stakeholders. Adherence to the code is monitored and reported on regularly. The code of ethics provides guidelines with all stakeholders of the group, including but not limited to employees, tenants and suppliers.

Interest in contracts and related-party transactions

The company secretary maintains a register of all board members' interests which is inspected annually by the external auditors. The interest and potential conflicts of each director are declared formally in writing at the commencement of each board meeting. When an actual conflict arises during deliberations it is declared verbally and recorded in the minutes. The affected directors are immediately recused from further debate on the matter and may also not vote on the matter. This was the case with Gerald Leissner who, as non-executive director, recused himself from all deliberations regarding the sale of a large portfolio of properties by Redefine to Arrowhead and the subsequent unbundling thereof. In addition, Mike Flax who, as non-executive director, recused himself from all deliberations in respect of the sale of a number of properties, hotel and joint ventures to Arrow Creek.

Dealing in securities

As prescribed by the JSE listing requirements, the company has a policy prohibiting dealings in units by directors, officers and staff for a designated period preceding the announcement of its annual and interim financial results, half yearly distributions or any other period considered price sensitive. Dealings in units by directors are strictly monitored and the necessary Securities Exchange News Service announcements are made as required.

Whistle-blowing

During the year Redefine implemented an independent ethics reporting telephone line managed by an external service provider. This confidential and anonymous ethics hotline provides an impartial facility for all stakeholders to anonymously report fraud, statutory malpractice, inappropriate behaviour, deviations from policies, financial and accounting reporting irregularities and other deviations from ethical behaviour.

The whistleblower has a right to remain anonymous and the identity of a whistleblower is never divulged. Redefine has also shown a determination to provide a safe whistle-blowing mechanism for staff, contractors, suppliers and customers by insisting that all reports are dealt with at the appropriate level in the company. All calls are monitored and progress on their resolution is reported to the audit committee on a regular basis. This whistle-blowing line is monitored 24 hours a day in all official languages by an external party. All whistleblowers are protected against any form of victimisation provided disclosures are made in accordance with the provisions of the Protected Disclosures Act, No 26 of 2000. Calls to the hotline are free of charge.

The company secretary

The board is assisted by a suitably qualified company secretary, Neville Toerien, with adequate experience, who is not a director of the company and who has been empowered to properly fulfil his duties. The company secretary advises the board on appropriate procedures for the management of meetings and ensures that a prudent corporate governance framework is maintained. The directors have unlimited access to the advice and services of the company secretary.

Information technology

- The board is responsible for the governance of ICT risk via the audit and risk committee
- ICT is represented at an Exco level by the head of property management to whom the head of ICT reports
- The head of ICT is responsible for and manages (within the mandate of the Exco) the ICT governance framework
- Comprehensive ICT policies have been established and are being implemented
- ICT strategy is aligned to Redefine's goals and objectives through the change advisory committee which comprises an Exco member, divisional heads and ICT management
- ICT investments and expenditure are governed within the budget set by Exco and approved by the board
- Internal audits are performed periodically by experienced, independent personnel with further audits performed by qualified external auditors
- ICT is audited against the international standards of Information Technology Infrastructure Library and Control Objectives for Information and related Technology

Compliance with King III principles

Redefine has made good progress in the implementation of the recommended practices of King III. A review of the King III corporate governance checklist has highlighted that the principle of "The evaluation of the board, its committees and the individual directors should be performed every year" is not complied with and will be addressed in the coming year through all board members undertaking a detailed assessment of the board and its committees, which will cover the composition, duties and responsibilities and overall effectiveness/performance of the board and its committees, as well as a peer review.

Unit performance

SUMMARY OF LINKED UNIT TRADING

Trade price (cents per linked unit)	
Open	799
Low	704
High	860
Close	830

TOTAL RETURN (CENTS PER LINKED UNIT)

Opening price 1 September 2010	799
Closing price 31 August 2011	830
Increase in price	31
Total distribution to 31 August 2011	68
Total return	99
Total return (%)	12,4%
Dividend yield	7,7%
Earnings yield	8,8%
PE ratio	11,3%

TOTAL RETURN COMPARISONS

All share index (ALSI)	14,2%
Redefine Properties Limited (Redefine)	12,4%
SA Listed Property Index (SAPY)	7,4%
Property Loan Stock (PLS)	8,3%

LINKED UNITS IN ISSUE

	2011	2010
Total linked units in issue	2 690 172 102	2 690 172 102
Linked units in issue (net of treasury linked units)	2 684 295 336	2 684 295 336
Weighted average number of linked units in issue (net of treasury units in issue)	2 684 295 336	2 661 915 247

TRADING VOLUMES

	2011	2010
Value traded (R)	7 607 779 790	7 966 000 510
Volume traded	978 389 712	1 077 987 423
Volume traded as % of number of linked units in issue	36	40
Volume traded as % of weighted number of linked units in issue	36	40
Market capitalisation at 31 August	22 328 428 447	21 494 475 095
Number of linked unitholders	22 997	20 903

UNITS ISSUED DURING THE YEAR

There were no units issued during the year.

UNISSUED SHARES

815 704 664 unissued shares and 5 876 766 treasury shares are under the control of the directors. This authority is in force until the next annual general meeting.

ANALYSIS OF UNITHOLDERS

Unitholder profile

	Number of unitholdings	%	Number of units	%
Banks	116	0,50	174 232 310	6,48
Brokers	38	0,17	25 877 104	0,96
Close corporations	227	0,99	15 182 761	0,56
Empowerment	4	0,02	162 984 125	6,06
Endowment funds	346	1,50	27 955 335	1,04
Individuals	17 861	77,67	272 021 759	10,11
Insurance companies	92	0,40	185 982 669	6,91
Investment companies	17	0,07	10 327 379	0,38
Medical schemes	31	0,13	8 408 382	0,31
Mutual funds	272	1,18	1 007 997 162	37,47
Nominees and trusts	3 134	13,63	178 473 031	6,63
Other corporations	116	0,50	2 099 930	0,08
Own holdings	2	0,01	5 876 766	0,22
Private companies	389	1,69	66 101 558	2,46
Public companies	13	0,06	2 441 503	0,09
Retirement funds	339	1,47	544 210 328	20,23
Total	22 997	100,00	2 690 172 102	100,00

BENEFICIAL UNITHOLDERS HOLDING IN EXCESS OF 5%

	Number of units	%
STANLIB	197 402 640	7,34
Government Employees Pension Fund	168 867 507	6,28
Old Mutual	139 124 105	5,17
Total	505 394 252	18,79

UNITHOLDER SPREAD

	Number of unitholdings	%	Number of units	%
Non-public unitholders	31	0,13	64 957 717	2,41
Directors of the company	29	0,12	59 080 951	2,19
Own holdings	2	0,01	5 876 766	0,22
Public unitholders	22 966	99,87	2 625 214 385	97,59
Total	22 997	100,00	2 690 172 102	100,00

Number of unitholders	Number of unitholdings	%	Number of units	%
1 – 999 units	4 330	18,83	1 144 071	0,04
1 000 – 9 999 units	9 135	39,72	40 900 287	1,52
10 000 – 99 999 units	8 040	34,96	226 556 254	8,42
100 000 – 999 999 units	1 225	5,33	338 090 446	12,57
1 000 000 units and over	267	1,16	2 083 481 044	77,45
Total	22 997	100,00	2 690 172 102	100,00

UNIT PRICES AND PERFORMANCE

Monthly traded prices

Month	High	Low
September 2010	810	760
October 2010	860	796
November 2010	838	775
December 2010	802	772
January 2011	805	752
February 2011	763	717
March 2011	761	704
April 2011	783	747
May 2011	786	748
June 2011	796	765
July 2011	815	808
August 2011	830	774

Our accounts

reflecting

on our numbers

Directors' responsibility and approval

FOR THE YEAR ENDED 31 AUGUST 2011

The directors are responsible for the preparation and fair presentation of the company and group annual financial statements of Redefine Properties Limited, comprising the statement of financial position at 31 August 2011 and statements of comprehensive income, changes in equity and cash flows for the year then ended. To achieve the highest standards of financial reporting, these financial statements have been drawn up to comply with International Financial Reporting Standards and the requirements of the Companies Act 2008, as amended.

The directors' responsibility includes the design, implementation and maintenance of internal controls that will ensure the preparation, integrity and fair presentation of the financial statements and other financial information included in this report, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The directors have reviewed the appropriateness of the accounting policies and conclude that estimates and judgements are reasonable. They are of the opinion that the annual financial statements fairly present the financial position of the business at 31 August 2011 and of its financial performance and cash flows for the year to 31 August 2011. The external auditors, who have unrestricted access to all records and information, as well as to the audit committee, concur with this statement. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate. The unqualified audit report of PKF (Jhb) Inc. is presented on page 87.

In addition, the directors have also reviewed the cash flow forecast for the year to 31 August 2012 and believe that the company and the group have adequate resources to continue in operation for the foreseeable future. Accordingly, the annual financial statements have been prepared on a going-concern basis. These financial statements support the viability of the company and of the group.

The annual financial statements were approved by the board of directors on 7 December 2011 and are signed on its behalf by:

D Gihwala
Chairman

M Wainer
Chief executive officer

Certificate by company secretary

In terms of section 88(2)(e) of the Companies Act 2008 as amended (the Act), we declare that to the best of our knowledge, for the year ended 31 August 2011, Redefine Properties Limited has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Act and that such returns are true, correct and up to date.

Probity Business Services (Pty) Limited
Company Secretary

7 December 2011

Report of the independent auditors

TO THE UNITHOLDERS OF REDEFINE PROPERTIES LIMITED

Report on the financial statements

We have audited the group annual financial statements and annual financial statements of Redefine Properties Limited, which comprise the directors' report, the consolidated and separate statements of financial position as at 31 August 2011, and the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 88 to 153. These annual financial statements and group annual financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these annual financial statements based on our audit.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement; including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the consolidated and separate financial position of Redefine Properties Limited as at 31 August 2011 and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

PKF (Jhb) Inc.

PKF (Jhb) Inc.
Director: Paul Badrick
Registration number 1994/001166/21
Chartered Accountant (SA)
Registered Auditor

Sandton
7 December 2011

Directors' report

FOR THE YEAR ENDED 31 AUGUST 2011

To the unitholders of Redefine Properties Limited

We have pleasure in presenting the annual financial statements of Redefine Properties Limited for the year ended 31 August 2011.

Corporate overview

Redefine is a listed PLS company. It derives rental income from investments in office, retail and industrial properties, distributions from listed security investments and income from properties developed for trading.

Nature of the business

The nature of business and operations are commented on in detail in the company overview section on pages 2 to 4 of the annual report.

Financial results

The financial results for the year ended 31 August 2011 are set out in detail on pages 96 to 153 of these annual financial statements.

International financial reporting standards

The financial statements are prepared in terms of International Financial Reporting Standards.

Year under review

The year under review is covered fully in the chairman's, chief executive's and the financial director's statements on pages 10 to 27.

Share and debenture capital

The company's authorised share capital consists of 3 500 000 000 ordinary shares of 0,1 cent each. Each share is indivisibly linked to a debenture of 180 cents. This linkage means that each share may only be traded as a linked unit together with the debenture with which it is linked.

There was no change in the number of linked units in issue during the year.

Dividends and interest distributions

No dividend has been paid or declared during the year under review as the company distributes all its income as interest on the debentures.

The following interest distributions were declared per linked unit during the year:

- Distribution number 43 of 15 cents for the quarter ended 30 November 2010
- Distribution number 44 of 16 cents for the quarter ended 28 February 2011
- Distribution number 45 of 37 cents for the six months ended 31 August 2011

At the annual general meeting, unitholders approved the company changing its debenture interest payments from quarterly to six monthly, with the last quarterly distribution being for the quarter ended February 2011.

Going forward, distributions will be for the six-month periods ending 28 February and 31 August.

Directorate

The directors of the company at the date of this report were:
MN Flax
D Gihwala (Chairman)
GJ Heron
MK Khumalo
AJ Konig (Financial Director)*
GGL Leissner
HK Mehta
B Nackan
DJ Perton+
DH Rice (Chief Operating Officer)*+
M Wainer (Chief Executive Officer)*

** Executive*
+British

GJ Heron, AJ Konig, DJ Perton and DH Rice retire at the forthcoming annual general meeting and are all eligible for re-election.

The following executive director changes took place during the year:
JA Finn resigned on 16 November 2010
AJ Konig was appointed on 12 January 2011
BH Azizollahoff resigned on 28 February 2011
MN Flax resigned as executive director on 28 February 2011 and was appointed to the board as a non-executive director on the same day.

DIRECTORS' INTERESTS

The interests of the directors in the linked units of Redefine at 31 August 2011 were as follows:

	Beneficial		Non-beneficial		
	Direct	Indirect	Direct	Indirect	Total
MN Flax	–	7 861 105	–	661 456	8 522 561
D Gihwala	–	–	–	–	–
GJ Heron	–	4 639 206	–	–	4 639 206
MK Khumalo	–	1 400 000	–	–	1 400 000
AJ Konig	–	–	–	–	–
GGL Leissner	–	–	–	35 000	35 000
HK Mehta	197 345	27 295 238	–	–	27 492 583
B Nackan	9 000	–	–	–	9 000
D Perton	22 008	–	–	–	22 008
DH Rice	163 000	–	–	–	163 000
M Wainer	4 951 989	13 055 661	–	189 943	18 197 593
	5 343 342	54 251 210	–	886 399	60 480 951

There have been no changes in these holdings between the year-end and the date if this report.

At 31 August 2010, the interests of the directors in the linked units of Redefine were as follows:

	Beneficial		Non-beneficial		
	Direct	Indirect	Direct	Indirect	Total
BH Azizollahoff	–	–	–	–	–
JA Finn	338 000	–	–	1 560	339 560
MN Flax	–	7 861 105	–	661 456	8 522 561
D Gihwala	–	–	–	–	–
GJ Heron	–	4 639 206	–	–	4 639 206
MK Khumalo	–	1 400 000	–	–	1 400 000
GGL Leissner	–	–	–	35 000	35 000
HK Mehta	197 345	27 295 238	–	–	27 492 583
B Nackan	9 000	–	–	–	9 000
D Perton	22 008	–	–	–	22 008
DH Rice	–	–	–	–	–
M Wainer	5 407 839	13 055 661	–	268 443	18 731 943
	5 974 192	54 251 210	–	966 459	61 191 861

Directors' report *continued*

Fees earned for services as non-executive director of the company:

	2011 R000	2010 R000
D Gihwala	200	180
D Perton	165	150
GJ Heron	265	250
MK Khumalo	165	150
GGL Leissner	225	220
HK Mehta	165	150
B Nackan	255	220
MN Flax[5]	83	–
	1 523	1 320

Fees earned for services as executive director of the company:

	Salary and allowances R000	Bonuses and performance-related payments R000	Other benefits and payments R000	Retirement benefits R000	Total R000
2011					
M Wainer (CEO)	2 630	1 500	110	–	4 240
BH Azizollahoff[1]	988	650	43	95	1 776
JA Finn[2]	464	683	1 816	48	3 011
MN Flax[5]	1 060	550	44	57	1 711
AJ Konig[3]	1 519	–	21	180	1 720
DH Rice	1 828	850	92	164	2 934
	8 489	4 233	2 126	544	15 392
Aggregate of three highest paid executives who are not directors	3 605	850	92	103	4 650
2010					
M Wainer (CEO)	2 393	2 500	119	–	5 012
BH Azizollahoff	1 563	500	81	183	2 327
W Cesman[4]	1 860	2 500	7	–	4 367
JA Finn	1 150	700	49	161	2 060
MN Flax[5]	1 674	500	73	120	2 368
DH Rice	1 377	3 750	87	174	5 388
	10 017	10 450	416	638	21 522

[1] *Resigned 28 February 2011*
[2] *Resigned 16 November 2010*
[3] *Appointed 12 January 2011*
[4] *Resigned 7 May 2011*
[5] *Resigned as an executive director on 28 February 2011, and was appointed as a non-executive director on the same day*

Details of share appreciation rights awarded to the executive directors

	Opening		Awarded		Forfeited		Closing	
	Strike price (R)	Number of units	Strike price (R)	Number of units	Strike price (R)	Number of units	Strike price (R)	Number of units
2011								
M Wainer (CEO)	**7,0**	**2 600 000**	**–**	**–**	**–**	**–**	**7,0**	**2 600 000**
BH Azizollahoff	**7,0**	**1 600 000**	**–**	**–**	**7,0**	**(1 600 000)**	**–**	**–**
JA Finn	**7,0**	**1 600 000**	**–**	**–**	**7,0**	**(1 600 000)**	**–**	**–**
MN Flax	**7,0**	**1 600 000**	**–**	**–**	**7,0**	**(1 600 000)**	**–**	**–**
AJ Konig	**–**	**–**	**7,0**	**1 600 000**	**–**	**–**	**7,0**	**1 600 000**
DH Rice	**7,0**	**1 600 000**	**–**	**–**	**–**	**–**	**7,0**	**1 600 000**
		9 000 000		**1 600 000**		**(4 800 000)**		**5 800 000**
2010								
M Wainer (CEO)		–	7,0	2 600 000	–	–	7,0	2 600 000
BH Azizollahoff		–	7,0	1 600 000	–	–	7,0	1 600 000
JA Finn		–	7,0	1 600 000	–	–	7,0	1 600 000
MN Flax		–	7,0	1 600 000	–	–	7,0	1 600 000
AJ Konig		–	–	–	–	–	–	–
DH Rice		–	7,0	1 600 000	–	–	7,0	1 600 000
				9 000 000				9 000 000

The appreciation rights vest in equal tranches of 25% on the following dates:

- 3 September 2012
- 4 September 2013
- 1 September 2014
- 1 September 2015

Fees earned for services as non-executive directors of a subsidiary, Redefine Properties International Limited:

Director	Fees (Rands)	
M Wainer	218 810	(£20 000 remitted to Redefine Properties Limited)
GJ Heron	218 810	(£20 000 remitted to Clearwater)
B Nackan	150 000	(received in personal capacity)

SERVICE CONTRACTS

Executive directors retire from their positions and from the board (as executive directors) at the age of 65.

The executive directors are subject to one calendar month's written notice under their employment contracts.

GOING CONCERN

The directors consider that the group has adequate resources to continue operating for the foreseeable future and that it is appropriate to adopt the going-concern basis in preparing the group financial statements. The company has reasonably satisfied the liquidity and solvency test as required by the Companies Act and the directors have satisfied themselves that the group is in a sound financial position and that it has access to sufficient funding facilities to meet its foreseeable cash requirements.

MAJOR LINKED UNITHOLDERS

Beneficial unitholders holding in excess of 5% of the units in issue, are detailed on page 83 of the annual report.

Directors' report *continued*

INTEREST IN SUBSIDIARIES

Name of subsidiary	Country of incorporation	Net profit/(loss) R000	Issued share capital	Indebtedness R000	Shares at cost R000	Total R000
ApexHi Properties Limited	South Africa	–	–	–	–	–
Madison Property Fund Holdings Limited	South Africa	–	–	234 155	92 546	326 701
Redefine Properties Opco (Pty) Limited	South Africa	5 818	–	9 260	–	9 260
Spearhead Property Holdings Limited	South Africa	–	–	–	–	–
Ambit Properties Limited	South Africa	–	–	–	–	–
Redefine Properties International Limited	South Africa	(24 275)	372	–	1 042 544	1 042 544
Freedom Square (Pty) Limited	Namibia	(15 473)	205	–	439	439
Upper Eastside (Pty) Limited	South Africa	(1 628)	–	3 452	–	3 452
Total		**(35 558)**		**246 867**	**1 135 529**	**1 382 396**
Pre-acquisition dividends		–		–	(12 147)	(12 147)
Grand total		**(35 558)**		**246 867**	**1 123 382**	**1 370 249**

EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE

On 28 October 2011, Redefine linked unitholders approved the unbundling of a subsidiary, Arrowhead which will be listed on the JSE. As part of the process, Redefine disposed of 98 properties. Redefine also concluded an agreement with Arrow Creek unrelated to Arrowhead, for the disposal of 12 investment properties, as well as a number of speculative trading property developments and the Upper Eastside Hotel. These properties have been classified as assets held-for-sale at 31 August 2011.

SECRETARY

Probity Business Services (Pty) Limited will continue to render company secretarial services to the company.

SPECIAL RESOLUTIONS

The following special resolutions were registered for Redefine Properties Limited and its subsidiaries, having been passed by the unitholders to the date of this report:

Company	Nature of special resolution	Date passed	Date registered
Redefine Properties Limited			
Shareholder special resolutions	Repurchase of linked units – allowing the company or any of its subsidiaries, by way of a general approval, to acquire the linked units by the company, in terms of sections 85(2) and 85(3) of the Companies Act 1973, as amended, and in terms of the rules and requirements of the JSE Limited (the JSE)	31 January 2011	16 February 2011
	The articles of association of the company be amended to permit the company to cease payments to members by way of cheques and to effect payments utilising only electronic funds transfers	31 January 2011	22 February 2011
	Approval of directors' remuneration for their services as directors as required by section 66 of the Companies Act, Act No. 71 of 2008, as amended (Companies Act)	28 October 2011	Not required to be registered
	Approval of financial assistance to Arrowhead, a related or inter-related company to Redefine, as required by section 45 of the Companies Act, subject to the board being satisfied that the terms of the financial assistance are fair and reasonable to the company, and immediately after providing the financial assistance, the company would satisfy the solvency and liquidity requirement contemplated in the Act	28 October 2011	Not required to be registered

Company	Nature of special resolution	Date passed	Date registered
	Approval of financial assistance to Arrow Creek, a related or inter-related company to Redefine, as required by section 45 of the Companies Act, subject to the board being satisfied that the terms of the financial assistance are fair and reasonable to the company, and immediately after providing the financial assistance, the company would satisfy the solvency and liquidity requirement contemplated in the Act	28 October 2011	Not required to be registered
	Approval of financial assistance to a related or inter-related company to Redefine as required by section 45 of the Companies Act, subject to the board being satisfied that the terms of the financial assistance are fair and reasonable to the company, and immediately after providing the financial assistance, the company would satisfy the solvency and liquidity requirement contemplated in the Act to endure until the annual general meeting of the company to be held in 2012	28 October 2011	Not required to be registered
	Approval to amend the Redefine's Memorandum of Incorporation to allow shareholders' meetings to be conducted by electronic communication as contemplated in section 63 of the Companies Act	28 October 2011	Not yet registered
	Approval to amend the Redefine's Memorandum of Incorporation to allow electronic communication with shareholders as contemplated in the Companies Act	28 October 2011	Not yet registered
Debenture special resolutions	Repurchase of linked units – resolved that the directors be authorised to acquire linked units of the company subject to the listings requirements of the JSE and the Companies Act 1973, as amended	31 January 2011	Not required to be registered
	Ratification and approval of the fifth supplemental debenture trust deed which changes the income distributions from quarterly to half-yearly, and also allows for payment by way of electronic funds transfer	31 January 2011	Not required to be registered
	Approval to amend the Redefine's Debenture Trust Deed to allow for debenture holders' meeting to be conducted by electronic communication and to allow electronic communication with debenture holders	28 October 2011	Not required to be registered
	Authorisation of the unbundling and the repayment whereby Redefine may distribute, by way of unbundling transaction and as a partial repayment of Redefine's debenture capital, to its linked unitholders, all the Arrowhead linked units	28 October 2011	Not required to be registered
Redefine Properties International Limited	Repurchase of linked units – allowing the company or any of subsidiaries, by the way of a general approval, to acquire the linked units by the company, in terms of sections 85(2) and 85(3) of the Companies Act 1973, as amended, and in terms of the rules and requirements of the JSE Limited (the JSE)	26 January 2011	04 March 2011
	The articles of association of the company be amended to permit the company to cease payments to members by way of cheques and to effect payments utilising only electronic funds transfers	26 January 2011	31 March 2011
	Granting the company authority to dispose of its sole asset, being the 82% shareholding in Redefine International plc	18 August 2011	Not required to be registered

Report of the audit and risk committee

TERMS OF REFERENCE

The audit and risk committee has an independent role with accountability to unitholders in respect of its statutory duties, and to the board in respect of duties assigned to it by the board as detailed in its Terms of Reference. The Terms of Reference are reviewed and updated on a regular basis. The committee has performed its duties during the past financial year in accordance with the Terms of Reference.

COMPOSITION AND MEETINGS

The committee comprises two independent non-executive directors and one non-executive director and meets at least twice per year. Members of the committee are all financially literate with the requisite levels of financial expertise. The members of the audit committee are as follows:

GJ Heron CA(SA) – Chairman
B Nackan BA (Econ), SEP (Stanford)
GGL Leissner CA(SA)

Details of the meetings and attendance have been included in the directors' report on page 78.

The chief executive officer, the financial director, the chief operating officer, head of internal audit and the external auditor attend meetings of the committee by invitation. The external auditor meets with the committee without any of the executives on an annual basis and has unrestricted access to the committee.

STATUTORY DUTIES

In the conduct of its statutory duties, the committee has:

- satisfied itself that the external auditor, PKF, is independent of the company in terms of the Companies Act. Requisite assurance was sought and provided by PKF that internal corporate governance processes within PKF support its claim to independence;
- in consultation with executive management, agreed to the engagement letter, audit plan and budgeted fees for the 2011 year. The actual fees are envisaged to be in line with those agreed in the audit fee budget; and
- pre-approved all non-audit service arrangements with PKF. The nature and extent of these services has been reviewed to ensure that the fees for these services do not become so significant as to possibly impact any perception on their independence.

INTERNAL FINANCIAL CONTROLS

Based on control processes in place, assurances obtained from management and the issues raised by the internal and external auditors in their various management reports, the committee is of the opinion that the significant internal financial controls are effective.

INTERNAL AUDIT

An in-house internal audit function was established during the year. The function has been adequately resourced and is operating effectively in terms of both the mandate and audit plan agreed with the committee.

FINANCE FUNCTION AND FINANCIAL DIRECTOR

The committee has considered and has satisfied itself of the appropriateness of the expertise and adequacy of resources of the finance function of the company. The committee also confirms that the company's financial director, Andrew Konig, had the necessary expertise and experience to carry out his duties.

ANNUAL FINANCIAL STATEMENTS

Based on processes and assurances obtained, the committee recommended the annual financial statements to the board for approval.

GOING CONCERN

The committee, through its review of the 2012 budget and discussions with management, reported to the board that it supported management's view that the company will be a going concern in the foreseeable future.

RISK MANAGEMENT

The committee reviews the analysis of the critical risks facing the company on an annual basis. The risk analysis and the company's response to these risks is detailed on pages 79 and 80 of this report. The committee is satisfied, to the extent possible given the wide range of known and unknown risks facing the company and all businesses in general, that the compensating controls in place to mitigate the identified key risks are adequate.

GJ Heron
Chairman

7 December 2011

Consolidated statements of financial position

for the year ended 31 August 2011

	Note	GROUP 2011 R000	Restated 2010 R000	Restated 2009 R000
ASSETS				
Non-current assets		**40 036 545**	33 122 788	25 393 640
Investment property		**28 847 983**	21 650 529	18 234 776
– Fair value of investment property for accounting purposes	2	**27 775 325**	20 553 136	17 555 250
– Straight-line rental income accrual	3	**694 099**	702 316	546 475
– Properties under development	4	**378 559**	395 077	133 051
Listed securities	5	**4 664 346**	5 099 485	2 807 448
Goodwill	6	**2 570 534**	3 304 984	2 569 994
Intangible assets	7	**1 279 075**	1 377 825	952 326
Interest in associates and joint ventures	8	**1 236 726**	346 227	201 387
Loans receivable	9	**1 323 126**	1 107 016	560 600
Other financial assets	10	**12 938**	4 115	–
Guarantee fees receivable	11	**21 349**	21 349	36 040
Property, plant and equipment	12	**80 468**	211 258	31 069
Current assets		**1 680 759**	1 497 974	640 129
Properties held-for-trading	14	**31 052**	128 317	186 908
Listed securities held-for-trading		**–**	–	9 316
Trade and other receivables	15	**742 666**	572 277	209 993
Guarantee fees receivable	10	**–**	37 037	20 127
Loans receivable	9	**51 210**	–	2 003
Listed security income		**195 683**	153 363	100 628
Cash and cash equivalents	16	**660 148**	606 980	111 154
Non-current assets held-for-sale	17	**2 646 183**	351 359	173 200
Total assets		**44 363 487**	34 972 121	26 206 969
EQUITY AND LIABILITIES				
Shareholders' interest		**17 056 251**	15 801 448	13 929 060
Share capital and premium	18	**11 788 301**	11 788 301	11 602 835
Reserves		**2 996 726**	3 360 308	2 323 124
Non-controlling interests (NCI)		**2 271 224**	652 839	3 101
Non-current liabilities		**22 794 297**	16 090 651	11 572 112
Debenture capital	19	**4 831 731**	4 831 731	4 767 591
Interest-bearing liabilities	20	**16 166 163**	9 562 035	5 460 099
Interest rate swaps	21	**358 090**	199 933	46 210
Other financial liabilities	22	**11 516**	8 596	9 838
Deferred taxation	23	**1 426 797**	1 488 356	1 288 374
Current liabilities		**4 425 578**	3 080 022	705 797
Trade and other payables	24	**1 037 126**	636 386	374 271
Interest-bearing liabilities	20	**2 158 496**	1 987 306	20 308
Interest rate swaps	21	**187 693**	–	–
Taxation payable		**49 074**	–	–
Linked unitholders for distribution	34	**993 189**	456 330	311 218
Non-current liabilities held-for-sale	17	**87 361**	–	–
Total equity and liabilities		**44 363 487**	34 972 121	26 206 969
Number of linked units in issue		**2 684 295 336***	2 684 295 336*	2 648 661 529*
Net asset value per linked unit (excluding deferred tax and NCI) (cents)		**783,95**	799,79	754,42
Net tangible asset value per linked unit (excluding deferred tax and NCI) (cents)		**640,54**	625,34	621,43

** Net of treasury shares*

Consolidated statements of comprehensive income

for the year ended 31 August 2011

	Note	GROUP 2011 R000	Restated 2010 R000
REVENUE			
Property portfolio		2 754 905	2 657 976
– Contractual rental income		2 763 122	2 502 135
– Straight-line rental income accrual		(8 217)	155 841
Listed security income		342 367	266 098
Fee income		205 485	193 364
Hotel revenue		157 628	-
Trading income		36 556	19 963
Total revenue		3 496 941	3 137 401
Operating costs		(732 648)	(537 639)
Administration costs		(158 787)	(135 904)
Net operating income	25	2 605 506	2 463 858
Changes in fair value of properties, listed securities and financial instruments	26	532 305	1 359 269
Amortisation of intangibles		(96 808)	(108 142)
Impairment of financial assets, property, plant and equipment and goodwill	27	(848 713)	(64 143)
Equity accounted losses	8	(19 988)	(62 931)
Income from operations		2 172 302	3 587 911
Net interest		(937 467)	(559 306)
– Interest paid	28	(1 098 871)	(843 211)
– Interest received	29	161 404	283 905
Foreign exchange gain	30	1 649	28 967
Income before debenture interest		1 236 484	3 057 572
Debenture interest	32	(1 825 321)	(1 777 412)
(Loss)/profit before taxation		(588 837)	1 280 160
Taxation	31	25 575	(199 884)
(Loss)/profit for the year		(563 262)	1 080 276
OTHER COMPREHENSIVE INCOME			
Exchange differences on translation of foreign operations		107 598	(133 364)
Deferred profit on residential property realised		–	(9 488)
Revaluation of PPE (net of deferred taxation)		4 644	345
Other comprehensive income/(expense) for the year, net of deferred taxation		112 242	(142 507)
Total comprehensive (loss)/income for the year		(451 020)	937 769
(Loss)/profit attributable to:			
– Redefine shareholders		(519 311)	1 097 346
– Non-controlling interests		(43 951)	(17 070)
(Loss)/profit for the year		(563 262)	1 080 276
TOTAL COMPREHENSIVE (LOSS)/INCOME ATTRIBUTABLE TO:			
– Redefine shareholders		(267 349)	958 382
– Non-controlling interests		(183 671)	(20 613)
Total comprehensive (loss)/income for the year		(451 020)	937 769
– Actual number of linked units in issue (000)		2 684 295*	2 684 295*
– Weighted number of linked units in issue		2 684 295*	2 661 915*
– Earnings per linked unit (cents)		48,65	107,10
– Headline earnings per linked unit (cents)		71,22	97,30
– Distribution per linked units (cents)		68,00	66,50

* *Net of treasury shares*

The reconciliation between earnings and headline earnings and distributable earnings is disclosed in note 32.

Statement of financial position

for the year ended 31 August 2011

		COMPANY		
	Note	2011 R000	Restated 2010 R000	2009 R000
ASSETS				
Non-current assets		**23 567 096**	19 002 719	16 608 865
Investment property		**17 363 701**	306 597	–
– Fair value of investment property for accounting purposes	2	**16 488 631**	304 490	–
– Straight-line rental income accrual	3	**694 099**	2 107	–
– Properties under development	4	**180 971**	–	–
Listed securities	5	**4 664 346**	–	–
Loans receivable	9	**107 081**	–	–
Guarantee fees receivable	11	**21 349**	–	–
Property, plant and equipment	12	**40 370**	–	–
Investment in subsidiaries	13	**1 370 249**	18 696 122	16 608 865
Current assets		**816 216**	91 854	60
Properties held-for-trading	14	**31 052**	–	–
Trade and other receivables	15	**468 730**	80 137	60
Loans receivable	9	**51 210**	–	–
Listed security income		**247 255**	–	–
Cash and cash equivalents	16	**17 969**	11 717	–
Non-current assets held-for-sale	17	**2 596 480**	–	–
Total assets		**26 979 792**	19 094 573	16 608 925
EQUITY AND LIABILITIES				
Shareholders' interest		**11 614 794**	11 616 186	11 441 216
Share capital and premium	18	**11 792 712**	11 792 712	11 607 246
Reserves		**(177 918)**	(176 526)	(166 030)
Non-current liabilities		**12 967 363**	6 694 455	4 847 689
Debenture capital	19	**4 842 309**	4 842 309	4 778 169
Interest-bearing liabilities	20	**6 592 344**	1 772 272	–
Interest rate swaps	21	**279 467**	13 267	–
Other financial liabilities	22	**11 516**	2 273	–
Deferred taxation	23	**1 241 727**	64 334	69 520
Current liabilities		**2 351 523**	783 932	320 020
Trade and other payables	24	**497 091**	19 389	8 112
Interest-bearing liabilities	20	**810 043**	307 214	–
Taxation payable		**49 025**	–	–
Linked unitholders for distribution	34	**995 364**	457 329	311 908
Non-current liabilities held-for-sale	17	**46 112**	–	–
Total equity and liabilities		**26 979 792**	19 094 573	16 608 925
Number of linked units in issue		**2 690 172 102**	2 690 172 102	2 654 538 295
Net asset value per linked unit (excluding deferred tax and NCI) (cents)		**704,70**	614,19	613,62
Net tangible asset value per linked unit (excluding deferred tax and NCI) (cents)		**704,70**	614,19	613,62

Statement of comprehensive income

for the year ended 31 August 2011

	Note	COMPANY 2011 R000	COMPANY Restated 2010 R000
REVENUE			
Property portfolio		2 529 497	16 503
– Contractual rental income		2 537 714	14 396
– Straight-line rental income accrual		(8 217)	2 107
Listed security income		430 117	–
Dividends in specie received from subsidiaries		8 559 053	–
Fee income		125 038	13 296
Trading income		35 868	–
Total revenue		11 679 573	29 799
Operating costs		(608 737)	(418)
Administration costs		(84 730)	(8 271)
Net operating income	25	10 986 106	21 110
Changes in fair value of properties, listed securities and financial instruments	26	504 657	(21 345)
Impairment of financial assets, property, plant and equipment and goodwill	27	(9 036 172)	–
Income/(loss) from operations		2 454 591	(235)
Net interest		(643 266)	1 765 874
– Interest paid	28	(729 636)	(11 901)
– Interest received	29	86 370	1 777 775
Foreign exchange gain	30	(4 107)	–
Income before debenture interest		1 807 218	1 765 639
Debenture interest	32	(1 829 317)	(1 781 321)
Loss before taxation		(22 099)	(15 682)
Taxation	31	20 707	5 186
Loss for the year attributable to Redefine shareholders		(1 392)	(10 496)
Other comprehensive income/(expense) for the year		–	–
Total comprehensive loss for the year attributable to Redefine shareholders		(1 392)	(10 496)
Actual number of linked units in issue (000)		2 690 172	2 690 172

The reconciliation between earnings and headline earnings and distributable earnings is disclosed in note 32.

Consolidated statements of changes in equity

for the year ended 31 August 2011

	Share capital R000	Share premium R000	Non-distributable reserve R000	Accumulated profit/(loss) R000	Non-controlling interests R000	Total R000
GROUP						
Balance at 1 September 2008	893	2 088 050	2 341 265	(31 517)	5 706	4 404 397
Issue of ordinary shares	1 756	9 513 059	–	–	–	9 514 815
Issue and preliminary expenses written off	–	(923)	–	–	–	(923)
Restated profit/(loss) for the year	–	–	–	440 688	(2 647)	438 041
Loss for the year – as previously reported	–	–	–	(288 104)	(2 647)	(290 751)
Change in accounting policy for deferred taxation	–	–	–	728 792	–	728 792
Restated transfer to non-distributable reserve	–	–	565 481	(565 481)	–	–
Transfer to non-distributable reserve	–	–	(163 311)	163 311	–	–
Change in accounting policy for deferred taxation	–	–	728 792	(728 792)	–	–
Revaluation of property, plant and equipment (net of deferred tax)	–	–	552	–	–	552
Foreign currency translation reserve	–	–	(807)	–	–	(807)
Transactions with non-controlling interests	–	–	–	–	(281)	(281)
Non-controlling interest on acquisition of subsidiaries	–	–	(427 057)	–	323	(426 734)
Balance as at 31 August 2009	**2 649**	**11 600 186**	**2 479 434**	**(156 310)**	**3 101**	**13 929 060**
Issue of ordinary shares	36	185 430	–	–	–	185 466
Changes in ownership interests in subsidiary	–	–	70 204	–	–	70 204
Restated (loss)/profit for the year	–	–	(9 488)	1 097 346	(17 070)	1 070 788
(Loss)/profit for the year – as previously reported	–	–	(9 488)	1 135 752	(17 070)	1 109 194
Change in accounting policy for deferred taxation	–	–	–	(38 406)	–	(38 406)
Restated transfer to non-distributable reserve	–	–	1 171 810	(1 171 810)	–	–
Transfer to non-distributable reserve	–	–	1 210 216	(1 210 216)	–	–
Change in accounting policy for deferred taxation	–	–	(38 406)	38 406	–	–
Revaluation of property, plant and equipment (net of deferred tax)	–	–	345	–	–	345
Foreign currency translation reserve	–	–	(129 820)	–	(3 544)	(133 364)
Transactions with non-controlling interests	–	–	8 597	–	(84 614)	(76 017)
Non-controlling interests on acquisition of subsidiaries	–	–	–	–	754 966	754 966
Balance as at 31 August 2010	**2 685**	**11 785 616**	**3 591 082**	**(230 774)**	**652 839**	**15 801 448**
Loss for the year	–	–	–	(519 311)	(43 951)	(563 260)
Transfer to non-distributable reserve (net of deferred tax)	–	–	551 979	(551 979)	–	–
Revaluation of property, plant and equipment (net of deferred tax)	–	–	4 644	–	–	4 644
Foreign currency translation reserve	–	–	247 318	–	(139 720)	107 598
Shares issued to non-controlling interests	–	–	–	–	1 573 501	1 573 501
Issue of capital instrument	–	–	–	–	158 630	158 630
Transactions with non-controlling interests	–	–	(95 181)	(1 052)	69 925	(26 308)
Balance as at 31 August 2011	2 685	11 785 616	4 299 842	(1 303 116)	2 271 224	17 056 251

	Share capital R000	Share premium R000	Non-distributable reserve R000	Accumulated loss R000	Total R000
COMPANY					
Balance at 1 September 2008	899	2 092 456	(44 000)	(15 450)	2 033 905
Issue of ordinary shares	1 756	9 513 059	–	–	9 514 815
Issue and preliminary expenses written off	–	(924)	–	–	(924)
Loss for the year	–	–	–	(106 580)	(106 580)
Balance as at 31 August 2009	2 655	11 604 591	(44 000)	(122 030)	11 441 216
Issue of ordinary shares	36	185 430	–	–	185 466
Restated loss for the year	–	–	–	(10 496)	(10 496)
Loss for the year	–	–	–	(20 498)	(20 498)
Change in accounting policy for deferred taxation	–	–	–	10 002	10 002
Restated transfer to non-distributable reserve	–	–	(14 052)	14 052	–
Transfer to non-distributable reserve	–	–	(24 054)	24 054	–
Change in accounting policy for deferred taxation	–	–	10 002	(10 002)	–
Balance as at 31 August 2010	**2 691**	**11 790 021**	**(58 052)**	**(118 474)**	**11 616 186**
Loss for the year	–	–	–	(1 392)	(1 392)
Transfer to non-distributable reserve (net of deferred tax)	–	–	562 089	(562 089)	–
Balance as at 31 August 2011	2 691	11 790 021	504 037	(681 955)	11 614 794

Consolidated statements of cash flows

for the year ended 31 August 2011

	Note	GROUP 2011 R000	GROUP 2010 R000	COMPANY 2011 R000	COMPANY 2010 R000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated/(utilised) from operations	33	2 819 013	2 180 116	2 443 380	(49 797)
Interest paid		(1 098 871)	(843 211)	(729 636)	(11 901)
Interest received		161 404	283 905	86 370	1 777 775
Distributions paid	34	(1 288 462)	(1 632 300)	(1 291 282)	(1 635 900)
Distributions paid to non-controlling interests		(47 969)	(14 522)	–	–
Taxation refund		–	98	–	–
Net cash generated/(utilised) in operating activities		545 115	(25 914)	508 832	80 177
CASH FLOWS UTILISED IN INVESTING ACTIVITIES					
Acquisition and development of investment properties		(3 246 058)	(1 338 596)	(766 432)	(310 461)
Acquisition of listed securities		(325 583)	(1 629 368)	(325 584)	–
Acquisition of property, plant and equipment		(323 686)	(42 062)	(159 847)	–
Acquisition of subsidiaries – net of cash acquired		–	(249 766)	–	–
Net loans advanced to subsidiaries		–	–	264 959	(2 087 091)
Proceeds on disposal of investment properties		709 897	121 085	634 514	–
Proceeds on disposal of listed securities		144 481	9 316	144 481	–
Proceeds on the disposal of property, plant and equipment		121 332	260	–	–
Proceeds on the disposal of property held-for-trading		–	22 192	–	–
Loans to related parties		(272 241)	14 438	510 270	–
Dividend from associates		66 323	16 995	–	–
Increase in associates		(107 788)	(38 574)	–	–
Cash balances of subsidiaries acquired (net of acquisition costs)		460 214	–	–	–
Cash acquired due to group restructure		–	–	71 680	–
Other financial assets acquired		(8 823)	(1 590)	–	–
Net cash (utilised)/generated from investing activities		(2 781 932)	(3 115 670)	374 041	(2 397 552)
CASH FLOWS FROM FINANCING ACTIVITIES					
Linked units issued		–	249 606	–	249 606
Linked units issued to minorities		1 075 081	–	–	–
Increase in Interest-bearing borrowings		1 209 886	3 428 776	(876 621)	2 079 486
Net cash generated/(utilised) from financing activities		2 284 967	3 678 382	(876 621)	2 329 092
Net increase in cash and cash equivalents		48 150	536 798	6 252	11 717
Cash and cash equivalents at beginning of year		606 980	111 154	11 717	–
Effect of foreign exchange fluctuations on acquisition		5 018	(40 972)	–	–
Cash and cash equivalents at end of year	16	660 148	606 980	17 969	11 717

Notes to the financial statements

for the year ended 31 August 2011

1. ACCOUNTING POLICIES

The financial statements and group financial statements have been prepared in accordance with International Financial Reporting Standards, the AC 500 series issued by the Accounting Practices Board, the JSE listings requirements and the South African Companies Act, No 71 of 2008, as amended, and the regulations thereto.

The financial statements are prepared on the historical cost basis except for investment properties and certain financial instruments which are carried at fair value, and incorporate the principal accounting policies set out below.

Fair value adjustments do not affect the calculation of distributable earnings; however, they do affect the net asset value per linked unit to the extent that the adjustments are made to the carrying value of the assets and liabilities.

These accounting policies have been applied consistently with the previous year, except for the following:

IAS 12

Redefine has elected to early adopt the amendment of IAS 12. Deferred taxation is now recognised on the revaluation of the building component of investment properties at the capital gains rate on the presumption that the investment will be recovered through disposal and will therefore attract capital gains tax. Redefine has applied the amendment retrospectively as required by IAS 8.

IAS 31

Redefine has changed its accounting policy for joint ventures from the proportional consolidation to the equity accounting method as an allowed alternative in IAS 31. The effect of this change has no material impact on the financial statements and accordingly they have not been restated.

The consolidated financial statements are presented in South African Rand, which is the company's functional currency. All financial information presented in Rand has been presented to the nearest thousand.

1.1 BASIS OF CONSOLIDATION

The group financial statements include those of the holding company and enterprises controlled by the company. Control is achieved when the company has the power to govern the financial and operating policies of an investee enterprise.

Subsidiaries

Subsidiaries are entities over which the company has the power to govern the financial and operating policies of the entities so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account.

In the separate financial statements of the company, investments in subsidiaries are accounted for at cost and adjusted for impairment if applicable.

The consolidated financial statements incorporate the assets, liabilities, income, expenses and cash flows of the group and all entities controlled by the group. The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss from the date of acquisition or up to the date of disposal. Inter-company transactions and balances and unrealised profits between group companies are eliminated on consolidation.

All business combinations which occurred on or after 1 September 2009 were accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the group.

Notes to the financial statements *continued*

for the year ended 31 August 2011

The group measures goodwill at the acquisition date as follows:

- the fair value of the consideration transferred; plus
- the recognised amount of the non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Where the excess is negative this is immediately recognised in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Business combinations which occurred before 1 September 2009 were accounted for using the purchase method of accounting. The assets and liabilities acquired were assessed and included in the statement of financial position at their estimated fair values to the group at acquisition date.

Associates and joint ventures

Associates are companies over which the group has significant influence but not control.

Joint ventures are those entities over which the group exercises joint control in terms of a contractual agreement and whose activities require unanimous consent for strategic, financial and operating decisions.

In the separate financial statements of the company, investments in associates and joint ventures are accounted for at cost and adjusted for impairment if applicable.

In the consolidated financial statements associates and joint ventures are accounted for using the equity method of accounting and are initially recognised at cost. The group's share of post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

1.2 INTANGIBLE ASSETS

Intangible assets with an indefinite useful life are stated at cost less accumulated impairment losses. Intangible assets are tested for impairment annually by comparing the recoverable amount with its carrying amount. Useful life is reviewed in each period to determine whether events and circumstances continue to support an indefinite useful life assessment. If they do not, the change in useful life assessment from indefinite to finite is accounted for as a change in estimate.

Intangible assets with finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives of the assets are:

– Right to manage property	15 years
– RI management contract	15 years

1.3 FINANCIAL INSTRUMENTS

Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial instruments are recognised in the statement of financial position when the group becomes party to the contractual provisions of the instrument. All transaction costs relating to financial instruments at fair value through profit or loss are immediately expensed. Any gains or losses on these instruments do not affect distributable earnings.

The group de-recognises a financial asset when the contractual rights to the cash flows from the assets expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the entity is recognised as a separate asset or liability.

Financial assets and liabilities are initially measured at fair value. Subsequent to initial recognition, these instruments are measured as follows:

Financial assets

- Listed securities are measured at fair value through profit and loss, less the accrual for distributions receivable which is included in current assets.
- Other financial assets are measured at fair value through profit and loss. Any movements in the impairment allowance are recognised in profit and loss.
- Trade and other receivables are stated at amortised cost less any accumulated impairments.
- Cash and cash equivalents are measured at fair value.
- Guarantee fee receivable is measured at fair value.

Financial liabilities

- Debenture capital is considered to be a held-to-maturity financial instrument and is recognised at amortised cost using the effective interest rate method.
- Interest-bearing borrowings are recognised at amortised cost.
- Interest rate swaps are measured at fair value through profit and loss.
- Other financial liabilities are measured at fair value through profit and loss.
- Trade and other payables are stated at fair value.

1.4 INVESTMENT PROPERTIES

Investment properties, both freehold and leasehold, are properties held for the purpose of earning rental income and for capital appreciation. Investment properties are initially recorded at cost and include transaction costs on acquisition. Subsequent expenditure to add to or to replace a part of the property is capitalised at cost.

Investment properties are valued annually and adjusted to fair value as at the reporting date.

Investment properties above R20 million at the last valuation date are valued by external independent registered valuers. Investment properties below R20 million at the last valuation date are valued internally by the directors on a rotational basis.

Any gain or loss arising from a change in the fair value of the investment property is included in profit or loss for the period to which it relates. Changes in fair value are transferred to a fair value reserve in the statement of changes in equity.

Gains and losses on the disposal of investment properties are recognised in profit or loss and are calculated as the difference between the sale price and the carrying value of the property. Realised gains and losses are transferred to a capital reserve, including any prior period fair value adjustments.

Notes to the financial statements *continued*
for the year ended 31 August 2011

1.5 PROPERTY UNDER DEVELOPMENT

Property under development comprises the costs of the land and development and is stated at fair value. If the fair value cannot be reasonably determined it is stated at cost. On completion, property under development is transferred to investment property.

1.6 BORROWING COSTS

Borrowing costs that are directly attributable to the development or acquisition of qualifying assets are capitalised to the cost of that asset until such time as it is substantially ready for its intended use.

The amount capitalised is the actual borrowing cost incurred on funds specifically borrowed for the qualifying asset.

All other borrowing costs are expensed in the period in which they are incurred.

1.7 GOODWILL

Goodwill arises on the acquisition of a business and represents the excess of the cost of the acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. Negative goodwill is recognised immediately in profit or loss.

Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

1.8 PROPERTY, PLANT AND EQUIPMENT

Land and buildings are shown at fair value based on periodic valuations less subsequent depreciation. Any gain or loss arising from a change in fair value is accounted for directly in other comprehensive income.

All other plant and equipment are recorded at cost less depreciation and impairment.

Property, plant and equipment are depreciated on a straight-line basis over the current useful lives of the assets. The estimated useful lives of the assets are:

Computer hardware	5 – 6 years
Computer software	3 years
Furniture and fittings and office equipment	3 years
Motor vehicles	5 years
Buildings	50 years

Land is not depreciated as it is deemed to have an indefinite life.

1.9 PROPERTIES HELD-FOR-TRADING

Properties held for trading are recorded at the lower of cost and net realisable value.

Costs include all costs of purchase, transaction costs, costs of conversion and other costs incurred in bringing the properties to their present condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of selling.

Properties developed for trading are recorded at the lower of cost and net realisable value.

1.10 TREASURY STOCK

Where a subsidiary company holds linked units in the holding company, the consideration paid to acquire these units is deducted from linked unitholders' equity as treasury stock. When these units are sold or reissued, any consideration received is included in linked unitholders' equity.

1.11 REVENUE RECOGNITION

(a) Property portfolio revenue

Property portfolio revenue comprises operating lease income and operating cost recoveries from the letting of investment properties. Operating lease income is recognised on a straight-line basis over the term of the lease.

Contingent rents (turnover rentals) are included in revenue when the amounts can be reliably measured.

(b) Listed securities revenue

Distributions from listed securities are recognised on a time apportionment basis over the effective holding period.

(c) Property trading income

Property trading income represents income from development units sold and is recognised once:

- the risks and rewards of ownership have transferred;
- the group no longer has managerial involvement;
- the amount of revenue and costs can be measured reliably; and
- it is probable that the economic benefits from the sale will flow.

(d) Interest received

Interest earned on cash invested with financial institutions is recognised on an accrual basis using the effective interest rate method.

1.12 TAXATION

The charge for current tax is based on the results for the period as adjusted for items which are non-assessable or disallowed. It is calculated using rates that have been enacted by the reporting date.

Deferred income tax is provided using the comprehensive liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit and is not a business combination.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability settled. Deferred tax on the fair value adjustment on investment properties and listed securities has been provided at the capital gains taxation rate based on the manner in which each asset is expected to be realised. Deferred taxation is provided only to the extent that there are not sufficient tax losses to shield the charge.

1.13 IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying value of assets is reviewed for impairment at each reporting date. Assets are impaired when events or changes in circumstances indicate that the carrying values may not be recoverable.

If such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amounts.

Recoverable amount is determined as the higher of fair value less costs to sell or value in use.

Impairment losses and the reversal of impairment losses are recognised in profit or loss.

Notes to the financial statements *continued*
for the year ended 31 August 2011

1.14 OPERATING SEGMENTS

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components. An operating segment's operating results are reviewed regularly by the group's executive committee to make decisions about resources to be allocated to the segment and assess its performance, and for which distinct financial information is available.

1.15 LETTING COSTS

Tenant installations and lease commissions are carried at cost less accumulated depreciation. Amortisation is provided to write down the cost, less residual value, by equal instalments over the period of the lease.

1.16 FOREIGN CURRENCY

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at the foreign exchange rates ruling on the dates that the values are determined.

Exchange differences arising from the translation of the net investment in foreign operations are taken to the foreign currency translation reserve (FCTR). They are released into the statement of comprehensive income upon disposal. On consolidation, the statement of financial position of foreign subsidiaries is translated at the closing rate and the statement of comprehensive income is translated at the average rate for the period. Differences arising are taken to the FCTR.

The movement in the FCTR during the reporting period is accounted for in the statement of other comprehensive income.

1.17 EMPLOYEE BENEFITS

1.17.1 Short-term benefits

The cost of the short-term employee benefits is recognised during the period in which the employee renders the related service. Short-term employee benefits are measured on an undiscounted basis. The accrual for employee entitlements to salaries, bonuses and annual leave represents the amount which the group has a present legal or constructive obligation to pay as a result of the employees' services provided up to the reporting date.

1.17.2 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the entity pays fixed contributions to a separate entity and will have no legal or constructive obligation to pay further amounts if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

1.18 NON-CURRENT ASSETS HELD-FOR-SALE

Non-current assets and liabilities comprising assets and liabilities that are expected to be recovered primarily through sale rather than through continuing use are classified as held-for-sale. Investment property classified as held-for-sale is measured in accordance with IAS 40 at fair value with gains or losses on subsequent measurement being recognised in profit or loss.

1.19 KEY ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect amounts reported in the financial statements. Actual results may differ from these estimates. Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which they were revised and in any future periods affected. Information on key estimates and assumptions which have the most significant effect on the financial statements are set out in the following notes in the financial statements:

- Accounting policies – note 1
- Investment properties – note 2
- Trade and other receivables – note 15
- Deferred taxation – note 23
- Taxation – note 31

1.20 STANDARDS AND INTERPRETATIONS APPLICABLE NOT YET EFFECTIVE

There are new or revised Accounting Standards and Interpretations in issue that are not yet effective. These include the following Standards and Interpretations that are material to the business of the group and may have an impact on future financial statements, or those for which the impact has not as yet been assessed.

IAS 24 Related Party Disclosures

IAS 24 (revised) will be adopted by the group for the first time for its financial reporting period ending 31 August 2012. The standard will be applied retrospectively.

IAS 24 (revised) addresses the disclosure requirements in respect of related parties, with the main changes relating to the definition of a related party. Redefine has not yet determined if the revised definition of a related party will result in additional relationships being identified as related parties.

IFRS 9 Financial Instruments

IFRS 9 will be adopted by the group for the first time for its financial reporting period ending 31 August 2014. The standard will be applied retrospectively, subject to transitional provisions.

IFRS 9 addresses the initial measurement and classification of financial assets and will replace the relevant sections of IAS 39. Under IFRS 9 there are two options in respect of classification of financial assets:

- financial assets measured at amortised cost; or
- at fair value.

Financial assets are measured at amortised cost when the business model is to hold assets in order to collect contractual cash flows and when they give rise to cash flows that are solely payments of principal and interest on the principal outstanding.

All other financial assets are measured at fair value.

Embedded derivatives are no longer separated from hybrid contracts that have a financial asset host. The impact on the financial statements for the group has not yet been estimated.

Notes to the financial statements *continued*

for the year ended 31 August 2011

IFRS 10 Consolidated Financial Statements

IFRS 10 will be adopted by the group for the first time for its financial reporting period ending 31 August 2014. The standard will be applied retrospectively, subject to transitional provisions.

IFRS 10 introduces a single model to assess for control for all investees. The standard will replace the current guidance in IAS 27 and SIC 12.

IFRS 10 states that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

IFRS 10 has introduced a model that will require increased judgement for the group in determining if it controls an investee.

Other key changes include:

- De facto control is taken into account to determine if the investor has control over the investee.
- Substantive voting rights are used to establish if the investor controls the investee, as opposed to the current guidance in IAS 27 that requires that current exercisable potential voting rights are taken into account. The impact on the financial statements for the group has not yet been estimated.

IFRS 11 Joint Arrangements

IFRS 11 will be adopted by the group for the first time for its financial reporting period ending 31 August 2014. The standard will be applied retrospectively, subject to transitional provisions. IFRS 11 requires that joint arrangements be accounted for as follows:

- Joint operations that include operations that do not have a separate vehicle, or are established in a separate vehicle (ie jointly controlled entity) but are overcome by form or contract, will be accounted for using line-by-line accounting for the underlying assets and liabilities.
- Joint ventures that are separate vehicles (ie jointly controlled entities) are now required to apply equity accounting.

The impact on the financial statements for the group is likely to be only on additional disclosures as the current accounting policy is already in line with the above.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 will be adopted by the group for the first time for its financial reporting period ending 31 August 2014. The standard will be applied retrospectively, subject to transitional provisions.

IFRS 12 introduces a single standard for disclosures requirements in subsidiaries, joint arrangements, associates and unconsolidated structured entities.

Structured entities are entities that are designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. The disclosure requirements encompass risk exposures for the sponsor of such an entity even if it no longer has any contractual involvement.

IFRS 12 expands the disclosure requirements for these entities with the aim to enable the users to evaluate:

- the nature of, and risks associated with an entity's interests in other entities; and
- the effects of those interests on the entity's financial position, financial performance and cash flows.

The impact on the financial statements for the group has not yet been estimated.

IFRS 13 Fair Value Measurement

IFRS 13 will be adopted by the group for the first time for its financial reporting period ending 31 August 2014. The standard will be applied prospectively with no requirement to apply the requirements of IFRS 13 in the comparative period. IFRS 13 introduces a single source of guidance for fair value measurements and:

- defines fair value;
- establishes a framework for fair value measurements; and
- sets out disclosure requirements for fair value measurements.

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, ie an exit price.

The fair value hierarchy disclosures (introduced in IFRS 7 for financial instruments) are extended to non-financial assets and liabilities measured at fair value. This disclosure is also required for non-recurring fair value measurements.

The impact on the financial statements for the group has not yet been estimated.

1.21 IMPROVEMENTS TO STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

Improvements have been made to Standards and Interpretations in issue not yet effective per the Improvements to IFRS 2010 Standards with an effective date for Redefine of 1 September 2011.

Management has considered all the improvements and has concluded that it will have either no or minimal impact with the exception of the following:

Improvements to IFRS 2010

Subject of amendment	Amendment	Potential effect
IFRS 7 Financial Instruments	IFRS 7 is amended to state that additional disclosures are needed for collateral held relating to an entity's exposure to credit risk.	Potential additional disclosure required.

Notes to the financial statements *continued*

for the year ended 31 August 2011

	GROUP 2011 R000	GROUP 2010 R000	COMPANY 2011 R000	COMPANY 2010 R000
2. INVESTMENT PROPERTY				
2.1 Net carrying value				
Cost	20 913 007	14 035 282	9 894 248	310 461
Fair value surplus	6 862 318	6 517 854	6 594 383	(5 971)
Balance at end of year	27 775 325	20 553 136	16 488 631	304 490
2.2 Movement for the year				
Investment properties at beginning of year	20 553 136	17 555 250	304 490	–
On acquisition of subsidiaries	27 432	1 832 857	–	–
Acquisitions	3 445 922	1 243 946	1 000 605	312 568
Impact of reverse acquisition (note 35)	6 300 944	–	–	–
Arising on group restructure	–	–	17 892 225	–
Recognition of finance leases	112 539	–	–	–
Disposals	(634 514)	(100 750)	(634 514)	–
Change in fair value	344 464	485 377	394 932	(5 971)
Tenant installations and lease commissions	1 697	8 196	1 697	–
– Capitalised	78 431	68 543	78 431	–
– Amortised	(76 734)	(60 347)	(76 734)	–
Transferred (from)/to properties under development	(119 219)	97 417	(119 219)	–
Transfer from non-current assets held-for-sale	35 600	71 300	35 600	–
Transfer to non-current assets held-for-sale	(2 395 401)	(351 359)	(2 395 401)	–
Straight-line rental income accrual	8 217	(155 841)	8 217	(2 107)
Translation differences	94 508	(133 257)	–	–
Balance at end of year	27 775 325	20 553 136	16 488 631	304 490
2.3 Reconciliation to independent valuations				
Investment properties at valuation at end of year	27 775 325	20 553 136	16 488 631	304 490
Straight-line rental income accrual	694 099	702 316	694 099	2 107
Independent valuations at 31 August	28 469 424	21 255 452	17 182 730	306 597

Full details of freehold and leasehold investment properties owned by the company are contained in a register of investment properties which is open for inspection by the members at the registered office of the company.

In terms of the accounting policy, the portfolio is valued annually. For the purposes of the independent valuation at 31 August 2011, all properties above R20 million were valued. Independent valuations were also obtained for a portion of the properties under R20 million. Properties under R20 million are valued externally on a three-year rotational basis. Valuations were obtained from the following valuers who are all registered valuers in terms of section 19 of the Property Valuers Professional Act, No 47 of 2000:

South African Portfolio
- Asset Valuation Services
- DDP Valuers
- Mills Fitchet Gauteng
- Mills Fitchet KZN
- Mills Fitchet Magnus Penny
- Eris Property Group
- Quadrant Properties
- Alternative Real Estate

UK Portfolio
- DTZ Eurex 1
- Savilles Advisory Services
- BNP Paribus Real Estate (Jersey)
- CB Richard Ellis
- Colliers International
- DTZ Debenham Tie Leung
- Dr Lubke GmbH
- Jones Lange Laselle

The remainder of the portfolio was valued by the directors. The majority of valuations were performed using the discounted cash flow methodology and the remaining properties were valued using the capitalisation method. Both methods used are based on an open-market basis with consideration given to the future earnings potential and applying an appropriate capitalisation rate and discount rate to a property.

Borrowing costs of R3,5 million were capitalised to investment property using the quarterly average weighted cost of debt for the company.

Investment properties are encumbered as set out in note 20.

		GROUP 2011 R000	GROUP 2010 R000	COMPANY 2011 R000	COMPANY 2010 R000
3.	**STRAIGHT-LINE RENTAL INCOME ACCRUAL**				
	Balance at beginning of year	702 316	546 475	2 107	–
	Arising on group restructure	–	–	700 209	–
	Current year movement	(8 217)	155 841	(8 217)	2 107
	Balance at end of year	694 099	702 316	694 099	2 107
4.	**PROPERTIES UNDER DEVELOPMENT**				
	At cost				
	At beginning of year	395 077	133 051	–	–
	Acquired on acquisition of subsidiary	–	420 823	–	–
	Arising on group restructure	–	–	61 752	–
	Development costs	380	26 107	–	–
	Change in fair value	(62 285)	(57 186)	–	–
	Disposals	(75 383)	–	–	–
	Transferred from investment property	119 219	–	119 219	–
	Completed developments transferred to investment properties (note 2)	–	(97 417)	–	–
	Translation differences	1 551	(30 301)	–	–
	Balance at end of year	378 559	395 077	180 971	–
5.	**LISTED SECURITIES PORTFOLIO**				
5.1	**At fair value**				
	Hyprop Investments Limited	4 122 626	3 959 361	4 122 626	–
	Oryx Properties Limited	155 731	144 851	155 731	–
	Dipula Income Fund	385 989	–	385 989	–
	Sycom Property Fund	–	144 067	–	–
	Cromwell Group	–	851 206	–	–
	Balance at end of year	4 664 346	5 099 485	4 664 346	–
5.2	**Movement for the year**				
	Balance at beginning of year	5 099 485	2 807 448	–	–
	Arising on group restructure	–	–	4 248 279	–
	Acquisitions	360 219	2 480 421	360 219	–
	Disposals	(144 481)	(1 606 454)	(144 481)	–
	On acquisition of subsidiaries	–	499 495	–	–
	Transfer to interest in associates (note 8)	(962 548)	–	–	–
	Change in fair value	314 999	954 907	200 329	–
	Translation differences	(3 328)	(36 332)	–	–
	Balance at end of year	4 664 346	5 099 485	4 664 346	–

				Number of units held	
5.3	**Details of listed securities**	**Stock exchange**	**% held**	**2011**	2010
	Hyprop Investments Limited	JSE	45,7	75 937 121	75 937 121
	Oryx Properties Limited	NSX	26,4	14 554 269	14 554 269
	Dipula Income Fund	JSE	33,8	66 549 872	–
	Sycom Property Fund	JSE	–	–	6 530 673
	Cromwell Group	ASX	–	–	178 833 333

Listed securities have been encumbered as set out in note 20.

The investments in Hyprop, Dipula and Oryx have not been accounted for as investments in associates even though Redefine holds more than 20% of the voting rights in these entities. In assessing all the relevant factors that determine whether an entity has significant influence over another, management has concluded that they do not have significant influence over these entities and consequently they have been accounted for as equity investments held at fair value through profit or loss.

Notes to the financial statements *continued*

for the year ended 31 August 2011

		GROUP 2011 R000	GROUP 2010 R000
6.	**GOODWILL**		
	Reconciliation of goodwill		
	Balance at beginning of year	3 304 984	2 569 994
	Purchased on acquisition of subsidiary	–	88 431
	Acquired through business combinations	–	650 369
	Impairment	(654 940)	–
	Reclassification	(79 510)	–
	Translation differences	–	(3 810)
	Balance at end of year	2 570 534	3 304 984

Goodwill acquired in a business combination is allocated at acquisition, to the cash-generating units that are expected to benefit from that business combination.

For the purpose of annual impairment testing, goodwill is allocated to the following cash-generating units expected to benefit from the synergies of the business combination in which the goodwill arises:

	2011 R000	2010 R000
– ApexHi, Ambit and Madison	2 570 534	2 570 534
– RIHL	–	734 450

- The group tests goodwill annually for impairments, or more frequently if there are any indications that the goodwill might be impaired.
- The recoverable amount of each cash-generating unit was based on its value in use.
- The carrying amount of each cash-generating unit was compared to the recoverable amount.
- The value in use of each cash-generating unit was determined by using the discounted cash flow valuation methodology. Discounted cash flow valuations were based on cash flow forecasts in respect of the continuing use of the cash-generating unit, discounted at the 30 day yield of 8,2%.
- The goodwill relating to RIHL has been impaired during the year.

		GROUP 2011 R000	GROUP 2010 R000
7.	**INTANGIBLES**		
7.1	**Carrying amount**		
	The right to manage property	817 124	879 979
	– Cost	942 835	942 835
	– Amortisation	(125 711)	(62 856)
	Management contract – RI	461 951	491 303
	– Cost	529 632	523 288
	– Amortisation	(67 681)	(31 985)
	Aviva – guarantee	–	6 543
	Balance at end of year	1 279 075	1 377 825
7.2	**Movement for the year**		
	Balance at beginning of year	1 377 825	952 326
	Impact of reverse acquisition (note 35)	180	544 023
	Amortisation	(96 808)	(108 142)
	Guarantee issued	–	6 543
	Impairment	(6 547)	–
	Translation differences	4 425	(16 925)
	Balance at end of year	1 279 075	1 377 825

The right to manage property arose on the business combination of ApexHi, Ambit and Madison on 1 July 2009. The remaining amortisation period is 154 months.

The management contract for RI arose on the business combination of RIFM on 1 October 2009. The remaining amortisation period is 158 months.

		GROUP	
		2011 R000	2010 R000
8.	**INVESTMENTS IN ASSOCIATES AND JOINT VENTURES**		
8.1	**Carrying amount**		
	Dipula Property Investment Fund (Pty) Limited	–	89 380
	– Loan	–	68 273
	– Share of fair value reserves	–	26 888
	– Share of equity accounted results	–	(5 781)
	Mergence Africa Property Fund (Pty) Limited	–	18 216
	– Loan	–	67 968
	– Impairment of loan	–	(40 000)
	– Share of fair value reserves	–	4 606
	– Share of equity accounted results	–	(14 358)
	Wichford P.L.C.	–	215 408
	– Gross consideration	–	273 186
	– Dividend paid	–	(8 028)
	– Share of equity accounted results	–	(30 907)
	– Translation differences	–	(18 843)
	Joint ventures	30 687	23 223
	– Gross consideration	88 092	63 470
	– Dividend paid	(5 622)	(5 622)
	– Share of equity accounted results	(45 234)	(29 350)
	– Translation differences	(6 549)	(5 275)
	Cromwell Property Group	1 206 039	–
	– Gross consideration	1 152 066	–
	– Dividend paid	(49 704)	–
	– Share of equity accounted results	29 098	–
	– Translation differences	74 579	–
	Balance at end of year	**1 236 726**	346 227
8.2	**Movement for the year**		
	Balance at beginning of year	346 227	201 387
	On acquisition of subsidiaries	–	298 083
	Transferred from listed securities (note 5)	962 548	–
	Acquisitions	214 140	38 573
	Equity accounted results of associates for the year	(19 988)	(62 931)
	Share of distributable losses	(15 938)	(62 931)
	Fair value adjustments (net of deferred tax)	(4 050)	–
	Loans (repaid)/advanced	(96 240)	8 560
	Impairment of loan	–	(40 000)
	Translation differences	73 976	(27 202)
	Disposal	(10 111)	–
	Deemed disposal on associate becoming a subsidiary	(167 503)	(53 248)
	Dividend paid	(66 323)	(16 995)
	Balance at end of year	**1 236 726**	346 227

Notes to the financial statements *continued*

for the year ended 31 August 2011

	GROUP 2011 R000	2010 R000
8. INVESTMENTS IN ASSOCIATES *continued*		
8.3 Group's share of post-acquisition reserves		
Fair valuation reserves		
Share of reserves at beginning of year	31 494	29 559
Share of loss for the year	(4 050)	–
Disposal	(27 444)	–
Deemed disposal on associate becoming a subsidiary	–	1 935
Share of fair valuation reserves at end of year	–	31 494
Accumulated losses		
Share of reserves at beginning of year	(80 396)	(16 803)
Share of loss for the year	(15 938)	(62 931)
Disposal	17 334	–
Deemed disposal on associate becoming a subsidiary	62 866	(662)
Share of accumulated losses at end of year	(16 134)	(80 396)
Total post-acquisition reserves	(16 134)	(48 902)

Following the reverse acquisition as referred to in note 35, the group's previous shareholding of 21,73% in Wichford P.L.C. was cancelled. The group previously equity accounted this investment which was deemed to be disposed of.

Cromwell Property Group

Cromwell is a property investment company listed on the Australian Stock Exchange. The closing price of Cromwell on 31 August was 72 Australian cents per security and the total fair value of the shares held is AUD155,67 million (R1,18 billion) at the period end. An impairment test was performed which indicated that no impairment was necessary.

8.4 Summarised financial statements

The following are the summarised statements of financial position and income statements of the associated companies:

	Assets R000	Liabilities R000	Revenues R000	Profit/(loss) R000
2011				
Cromwell	17 736 058	9 611 768	2 016 068	976 061
Other	1 871 112	2 795 527	143 980	(25 548)
	19 607 170	12 407 295	2 160 048	950 513
2010				
Dipula Property Investment Fund (Pty) Limited	818 062	749 399	86 361	20 465
Mergence Africa Property Fund (Pty) Limited	624 662	618 526	89 951	15 463
Wichford P.L.C.	72 465 451	6 597 703	250 473	49 180
Other	967 496	978 068	109 665	(59 889)
	74 875 671	8 943 696	536 450	25 211

	GROUP 2011 R000	GROUP 2010 R000	COMPANY 2011 R000	COMPANY 2010 R000
9. LOANS RECEIVABLE				
Aengus Lifestyle Properties (Pty) Limited	**51 210**	55 944	**51 210**	–
The loan bears interest at 14,58% (2010: 12,5%) per annum.				
The loan is repayable on 29 February 2012.				
The loan is secured by a mortgage bond over an investment property valued at R52 million.				
Dijalo Property Services (Pty) Limited	**–**	162 722	**–**	–
In the prior year the loan had the following terms:				
R127,3 million of the loan was repayable on 31 January 2011, bore interest at 11,5% per annum, a minimum of 9,5% of which was payable monthly and the remainder was capitalised.				
R32,3 million of the loan bore interest at the rate of prime less 2,2% per annum and had no fixed terms of repayment.				
Mergence Africa Properties (Pty) Limited	**–**	159 283	**–**	–
In the prior year the loan had the following terms: R135,3 million of the loan was repayable on 31 January 2011, bore interest at 11,5% per annum, a minimum of 9,5% of which was payable monthly and the remainder was capitalised.				
R2,9 million of the loan bore interest at 11,5% per annum. Interest and capital were repaid monthly.				
The Nest Trust	**18 808**	16 657	**18 808**	–
Interest is charged at prime on the first R4,2 million and at prime plus 3% on amounts in excess of R4,2 million. No fixed terms of repayment have been determined.				
Payment is not expected within the next 12 months.				
Oasis Joint Venture	**–**	18 246	**–**	–
The loan is unsecured, bears interest at prime.				
No fixed terms of repayment have been determined.				
The loan has been transferred to non-current assets held-for-sale.				
Broadlands Stud Farm Development Joint Venture	**–**	6 696	**–**	–
Interest is charged at prime plus 2% plus and additional 2% when more than 80% is contributed.				
The loan has no fixed terms of repayment.				
The loan has been transferred to non-current assets held-for-sale.				
Josdel 137 (Pty) Limited	**–**	6 650	**20 912**	–
The loan is unsecured and there is no fixed rate of interest.				
Interest is charged at the prime rate.				
The loan has no fixed terms of repayment.				
The loan has been transferred to non-current assets held-for-sale.				

Notes to the financial statements *continued*

for the year ended 31 August 2011

		GROUP		COMPANY	
		2011 R000	2010 R000	**2011 R000**	2010 R000
9.	**LOANS RECEIVABLE** *continued*				
	Share scheme loan to employees seconded to Hyprop Investments Limited	**–**	28	**–**	–
	In the prior year the loan had the following terms: The loan bore interest at variable rates and was repayable by 9 June 2012.				
	Brickfield Joint Venture	**–**	40 108	**–**	–
	The loan is unsecured, bears interest at the rate of prime less 1,5% per annum.				
	The loan has no fixed terms of repayment.				
	The loan has been transferred to non-current assets held-for-sale.				
	Eagle Creek Investments 40 (Pty) Limited	**292**	258	**292**	–
	The loan is unsecured and bears interest at the prime lending rate plus 3%.				
	The loan has no fixed terms of repayment.				
	Payment is not expected within the next 12 months.				
	Schroders (C.I.) Limited	**5 349**	49 021	**–**	–
	The loan is represented by security deposits with banks.				
	The security deposits bear interest at 6,725% per annum.				
	Maturity is between one and three years.				
	Corovest Mezzanine Capital Limited	**1 285 770**	590 082	**–**	–
	The loans are secured, bear interest at rates between 10% and 12% per annum.				
	Maturity is between one and three years.				
	Pearl House Swansea Limited	**1 337**	1 321	**–**	–
	The loan is unsecured and bears interest at rates between 0% and 7% per annum.				
	The loan is repayable on demand but the expectation is that the term will be greater than 12 months.				
	Swish Property Sixteen (Pty) Limited	**11 570**	–	**11 570**	–
	The loan bears interest at 1,5% below prime per annum.				
	The loan is repayable on 25 May 2013.				
	Secured by second mortgage bond over investment property.				
	Freedom Square (Pty) Limited	**–**	–	**55 499**	–
	The loan is unsecured and bears interest at the Namibian prime rate (currently 9,75%) per annum.				
	The loan is repayable within six years of the effective date.				
	Total loans receivable	**1 374 336**	1 107 016	**158 291**	–
	Current portion	**51 210**	–	**51 210**	–
	Non-current portion	**1 323 126**	1 107 016	**107 081**	–

		GROUP 2011 R000	GROUP 2010 R000	COMPANY 2011 R000	COMPANY 2010 R000
10.	**OTHER FINANCIAL ASSETS**				
	Consist of:				
	Unlisted investments	4 166	4 115	–	–
	Derivative financial assets	8 772	–	–	–
		12 938	4 115	–	–
11.	**GUARANTEE FEES RECEIVABLE**				
	Receivable from BEE participants	21 349	58 386	21 349	–
	Current portion	–	(37 037)	–	–
	Non-current asset portion	21 349	21 349	21 349	–
	Present value of financial guarantee contract (note 22)	(6 323)	(6 323)	(6 323)	–
	Balance at end of year	15 026	15 026	15 026	–
	The guarantee fees are payable by BEE participants as a result of the group's undertaking to guarantee repayment of their loans to banks for the funding of Redefine linked units acquired by BEE participants in prior years.				
12.	**PROPERTY, PLANT AND EQUIPMENT**				
	Computer equipment	36 248	36 062	35 599	–
	– Cost	51 354	39 753	47 218	–
	– Accumulated depreciation	(15 106)	(3 691)	(11 619)	–
	Furniture and fittings	42 276	4 381	2 827	–
	– Cost	48 638	7 095	5 691	–
	– Accumulated depreciation	(6 362)	(2 714)	(2 864)	–
	Motor vehicles	178	322	178	–
	– Cost	647	605	520	–
	– Accumulated depreciation	(469)	(283)	(342)	–
	Buildings	1 553	170 493	1 553	–
	– Cost	1 553	170 493	1 553	–
	– Accumulated depreciation	–	(479)	–	–
	– Revaluation	–	479	–	–
	Office equipment	213	–	213	–
	– Cost	267	–	267	–
	– Accumulated depreciation	(54)	–	(54)	–
	Balance at end of year	80 468	211 258	40 370	–

Notes to the financial statements *continued*

for the year ended 31 August 2011

	GROUP		COMPANY	
	2011 R000	2010 R000	2011 R000	2010 R000
12. PROPERTY, PLANT AND EQUIPMENT *continued*				
12.1 Movement for the year				
Balance at beginning of year	211 258	31 069	–	–
Subsidiaries acquired	–	658	–	–
– Computer equipment	–	628	–	–
– Furniture and fittings	–	30	–	–
Arising on group restructure	–	–	179 753	–
– Computer equipment	–	–	35 392	–
– Furniture and fittings	–	–	2 547	–
– Motor vehicles	–	–	238	–
– Buildings	–	–	141 576	–
Acquisitions	203 297	42 061	158 095	–
– Computer equipment	9 653	37 803	8 886	–
– Furniture and fittings	42 097	3 996	1 622	–
– Motor vehicles	3	–	3	–
– Buildings	151 325	262	147 365	–
– Office equipment	219	–	219	–
Transfer from properties held for development	–	141 573	–	–
Disposals	(866)	(259)	–	–
– Computer equipment	–	(259)	–	–
– Furniture and fittings	–	–	–	–
– Buildings	(866)	–	–	–
Depreciation	(16 179)	(4 323)	(12 793)	–
– Computer equipment	(9 259)	(2 507)	(8 680)	–
– Furniture and fittings	(3 499)	(1 227)	(1 309)	–
– Motor vehicles	(113)	(110)	(63)	–
– Buildings	(3 301)	(479)	(2 734)	–
– Office equipment	(7)	–	(7)	–
Revaluation – Buildings	6 440	479	–	–
Impairment – Buildings	(182 305)	–	(178 577)	–
Transfer to non-current assets held-for-sale	(141 098)	–	(106 108)	–
Translation differences	(78)	–	–	–
Balance at end of year	80 468	211 258	40 370	–

The Oasis Care Centre which is located at erf 6246, Montague Gardens, Cape Town, was revalued on 31 August 2011 by the directors using the same valuation methods as disclosed in investment properties (note 2). The revaluation surplus was credited to non-distributable reserves, net of deferred taxation. On the historic cost basis the book value would be R26,5 million. The land and buildings are encumbered. The Oasis Care Centre has been transferred to non-current assets held-for-sale at year-end.

The Upper Eastside Hotel which is located at erf 14109, Woodstock, Cape Town, was revalued on 31 August 2011 based on the market price. An impairment of R182,3 million has been recognised in profit and loss. On the historic cost basis the book value would be R267,3 million. The Upper Eastside Hotel has been transferred to non-current assets held-for-sale at year-end.

	GROUP 2011 R000	GROUP 2010 R000	COMPANY 2011 R000	COMPANY 2010 R000
13. INTEREST IN SUBSIDIARIES				
Shares at cost – net	–	–	1 123 382	15 365 379
Costs incurred	–	–	1 135 529	15 502 122
Less: Pre-acquisition dividends	–	–	(12 147)	(136 743)
Loans to subsidiaries	–	–	246 867	3 330 743
	–	–	1 370 249	18 696 122

The loans are unsecured, bear interest at variable rates and have no fixed terms of repayment.
A schedule of subsidiaries is set out on page 92.

	COMPANY 2011 R000	COMPANY 2010 R000
13.1 Movement in shares at cost – net		
Opening balance	15 365 379	15 365 379
Acquisitions	188 457	–
Disposals	(2 166)	–
Arising on group restructure	856 694	–
Repayment of investment	(6 429 137)	–
Impairment	(8 855 845)	–
Closing balance	1 123 382	15 365 379

13.2 Group restructure

Redefine, the company, embarked on a group restructure in terms of section 47 of the Income Tax Act whereby all assets and liabilities of the subsidiaries (ApexHi, Redefine Opco and Spearhead) would be distributed to the holding company. The effect of this rationalisation on the company is set out below:

	COMPANY 2011 R000	COMPANY 2010 R000
Investment property	18 654 186	–
– Fair value of investment property for accounting purposes	17 892 225	–
– Straight-line rental income accrual	700 209	–
– Properties under development	61 752	–
Listed securities	4 248 279	–
Loans receivable	649 495	–
Guarantee fees receivable	58 387	–
Property, plant and equipment	179 753	–
Interest in subsidiaries	856 694	–
Properties held-for-trading	128 317	–
Trade and other receivables	320 794	–
Listed security income	133 130	–
Cash and cash equivalents	71 680	–
Non-current assets held-for-sale	351 359	–
Total assets	25 652 074	–
Interest-bearing liabilities	(6 241 239)	–
Interest rate swaps	(117 149)	–
Inter-company loans	(9 052 501)	–
Other financial liabilities	(6 323)	–
Deferred taxation	(1 247 149)	–
Trade and other payables	(428 660)	–
Total liabilities	(17 093 021)	–
Net assets – settled through dividend in specie	8 559 053	–

Notes to the financial statements *continued*

for the year ended 31 August 2011

		GROUP 2011 R000	GROUP 2010 R000	COMPANY 2011 R000	COMPANY 2010 R000
14.	**PROPERTIES HELD-FOR-TRADING**				
	Properties acquired and developed for sale	31 052	128 317	31 052	–
15.	**TRADE AND OTHER RECEIVABLES**				
	Trade receivables	63 414	95 027	33 373	–
	Less: Provision for doubtful debts	(8 711)	(9 653)	(8 550)	–
		54 703	85 374	24 823	–
	Deposits and prepayments	86 560	90 469	69 438	38 814
	Loans receivable	22 758	88 300	7 143	–
	Municipal recoveries	35 902	17 223	15 314	199
	Executive sign-on incentives	–	6 387	–	–
	Debtors for properties sold	1 500	35 672	1 500	31 036
	Capital gains taxation refundable	10 215	10 215	10 215	–
	Hyprop/Attfund transaction fee	114 035	–	114 035	–
	Rates clearances	148 072	147 130	148 072	–
	Consideration receivable on disposal of subsidiaries	61 913	–	–	–
	Other receivables	207 008	91 507	78 190	10 088
		742 666	572 277	468 730	80 137
16.	**CASH AND CASH EQUIVALENTS**				
	For the purpose of cash flow statement, cash and cash equivalents comprise:				
	Unrestricted cash balances	528 449	397 051	17 969	11 717
	Restricted cash balances	131 699	209 929	–	–
		660 148	606 980	17 969	11 717
	Restricted cash balances relate to amounts held on deposit with solicitors in respect of potential future transactions. The group has a R10 million overdraft facility with Standard Bank secured on the same terms as the loans in note 20. Material bank balances are with Standard Bank who have a Fitch Rating of A minus.				
17.	**NON-CURRENT ASSETS AND LIABILITIES HELD-FOR-SALE**				
	Non-current assets held for sale comprise:				
	– Arrowhead investment property	1 720 900	–	1 720 900	–
	– Arrow Creek investment property	225 000	–	225 000	–
	– Arrow Creek Upper Eastside Hotel	85 000	–	85 000	–
	– Arrow Creek joint venture assets	144 483	–	94 780	–
	– Other investment property	470 800	351 359	470 800	–
		2 646 183	351 359	2 596 480	–
	Non-current liabilities held-for-sale comprise:	–	–	–	–
	– Arrow Creek joint venture liabilities	(87 361)	–	(46 112)	–
	Balance at end of year	2 558 822	351 359	2 550 368	–

	GROUP 2011 R000	GROUP 2010 R000	COMPANY 2011 R000	COMPANY 2010 R000
17. NON-CURRENT ASSETS AND LIABILITIES HELD-FOR-SALE *continued*				
17.1 Movement for the year				
At beginning of year	351 359	173 200	–	–
Arising on group restructure	–	–	351 359	–
Disposals	(294 460)	(101 900)	(294 460)	–
Transfer to investment property (note 2)	(35 600)	(71 300)	(35 600)	–
Transfer from investment properties (note 2)	2 395 401	351 359	2 395 401	–
Net joint venture assets transferred	142 122	–	133 668	–
Balance at end of year	2 558 822	351 359	2 550 368	–

Non-current assets held-for-sale consist of investment property, joint venture assets and liabilities and items of property, plant and equipment that will be recovered through sale rather than through use.

Arrowhead

An agreement has been entered into for the sale of 98 investment properties consisting of 25 industrial, 30 office and 42 retail properties to Arrowhead.

The portfolio is made up of 89 owned, four leasehold and five properties which are subject to pre-emptive conditions.

The aggregate purchase consideration is R1 721 million and it is anticipated that it will be settled as follows:

- R770 million in cash;
- R155 million through a loan account which will be converted to Arrowhead linked units upon listing; and
- R796 million allotment of Arrowhead consideration shares and debentures which will be unbundled to Redefine unitholders.

This transaction has been approved by unitholders on 28 October 2011.

Arrow Creek

Redefine has concluded an agreement with Arrow Creek for the disposal of a portfolio of investment properties, Redefine's interest in a number of joint ventures, the Upper Eastside Hotel and the shares in and claims against Upper Eastside Hotel (Pty) Limited.

The portfolio consists of four industrial, six office and two retail investment properties.

The aggregate purchase consideration is R358,3 million plus an amount equal to the third-party debt and undertakings owed by the joint ventures as at the Arrow Creek transaction effective date.

The purchase price will be settled as follows:

- Cash payment of R258,3 million;
- The assumption by Arrow Creek of the third-party debt and undertakings; and
- R100 million will remain outstanding as a secured vendor loan, interest will be charged at prime plus 1,25% per annum and is repayable within 24 months.

The vendor loan approval by unitholders was obtained on 28 October 2011.

Other

Further sale agreements have been entered into with various third parties for the sale of seven industrial, eight office and four retail properties.

Six of the properties included in the opening balance were sold during the year for proceeds of R294 million.

One office building which was included in the opening balance was transferred back to investment properties. The fair value of this building was R35,6 million.

Notes to the financial statements *continued*

for the year ended 31 August 2011

	GROUP 2011 R000	GROUP 2010 R000	COMPANY 2011 R000	COMPANY 2010 R000
18. SHARE CAPITAL AND SHARE PREMIUM				
Authorised				
3 500 000 000 (2010: 3 500 000 000) ordinary shares of 0,1 cent each	3 500	3 500	3 500	3 500
Issued				
2 690 172 102 (2010: 2 690 172 102) ordinary shares of 0,1 cent each	2 691	2 691	2 691	2 691
Less: 5 876 766 treasury shares (2010: 5 876 766)	(6)	(6)	–	–
Balance at end of year	2 685	2 685	2 691	2 691
Share premium				
Balance at beginning of year	11 785 616	11 600 186	11 790 021	11 604 591
Premium on shares issued	–	185 430	–	185 430
Balance at end of year	11 785 616	11 785 616	11 790 021	11 790 021
Total share capital and share premium	11 788 301	11 788 301	11 792 712	11 792 712

The unissued shares are under the control of the directors. The 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 (refer note 19).

	GROUP 2011 R000	GROUP 2010 R000	COMPANY 2011 R000	COMPANY 2010 R000
19. DEBENTURE CAPITAL				
Authorised				
3 500 000 000 (2010: 3 500 000 000) ordinary debentures of 180 cents each	6 300 000	6 300 000	6 300 000	6 300 000
Issued				
2 690 172 102 (2010: 2 690 172 102) debentures of 180 cents	4 842 309	4 842 309	4 842 309	4 842 309
Less: 5 876 766 treasury unit debentures (2010: 5 876 766)	(10 578)	(10 578)	–	–
Balance at end of year	4 831 731	4 831 731	4 842 309	4 842 309
Movement for the year				
Balance at beginning of year	4 831 731	4 767 591	4 842 309	4 778 169
Issued during the year	–	64 140	–	64 140
Balance at end of year	4 831 731	4 831 731	4 842 309	4 842 309

(a) The debentures are irrevocably linked to the issued ordinary shares of the company and can only be sold together with the relevant linked shares.

(b) The debentures are unsecured and are subordinated in favour of the company's other creditors.

(c) Interest accrues to the debenture holder half yearly (2010: quarterly). The interest entitlement on each debenture will in aggregate be 100% of the group's net operating income for that distribution period. The net operating income as defined in the debenture trust deed excludes capital items and the effects of straight-lining of leases.

(d) In terms of the trust deed, the debentures are redeemable by special resolution at the instance of the debenture holders, on five years' notice, at any time after 23 February 2025. Full details and the terms and conditions of the debentures are set out in the trust deed which is available for inspection.

	GROUP		COMPANY	
	2011 R000	2010 R000	2011 R000	2010 R000
20. INTEREST-BEARING BORROWINGS				
Interest-bearing liabilities				
Bank loans	18 136 052	11 456 408	7 400 149	2 079 486
Less: deferred finance costs	(36 815)	–	–	–
Finance leases	153 710	–	–	–
Non-controlling interest shareholder loans	71 712	92 933	2 238	–
Total interest-bearing borrowings	18 324 659	11 549 341	7 402 387	2 079 486
Non-current interest-bearing liabilities				
Bank loans	15 968 099	9 475 388	6 590 106	1 772 272
Less: deferred finance costs	(27 358)	–	–	–
Finance leases	153 710	–	–	–
Non-controlling interest shareholder loans	71 712	86 647	2 239	–
Total non-current borrowings	16 166 163	9 562 035	6 592 344	1 772 272
Current interest-bearing liabilities				
Bank loans	2 167 953	1 981 031	810 043	307 214
Less: deferred finance costs	(9 457)	–	–	–
Non-controlling interest shareholder loans	–	6 275	–	–
Total current borrowings	2 158 496	1 987 306	810 043	307 214

Notes to the financial statements *continued*

for the year ended 31 August 2011

20. INTEREST-BEARING BORROWINGS *continued*

20.1 Bank loans

Secured variable rate loans – South Africa

	Total facility R000	Security R000	Capital repayment date	Rate	GROUP 2011 R000	GROUP 2010 R000	COMPANY 2011 R000	COMPANY 2010 R000
					1 170 526	621 856	**1 170 526**	48 362
Absa	731 965	1 961 652	31 Dec 2014	1-month JIBAR + 1,77%	**608 642**	–	**608 642**	–
	1 750 000	1 265 444	30 Jun 2012	3-month JIBAR + 1,10%	**561 884**	–	**561 884**	–
			1 Dec 2014	3-month JIBAR + 1,10%	**–**	78 041	**–**	–
			1 Dec 2012	3-month JIBAR + 2,10%	**–**	140 809	**–**	–
			31 May 2012	3-month JIBAR + 1,85%	**–**	349 570	**–**	–
			30 Jun 2012	Prime – 1,50%	**–**	48 362	**–**	48 362
			31 Aug 2011	Prime – 1,00%	**–**	5 074	**–**	–
					1 199 315	1 439 072	**1 199 315**	–
Nedbank	105 000	180 351	27 Jan 2014	Prime – 2,00%	**105 000**	105 000	**105 000**	–
				Prime – 1,25%	**–**	23 723	**–**	–
	1 020 000	1 751 979	27 Jan 2014	1-month JIBAR + 1,62%	**744 166**	1 020 616	**744 166**	–
	29 996	51 192	30 Jun 2015	3-month JIBAR + 1,40%	**25 907**	6 928	**25 907**	–
	6 928	58 257	1 Aug 2017	3-month JIBAR + 1,40%	**6 213**	7 019	**6 213**	–
	167 300	341 561	2 Feb 2018	3-month JIBAR + 1,40%	**166 266**	167 655	**166 266**	–
	81 096	134 000	1 Sep 2017	Prime – 1,50%	**78 450**	687	**78 450**	–
	386	3 243	1 Mar 2017	Prime – 1,50%	**332**	386	**332**	–
	72 981	176 800	1 Mar 2019	Prime – 1,50%	**72 981**	–	**72 981**	–
			1 Feb 2011	Prime – 1,00%	**–**	107 058	**–**	–
					913 799	629 263	**913 799**	–
Standard Bank			31 Mar 2011	3-month JIBAR + 1,94%	**–**	285 000	**–**	–
			31 Mar 2011	3-month JIBAR + 1,75%	**–**	117 000	**–**	–
			31 Mar 2011	3-month JIBAR + 1,94%	**–**	213 070	**–**	–
	12 513	28 000	31 Oct 2015	Prime – 1,50%	**12 514**	14 193	**12 514**	–
	1 151 551	2 218 901	31 Mar 2016	1-month JIBAR + 1,67%	**280 567**	–	**280 567**	–
	263 057	506 879	30 Mar 2012	1-month JIBAR + 2,26%	**158 145**	–	**158 145**	–
	488 000	940 317	31 Mar 2013	1-month JIBAR + 2,42%	**462 573**	–	**462 573**	–
Standard Bank Syndicated	531 000	1 376 333	31 Aug 2013	1-month JIBAR + 2,00%	**531 000**	531 000	**531 000**	531 000

20. INTEREST-BEARING BORROWINGS *continued*

20.1 Bank loans *continued*

Secured variable rate loans – South Africa *continued*

	Total facility R000	Security R000	Capital repayment date	Rate	GROUP 2011 R000	GROUP 2010 R000	COMPANY 2011 R000	COMPANY 2010 R000
					–	828 573	–	–
Blue Print Originator (Pty) Limited			31 Mar 2011	3-month JIBAR + 2,30%	–	200 000	–	–
			31 Mar 2011	3-month JIBAR + 0,90%	–	36 000	–	–
			30 Apr 2011	3-month JIBAR + 1,15%	–	430 000	–	–
			31 Mar 2011	1-month JIBAR + 2,42%	–	162 573	–	–
					1 183 934	1 192 910	**1 183 934**	1 192 910
Rand Merchant Bank	1 500 000	1 810 175	28 Jul 2013	3-month JIBAR + 2,00%	**436 056**	439 296	**436 056**	439 296
	3 000 000	3 620 349	28 Jul 2015	3-month JIBAR + 2,20%	**747 878**	753 614	**747 878**	753 614
Total secured variable rate loans – South Africa					**4 998 574**	5 242 674	**4 998 574**	1 772 272
Secured variable rate loans – foreign								
Allied Irish Bank	74 991	112 332	15 Sep 2013	LIBOR + 2,5%	**74 991**	76 256	–	–
					255 644	246 556	–	–
Royal Bank of Scotland	28 803	34 276	30 Jun 2015	LIBOR + 2,5%	**28 803**	33 922	–	–
	187 127	199 316	19 Sep 2014	EURIBOR + 1,2%	**187 127**	175 285	–	–
	39 714	46 027	19 Sep 2014	EURIBOR + 1,2%	**39 714**	37 349	–	–
			2014	LIBOR + 0,95%	–	203 902	–	–
					13 595	15 936	–	–
Citibank	5 334	11 233	15 Apr 2012	LIBOR + 2,5%	**5 329**	–	–	–
	8 272	17 282	15 Apr 2012	LIBOR + 2,5%	**8 266**	–	–	–
			2011	LIBOR + 1,25%	–	15 936	–	–
KBC	873 053	1 421 140	30 Nov 2015	LIBOR + 2,45%	**873 053**	–	–	–
					167 794	–	–	–
Aareal	75 959	129 817	31 Oct 2017	EURIBOR + 1,3%	**75 959**	–	–	–
Bayern LB	91 835	103 478	31 Oct 2017	EURIBOR + 1,3%	**91 835**	–	–	–

Notes to the financial statements *continued*

for the year ended 31 August 2011

20. INTEREST-BEARING BORROWINGS *continued*

20.1 Bank loans *continued*

	Total facility R000	Security R000	Capital repayment date	Rate	GROUP 2011 R000	GROUP 2010 R000	COMPANY 2011 R000	COMPANY 2010 R000
Secured variable rate loans – foreign *continued*								
Investec	199 824	573 405	24 Feb 2013	BBSY + 4%	199 824	–	–	–
Landesbank Berlin	479 628	737 357	27 Apr 2016	LIBOR + 2,5%	479 628	–	–	–
Lloyds TSB	529 975	725 663	12 May 2013	LIBOR + 1,15%	529 975	–	–	–
SNS Property Finance	194 466	228 502	17 Jul 2014	EURIBOR + 2,3%	194 466	–	–	–
					966 237	–	–	–
Talisman	437 621	547 487	15 Jan 2012	EURIBOR + 1,1%	437 621	–	–	–
	528 616	418 751	15 Apr 2011	EURIBOR + 1,1%*	528 616	–	–	–
					3 888 693	–	–	–
Windermere	1 310 640	2 365 245	15 Oct 2012	LIBOR + 0,75%	1 310 640	–	–	–
	2 278 790	1 428 917	15 Oct 2012	LIBOR + 0,75%	2 278 790	–	–	–
	299 263	376 823	15 Apr 2014	EURIBOR + 0,85%	299 263	–	–	–
Total secured variable rate loans – foreign					7 643 900	542 650	–	–
Unsecured variable rate loans – South Africa								
Absa			8 Nov 2010	Prime – 2,00%	–	35 828	–	–
Nedbank			3 Jan 2011	3-month JIBAR + 2,35%	–	307 214	–	307 214
					245 786	241 680	245 786	–
Standard Finance Isle of Man	87 947	–	28 Feb 2012	LIBOR + 1,00%	87 947	86 478	87 947	–
			23 May 2011	LIBOR + 3,97%	–	155 202	–	–
	157 839	–	23 May 2013	LIBOR + 3,50%	157 839	–	157 839	–
Total unsecured variable rate loans – South Africa					245 786	584 722	245 786	307 214
Unsecured variable rate loans – foreign								
					62 214	72 852	–	–
Standard Bank Isle of Man		–	3 May 2011	LIBOR + 4,00%	–	72 852	–	–
	62 214	–	1 May 2012	LIBOR + 6,00%	62 214	–	–	–
Total unsecured variable rate loans – foreign					62 214	72 852	–	–

20. INTEREST-BEARING BORROWINGS *continued*

20.1 Bank loans *continued*

	Total facility R000	Security R000	Capital repayment date	Rate	GROUP 2011 R000	GROUP 2010 R000	COMPANY 2011 R000	COMPANY 2010 R000
Secured fixed rate loans – South Africa								
Absa	200 000	420 971	1 Dec 2012	9,81%	200 000	200 000	200 000	–
Nedbank			7 Nov 2012	9,50%	–	22 222	–	–
					1 955 789	951 249	1 955 789	–
Standard Bank			31 Mar 2011	10,07%	–	500 000	–	–
			31 Mar 2011	10,48%	–	451 249	–	–
	500 000	963 440	1 Jul 2015	10,32%	500 000	–	500 000	–
	451 249	869 502	26 Apr 2017	10,67%	451 249	–	451 249	–
	584 540	1 126 338	1 Jul 2015	10,66%	584 540	–	584 540	–
	220 000	423 914	17 Jan 2017	11,93%	220 000	–	220 000	–
	200 000	385 376	1 Jul 2013	11,32%	200 000	–	200 000	–
					–	1 325 000	–	–
Blue Print Originator (Pty) Limited			31 Mar 2011	10,64%	–	200 000	–	–
			31 Mar 2011	9,81%	–	200 000	–	–
			31 Mar 2011	10,03%	–	400 000	–	–
			30 Apr 2011	11,51%	–	225 000	–	–
			31 Mar 2011	11,71%	–	300 000	–	–
Total secured fixed rate loans – South Africa					2 155 789	2 498 471	2 155 789	–
Secured fixed rate loans – foreign								
CEL Portfolio Limited & Co. KG	7 938	7 938	31 Aug 2029	0%	7 938	7 323	–	–
					1 258 588	1 468 875	–	–
Aviva	127 344	158 589	11 Jun 2029	6,37%	127 344	127 452	–	–
	197 589	197 589	30 Nov 2011	6,49%	197 589	195 222	–	–
	567 154	518 454	3 Jul 2027	6,29%	567 154	639 538	–	–
	174 915	193 095	18 Sep 2031	6,44%	174 915	173 059	–	–
	191 586	345 636	14 Sep 2035	6,10%	191 586	333 604	–	–

Notes to the financial statements *continued*

for the year ended 31 August 2011

20. INTEREST-BEARING BORROWINGS *continued*

20.1 Bank loans *continued*

	Total facility R000	Security R000	Capital repayment date	Rate	GROUP 2011 R000	GROUP 2010 R000	COMPANY 2011 R000	COMPANY 2010 R000
Secured fixed rate loans – foreign *continued*								
					87 435	82 762	**–**	–
Barclays	41 511	48 327	10 Aug 2012	5,75%	**41 511**	39 088	**–**	–
	45 924	53 999	10 Aug 2012	5,91%	**45 924**	43 674	**–**	–
UBS	155 790	260 703	5 Oct 2018	2,87%	**155 790**	143 637	**–**	–
Valovis	51 004	72 335	30 Nov 2014	4,95%	**51 004**	47 904	**–**	–
Coronation Capital Limited	125 696	125 692	31 Dec 2011	4,00%	**125 696**	154 806	**–**	–
					1 242 515	552 357	**–**	–
Corovest Mezzanine Capital Limited	1 242 515	3 863 289	30 Apr 2011	13,00%	**–**	92 204	**–**	–
			31 Aug 2012	7,10% – 10%	**1 242 515**	460 153	**–**	–
Loans secured by cash deposits	7 501	7 501	31 Aug 2011	7,00%	**7 501**	57 375	**–**	–
Total secured fixed rate loans – foreign					**2 936 467**	2 515 039	**–**	–
Unsecured fixed rate loans – foreign								
	Total facility R000	Security R000	Capital repayment date	Rate				
Corovest Mezzanine Capital Limited	93 322	–	30 Apr 2014	10%	**93 322**	–		
Total unsecured fixed rate loans – foreign					**93 322**	–		
Total bank loans					**18 136 052**	11 456 408	**7 400 149**	2 079 486

Note the value of the security pledged is only relevant to current loans and has not been disclosed for the prior period.

20.2 Non-controlling shareholder loans

			GROUP 2011 R000	GROUP 2010 R000	COMPANY 2011 R000	COMPANY 2010 R000
United Property Management	18 Aug 2014	Namibian prime	**63 700**	50 113	**–**	–
Kine Homes (Pty) Limited	No fixed term*	Prime + 2,00%	**–**	1 481	**–**	–
Dream World Investments 69 (Pty) Limited	No fixed term*	Prime + 3,00%	**2 164**	1 918	**2 164**	–
Jodsel No 136 (Pty) Limited	No fixed term*	Prime	**–**	4 592		–
Other	No fixed term*	Various rates	**5 848**	34 829	**74**	–
			71 712	92 933	**2 238**	–

** Payment is not expected within 12 months*

	GROUP		COMPANY	
	2011 R000	2010 R000	**2011 R000**	2010 R000
20. INTEREST-BEARING BORROWINGS *continued*				
20.3 Finance leases				
Obligations under finance leases at the reporting dates are analysed as follows:				
Gross finance leases liabilities repayable:				
Not later than 1 year	7 837	–	–	–
Later than 1 year not later than 5 years	31 348	–	–	–
Later than 1 year not later than 5 years	557 169	–	–	–
	596 354	–	–	–
Less: Finance charges allocated to future periods	(442 645)	–	–	–
Present value of minimum lease payments	153 710	–	–	–
Present value of finance lease liabilities repayable:				
Not later than 1 year	507	–	–	–
Later than 1 year not later than 5 years	20 987	–	–	–
Later than 5 years	132 216	–	–	–
Present value of minimum lease payments	153 710	–	–	–

The average all-in interest rate in respect of total group borrowings is 6,86% (2010: 8,39%).

Excluding the foreign non-recourse debt, the average all-in local interest rate is 9,57% (2010: 9,35%).

Total group borrowings represent 51% (2010: 42%) of the value of property assets and listed securities.

Total South African borrowings represent 29% (2010: 34%) of the value of property assets and listed securities, refer to note 40.

Group interest-bearing borrowings have been secured by mortgage loans over investment property and pledges over listed securities and investment in associates to the value of R36,4 billion (2010: R10,2 billion).

Local interest-bearing borrowings have been secured by mortgage loans over investment property and pledges over listed securities to the value of R20,6 billion.

Certain loans are repayable in the next 12 months in terms of the original loan agreements. At the reporting date the directors are currently negotiating a refinancing deal which will extend the repayment period outside of the next financial year. In the unlikely event that the loans will not be renegotiated, the group has adequate available facilities with other institutions to replace these loans.

During the year Redefine restructured and renegotiated certain loans.

Notes to the financial statements *continued*

for the year ended 31 August 2011

					GROUP		COMPANY	
					2011 R000	2010 R000	2011 R000	2010 R000
21.	**DERIVATIVES**	**Nominal value**						
	Contract value	**R000**	**Maturity**	**Rate**				
	South Africa							
	Interest rate	40 000	1 Apr 2011	12,07%	–	1 175	–	–
	swap	50 000	25 Jul 2011	8,89%	–	1 303	–	–
	agreements	40 000	5 Dec 2011	9,99%	389	1 285	389	–
		230 000	8 Oct 2018	10,48%	48 780	45 680	48 780	–
		413 795	12 Nov 2018	8,86%	46 314	38 866	46 314	–
		230 000	12 Aug 2020	7,72%	10 412	5 888	10 412	5 888
		295 000	12 Feb 2018	7,70%	16 041	–	16 041	–
		100 000	17 Feb 2014	7,19%	3 724	–	3 724	–
		100 000	1 Jun 2014	7,50%	4 803	–	4 803	–
		160 000	12 May 2016	7,58%	8 817	–	8 817	–
		250 000	1 Jun 2016	8,06%	18 974	–	18 974	–
		140 000	11 Nov 2018	10,64%	30 058	28 838	30 058	–
		200 000	1 Jul 2013	9,74%	14 351	–	14 351	–
		270 000	12 Aug 2020	7,72%	11 358	7 379	11 358	7 379
		355 000	14 Feb 2018	7,70%	18 357	–	18 357	–
		190 000	12 May 2016	7,58%	10 058	–	10 058	–
		100 000	17 Feb 2014	7,19%	3 633	–	3 633	–
		100 000	1 Jun 2014	7,50%	4 710	–	4 710	–
		250 000	1 Jun 2016	8,06%	18 435	–	18 435	–
	Swaption							
		413 795	12 Nov 2018	8,86%	10 253	–	10 253	–
	Foreign							
	Interest rate	2 300 531	15 Oct 2012	4,95%	58 320	–	–	–
	swap	1 320 419	20 Oct 2012	4,77%	97 078	–	–	–
	agreements	378 455	22 Apr 2014	4,19%	26 787	–	–	–
		28 803	30 Jun 2015	2,03%	783	489	–	–
		74 991	19 Sep 2013	1,54%	945	731	–	–
		98 979	15 Apr 2014	4,61%	8 468	10 774	–	–
		88 494	15 Apr 2014	4,20%	6 556	8 357	–	–
		39 771	15 Apr 2014	4,20%	2 949	3 756	–	–
		785 112	30 Nov 2015	2,45%	24 252	–	–	–
		87 944	30 Nov 2015	2,32%	3 341	–	–	–
		187 715	4 Mar 2013	5,45%	3 514	–	–	–
		222 457	1 Aug 2014	4,89%	20 174	–	–	–
		529 975	9 May 2013	2,73%	13 149	–	–	–
		205 000	16 Aug 2022	5,17%	–	45 412	–	–
	Balance at end of year				545 783	199 933	279 467	13 267
	Reflected under:							
	Non-current liabilities				358 090	199 933	279 467	13 267
	Current liabilities				187 693	–	–	–
	Total derivatives				545 783	199 933	279 467	13 267

	GROUP 2011 R000	GROUP 2010 R000	COMPANY 2011 R000	COMPANY 2010 R000
22. OTHER FINANCIAL LIABILITIES				
Consist of:				
Employee share appreciation scheme	**5 193**	2 273	**5 193**	2 273
Financial guarantee contract (refer note 10)	**6 323**	6 323	**6 323**	–
	11 516	8 596	**11 516**	2 273
22.1 Employee share appreciation scheme				
During 2010, Redefine introduced a share appreciation scheme. This scheme allows various employees to earn incentives based on the appreciation of the share price over the strike price. The rights to these incentives vest equally over four years commencing September 2012 and each September thereafter until 2015. The market price is calculated as the volume weighted average price at which the linked unit traded on the JSE for the 10 business days prior to the vesting date.				
Opening balance	**2 273**	–	**2 273**	–
Charge to income for the year	**2 920**	2 273	**2 920**	2 273
Closing balance	**5 193**	2 273	**5 193**	2 273
Movement in number of units				
Opening balance	**17 625 000**	–	**17 625 000**	–
Awarded R7,00 (2010 – R7,00)	**1 600 000**	17 625 000	**1 600 000**	17 625 000
Forfeited R7,00 (2010 – R7,00)	**(5 425 000)**	–	**(5 425 000)**	–
Closing balance	**13 800 000**	17 625 000	**13 800 000**	17 625 000

The fair value of the share appreciation scheme has been calculated using the Black-Scholes Option Pricing Model with the following assumptions:

- 25% vesting each year from September 2012 to September 2015
- strike price – R7,00
- current price – R8,30
- dividend yield – 5,55% – based on the after tax rate using Redefine's historical yield
- volatility – 20% – based on a combination of Redefine's historical volatility adjusted for future expectations

	GROUP 2011 R000	GROUP 2010 R000	GROUP 2009 R000	COMPANY 2011 R000	COMPANY 2010 R000	COMPANY 2009 R000
23. DEFERRED TAXATION						
Arising on:						
Revaluation of property and listed securities investments	**1 197 878**	1 488 356	1 288 374	**1 197 878**	64 334	69 520
Other timing differences	**324 797**	–	–	**139 727**	–	–
Assessed loss	**(95 878)**	–	–	**(95 878)**	–	–
	1 426 797	1 488 356	1 288 374	**1 241 727**	64 334	69 520
Previously reported at beginning of year		2 017 166	759 551		69 520	–
Change in accounting policy		(728 792)	–		–	–
Restated balance at beginning of year	**1 488 356**	1 288 374	759 551	**64 334**	69 520	–
Change in accounting policy	**–**	38 406	(728 792)	**–**	(10 002)	–
Impact of reverse acquisition	**18 618**	–	1 434 564	**–**	–	69 520
Arising on group restructure (note 13)	**–**	–	–	**1 247 149**	–	–
Deferred capital gains tax	**29 305**	161 576	(176 949)	**29 305**	4 816	–
Other timing differences	**(15 683)**	–	–	**(3 183)**	–	–
Assessed loss	**(95 878)**	–	–	**(95 878)**	–	–
Translation differences	**2 079**	–	–	**–**	–	–
Balance at end of year	**1 426 797**	1 488 356	1 288 374	**1 241 727**	64 334	69 520

Notes to the financial statements *continued*

for the year ended 31 August 2011

23. DEFERRED TAXATION *continued*

Deferred tax is provided at 14% on investment property and listed security investments.

In December 2010, the IASB released amendments to IAS 12 effective from 1 January 2012. These amendments impact the rate at which deferred tax is recognised, specifically on the fair value movements of the building component of investment property as it establishes a presumption that it will be recovered through disposal and hence will attract deferred tax at the capital gains tax rate. Redefine has elected the early adoption of these amendments and applied them retrospectively as required by IAS 8.

It is the view of the board that the adoption of this policy results in more accurate and meaningful information. Refer to the statement of changes in equity.

The effect of the change in the accounting policy is a reduction of the deferred tax balance as stated above, with a corresponding increase in reserves as reflected in the statement of changes in equity.

	GROUP		COMPANY	
	2011 R000	2010 R000	**2011 R000**	2010 R000
24. TRADE AND OTHER PAYABLES				
Trade payables	**69 358**	32 053	**11 348**	–
Accrued expenses	**284 927**	135 798	**140 387**	5 187
Tenant deposits	**90 568**	81 713	**90 268**	–
Tenant receipts paid in advance	**112 531**	101 252	**74 815**	13 992
Municipal expenses	**87 522**	126 511	**87 522**	210
VAT	**44 046**	9 806	**17 553**	–
Sundry creditors	**283 564**	143 143	**75 198**	–
Accrued reverse acquisition costs	**64 610**	–	**–**	–
Life right liability	**–**	4 601	**–**	–
Creditors for listed securities purchased	**–**	1 509	**–**	–
Balance at end of year	**1 037 126**	636 386	**497 091**	19 389
25. NET OPERATING INCOME				
Net operating income includes the following charges:				
Amortisation and depreciation	**112 988**	112 470	**12 792**	–
Auditor's remuneration	**4 628**	2 707	**2 243**	31
– External auditor – final audit	**4 600**	2 659	**2 215**	31
– Internal audit	**28**	48	**28**	–
Asset management fees	**–**	9 961	**8 500**	–
Staff costs	**136 730**	68 541	**110 591**	–
Defined contribution plan	**3 848**	–	**3 848**	–
Property management fees	**45 829**	105 666	**46 892**	162
Valuation fees paid to third parties	**1 923**	1 417	**1 620**	–
Trading property cost of sales	**49 542**	91 716	**41 817**	–

	GROUP 2011 R000	GROUP 2010 R000	COMPANY 2011 R000	COMPANY 2010 R000
26. CHANGES IN FAIR VALUE				
Property portfolio	264 079	295 888	376 837	(8 078)
– realised	(20 863)	–	(20 863)	–
– unrealised	284 942	295 888	397 700	(8 078)
Listed securities	346 353	605 546	231 683	–
– realised	(3 273)	–	(3 273)	–
– unrealised	349 626	605 546	234 956	–
Interest rate swaps – mark to market	(97 302)	(104 278)	(138 800)	(13 267)
Profit on sale of investment in associate	25 715	–	35 825	–
Loss on sale of subsidiary	(5 362)	–	–	–
Deemed profit on associate/listed security becoming a subsidiary	–	562 113	–	–
Other	(1 178)	–	(888)	–
	532 305	1 359 269	504 657	(21 345)
27. IMPAIRMENT OF FINANCIAL ASSETS, PROPERTY, PLANT AND EQUIPMENT AND GOODWILL				
Property, plant and equipment (PPE)	(182 305)	–	(180 327)	–
Goodwill – RIHL and RIN	(654 940)	–	–	–
Intangible assets	(6 547)	–	–	–
Impairment of associate loans	(4 921)	–	–	–
Impairment of investment in subsidiaries	–	–	(8 855 845)	–
Other financial assets	–	(64 143)	–	–
	(848 713)	(64 143)	(9 036 172)	–

The impairment of:
- PPE relates to the write down of the Upper Eastside Hotel to the net realisable value based on the disposal to Arrow Creek
- goodwill relates to write down of goodwill recognised on consolidation of RIHL and RIN listing
- intangible assets relates to the write down of the West Orchards Coventry loan where various rights were relinquished
- investment in subsidiaries arises on the group restructure (refer note 13). This is substantially offset by the dividend in specie received from the subsidiaries

All impairments other than the goodwill relate to the local operating segment.

Notes to the financial statements *continued*

for the year ended 31 August 2011

		GROUP		COMPANY	
		2011 R000	2010 R000	2011 R000	2010 R000
28.	**INTEREST PAID**				
	Subsidiary debenture interest paid to non-controlling interests	(74 135)	–	–	–
	Interest paid on interest-bearing borrowings	(1 024 736)	(843 211)	(729 636)	(11 901)
		(1 098 871)	(843 211)	(729 636)	(11 901)
29.	**INTEREST RECEIVED**				
	Interest received on cash invested	161 404	283 905	64 955	–
	Interest received from subsidiaries	–	–	21 415	1 777 775
		161 404	283 905	86 370	1 777 775
30.	**FOREIGN EXCHANGE GAIN**				
	Foreign exchange gain	1 649	28 967	(4 107)	–
31.	**TAXATION**				
	Normal	(56 681)	98	(49 049)	–
	– Current	(56 681)	(2 202)	(49 049)	–
	– Adjustment to prior year	–	2 300	–	–
	Deferred	82 266	(199 982)	69 756	5 186
	– Current	82 256	(199 982)	69 756	5 186
		25 575	(199 884)	20 707	5 186
	Reconciliation between applicable taxation rate and effective taxation rate				
	SA normal taxation rate applied to income before taxation	164 874	(358 444)	6 188	4 391
	Taxation effect of:				
	– capital gains taxation payable at a lower rate	68 396	169 098	47 025	(92)
	– change in accounting policy	–	(38 406)	–	10 002
	– permanent differences	(208 682)	63 014	(24 179)	(9 115)
	– capital gains tax paid	(49 048)	–	(49 048)	–
	– deferred taxation asset not recognised in respect of tax losses	378	(47 201)	–	–
	– assessed loss utilised	1 119	27 149	–	–
	– recognition of tax losses previously not recognised	40 721	–	40 721	–
	– foreign rate differential	9 698	(20 452)	–	–
	– withholding tax	(1 928)	–	–	–
	– other	47	5 358	–	–
	Effective taxation rate	25 575	(199 884)	20 707	5 186

		GROUP	
		2011 R000	2010 R000
32.	**EARNINGS, HEADLINE EARNINGS AND DISTRIBUTABLE EARNINGS**		
	Earnings per linked unit are calculated on the weighted average number of units of 2 684 295 336 (2010: 2 661 915 247) and net income before taxation and interest distributions to linked unitholders of R1,2 billion (2010: R3,1 billion).		
	Reconciliation of (loss)/earnings, headline earnings and distributable earnings		
	(Loss)/profit for the year attributable to Redefine shareholders	(519 311)	1 097 346
	Change in fair values of properties (net of deferred taxation)	(280 558)	(263 065)
	Change in fair value of properties	(285 141)	(295 909)
	Deferred taxation	4 583	32 844
	Impairment of PPE and goodwill	837 245	–
	Capital gains tax	49 000	–
	Headline profit attributable to shareholders	86 376	834 281
	Debenture interest	1 825 321	1 777 412
	Headline earnings attributable to linked unitholders	1 911 697	2 611 693
	Changes in fair values of listed securities and financial instruments (net of deferred taxation)	(311 471)	(896 223)
	Changes in fair values of listed securities and financial instruments	(247 164)	(1 063 360)
	Deferred taxation	(64 307)	167 137
	Amortisation of intangibles (net of deferred taxation)	79 208	108 142
	Impairment of financial assets	11 468	64 143
	Align consolidated foreign profits with anticipated dividends	2 694	17 505
	Straight-line rental income accrual	8 217	(155 841)
	Foreign exchange gain	(1 649)	(28 967)
	Fair value adjustment of associates and non-controlling interests	60 915	34 534
	Fee income from foreign subsidiary	–	7 533
	Capital write-offs included in administration costs	6 387	5 697
	Swaption	10 000	–
	Pre-acquisition income on Hyprop units acquired in prior year	47 855	9 196
	Distributable earnings attributable to linked unitholders	1 825 321	1 777 412

No calculation of diluted headline earnings per share has been performed as there are no convertible securities in issue.

Notes to the financial statements *continued*

for the year ended 31 August 2011

		GROUP		COMPANY	
		2011 R000	2010 R000	2011 R000	2010 R000
33.	**CASH GENERATED/(UTILISED) FROM OPERATIONS**				
	(Loss)/profit before taxation	(588 837)	1 280 160	(22 099)	(15 682)
	Adjusted for:				
	Non-cash flow items	551 295	(1 247 530)	77 232	19 238
	Interest paid	1 098 871	843 211	729 636	11 901
	Interest received	(161 404)	(283 905)	(86 370)	(1 777 775)
	Debenture interest	1 825 321	1 777 412	1 829 317	1 781 321
	Operating income before working capital changes	2 725 246	2 369 348	2 527 716	19 003
	Working capital changes	93 767	(189 232)	(84 336)	(68 800)
	Trade, listed security income and other receivables	(130 215)	(266 673)	(133 596)	(80 077)
	Trade and other payables	223 982	77 441	49 260	11 277
		2 819 013	2 180 116	2 443 380	(49 797)
	Non-cash flow items				
	Depreciation and amortisation	112 984	112 470	12 792	–
	Impairments	848 713	64 143	9 036 172	–
	Fair value adjustments	(532 305)	(1 359 269)	(504 657)	21 345
	Straight-line lease accrual	8 217	(155 841)	8 217	(2 107)
	Foreign exchange gain	(1 649)	(28 967)	4 107	–
	Guarantee fee income	–	3 871	–	–
	Equity accounted results of associate	19 988	62 931	–	–
	Distribution from subsidiaries	–	–	(8 559 053)	–
	Other non-cash flow items	18 613	2 273	2 920	–
	Lease commissions and amortised tenant installations	76 734	60 347	76 734	–
	Deferred profit	–	(9 488)	–	–
		551 295	(1 247 530)	77 232	19 238
34.	**DISTRIBUTIONS PAID**				
	Distributions payable at beginning of year	(456 330)	(311 218)	(457 329)	(311 908)
	Distributions declared	(1 825 321)	(1 777 412)	(1 829 317)	(1 781 321)
	Dividends payable at end of year	993 189	456 330	995 364	457 329
		(1 288 462)	(1 632 300)	(1 291 282)	(1 635 900)

35. BUSINESS COMBINATIONS

2011

On 13 July 2011, the boards of RI and RIHL announced that they had reached agreement on the terms of the reverse acquisition. The transaction was undertaken in terms of which RI made a recommended all share offer ("the offer") for the entire issued ordinary share capital of RIHL ("the reverse acquisition"). Under the terms of the offer RIHL shareholders received 7,2 RI shares for each RIHL share. The share register was then consolidated with 1 new share for every 7,2 shares held. Following the adoption of the reverse acquisition accounting in accordance with IFRS 3, RIHL has been identified as the accounting acquirer. On 23 August 2011, the reverse acquisition between RI and RIHL became unconditional in all respects, establishing RI with a primary listing on the LSE.

Following the reverse acquisition, the cancellation of RIHL's previously equity accounted investment in RI (refer note 8) and the subsequent issue of ordinary shares to the RIHL shareholders, RIN became the majority shareholder in the company with a shareholding of 65,59%. Non-controlling interest (NCI) shareholders in RIHL hold approximately 14,07% and previous RI shareholders (other than RIHL shareholders) hold approximately 20,34% of the shares in the company.

35.1 Consideration transferred

In accordance with IFRS 3, the consideration transferred by RIHL to the company is based on the number of shares RIHL would have had to issue to give the shareholders of the company the same percentage equity interest in the combined entity that results from the reverse acquisition, ie, a 20,34% equity interest:

Previous shareholding of the company:	831 323 584	20,3%
Shares deemed to be in issue to reflect the same percentage as above:	3 255 711 718	79,7%
	4 087 035 302	
Number of issued shares in RIHL	452 182 183	79,7%
Hypothetical shares to be issued to all RIHL shareholders	115 461 609	20,3%
RIHL share price as at 23 August 2011 (cents per share)	524,2	
Value of shares to be issued to reflect the same percentage as above (R000)	605 267	
Value of 115 461 609 shares at share price of 524,2 cents per share on 23 August 2011	605 267	

35.2 Identifiable assets acquired and liabilities assumed

Investment property	6 300 944
Trade and other receivables	43 423
Loans and borrowings	(5 621 124)
Derivative financial instruments	(215 493)
Deferred tax	(18 618)
Trade and other payables	(176 758)
Total identifiable net assets excluding cash acquired	312 374
Cash acquired	460 215
Cash and cash equivalents – unrestricted	372 596
Cash and cash equivalents – restricted	87 619
Total identifiable net assets	772 589

35.3 Goodwill

Goodwill was recognised as a result of the acquisition as follows:

Total consideration transferred	605 266
Fair value of existing interest in the company	167 503
Fair value of identifiable net assets	(772 589)
Goodwill	180

Notes to the financial statements *continued*

for the year ended 31 August 2011

35. BUSINESS COMBINATIONS *continued*

Prior to the business combination RIHL impaired the investment in Wichford P.L.C. by R9,4 million. The impairment is included in the equity accounted losses line item on the statement of comprehensive income.

RIN's group financial statements have been prepared assuming an acquisition date of 31 August 2011, with the statement of comprehensive income reflecting the income and expenses of RIHL only for the 12 months ended 31 August 2011. If the acquisition occurred on 1 September 2010, RI's management estimate that their consolidated revenue would have been R755 million and consolidated loss for the year would have been R496 million. In determining these amounts, RIN's management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition occurred on 1 September 2010.

2010

Acquisition of additional interest in RIHL and RIFM

On 1 October 2009, the group acquired an additional 41,9% interest in RIFM which increased the shareholding from 34% to 76%. With effect from 1 February 2010, Redefine increased its holding in RIHL by 42,1%, increasing its stake to 76%.

The acquired businesses contributed revenues of R217,1 million and net loss after tax of R6,2 million, including the effect of fair value adjustments, to the group for the period under review. These amounts have been calculated using the group's accounting policies together with consequential tax effects.

If the acquisitions had occurred on 1 September 2009, the contribution to group revenue and net profit after tax would have been R265,7 million and R124,8 million respectively.

Details of the net assets acquired and goodwill are as follows:

The carrying amounts of the assets and liabilities on the dates acquired were as follows:

	RIHL R000	RIFM R000	Total R000
Investment properties and properties under development	2 253 680	–	2 253 680
Listed securities portfolio	499 495	–	499 495
Intangible assets	88 431	544 023	632 454
Investment in associates and joint ventures	298 083	–	298 083
Loans receivable	481 247	136 096	617 343
Property, plant and equipment	–	658	658
Other financial assets	2 723	–	2 723
Trade and other receivables	140 588	33 635	174 223
Cash and cash equivalents	562 772	2 352	565 124
Non-controlling interest	(652 710)	(102 369)	(755 079)
Interest-bearing borrowings	(2 622 900)	(252 132)	(2 875 032)
Interest rate swaps	(57 873)	–	(57 873)
Trade and other payables	(157 790)	(39 867)	(197 657)
Acquirees' carrying amount at acquisition	835 746	322 396	1 158 142
Goodwill	650 369	–	650 369
	1 486 115	322 396	1 808 511
Value of shares in RI swapped for RIHL shares	(248 483)	–	(248 483)
Value of investment already owned by Redefine Properties Limited	(600 756)	(144 382)	(745 138)
Purchase consideration settled in cash	**636 876**	**178 014**	**814 890**

		GROUP		COMPANY	
		2011 R000	2010 R000	2011 R000	2010 R000
36.	**COMMITMENTS**				
36.1	**Capital commitments**				
	Property acquisitions	3 124 858*	500 000	3 124 858*	500 000
	Property under development	167 350	33 000	167 350	–
	Capital improvements on investment properties	317 894	586 418	283 330	–
	– approved and committed	239 830	580 543	239 830	
	– approved and not yet committed	78 064	5 875	43 500	–
		3 610 102	1 119 418	3 575 538	500 000

**The agreements governing the acquisition of the Nicol Grove Precinct properties from Zenprop remain subject to various regulatory approvals. The long-stop date for transfer of each of the Nicol Grove Precinct Properties is 31 December 2012, which date may be extended to a date not later than 31 July 2013, after which date either party shall be entitled to cancel the agreement relating to those properties. The acquisition value of the Nicol Grove Precinct Properties is R825 million.*

		GROUP 2011 R000	GROUP 2010 R000	COMPANY 2011 R000	COMPANY 2010 R000
36.2	**Operating expense commitments**				
	The only significant long-term contractual commitments are in respect of general maintenance of lifts, escalators and air conditioning installations				
	– Due within one year	116 043	17 605	116 043	–
	– Due within two to five years	190 947	18 418	190 947	–
	– Due beyond five years	129 732	–	129 732	–
		436 722	36 023	436 722	–
36.3	**Operating lease commitments**				
	Commitments due in respect of leases entered into by Redefine on leasehold property				
	– Due within one year	10 033	11 214	10 033	–
	– Due within two to five years	26 492	32 201	26 492	–
	– Due beyond five years	103 107	270 000	103 107	–
		139 632	313 415	139 632	–

Notes to the financial statements *continued*

for the year ended 31 August 2011

	GROUP		COMPANY	
	2011 R000	2010 R000	**2011 R000**	2010 R000
37. MINIMUM LEASE PAYMENTS RECEIVABLE				
Minimum lease payments comprise contractual rental income, excluding the straight-line lease adjustments, and operating expense recoveries due in terms of signed lease agreement on investment properties				
– Receivable within one year	**3 072 172**	2 342 191	**2 236 823**	26 737
– Receivable within two to five years	**8 111 872**	5 140 913	**5 075 621**	119 183
– Receivable beyond five years	**11 718 693**	3 586 060	**7 235 018**	–
	22 902 737	11 069 164	**14 547 462**	145 920

38. CONTINGENT LIABILITIES AND GUARANTEES

Suretyships limited to R137 million (2010: R459 million) have been provided relating to BEE initiatives.

Liabilities of joint ventures have been guaranteed to a maximum amount of R30,8 million (2010: R30,8 million).

At the date of this report the company has provided guarantees in respect of loans to Clearwater to a maximum of R183 million (2010: R200 million).

There are no other material guarantees or contingent liabilities.

39. FINANCIAL RISK MANAGEMENT

The group's financial instruments consist mainly of deposits with banks, interest-bearing liabilities, derivative instruments, amounts due from subsidiaries, associates and third parties, trade and other receivables, trade and other payables, listed securities, debentures and linked unitholders for distribution. In respect of the aforementioned financial instruments, book value approximates fair value. Exposure to market, credit and liquidity risk arises in the normal course of business.

The group has exposure to the following risks from its use of financial instruments:
- Credit risk
- Liquidity risk
- Market risk

While risk management is the ultimate responsibility of the board of directors, the board has delegated this responsibility to the audit and risk committee which is responsible for developing and monitoring the group's risk management policies.

The group's risk management policies are established to ensure:
- improved risk management and control;
- the efficient allocation of funds to maximise returns;
- the maintenance of acceptable levels of risk within the group as a whole; and
- efficient liquidity management and control of funding costs.

The audit and risk committee reviews management's compliance with the group's risk policies and procedures and assesses the adequacy of the risk management framework. The committee reports regularly to the board of directors.

39.1 Credit risk management

Potential areas of credit risk consist of trade receivables and short-term cash investments. Trade receivables are widely spread over a large customer base. The financial positions of these customers are monitored on an ongoing basis. All specific doubtful debts have been impaired at year-end and management did not consider there to be any material credit risk exposure that was not already covered by an impairment adjustment.

The impairment allowance at 31 August 2011 was R8,7 million (2010: R9,7 million) net of tenant deposits or guarantees held as security. The company held tenant cash deposits and guarantees with a fair value of R130,8 million at 31 August 2011 (2010: R116,3 million).

The specifically impaired receivables relate to tenants who have either been summonsed for non-payment, vacated the premises or who have a history of payment default. It is expected that a portion of the specifically impaired receivables will be recovered.

	GROUP		COMPANY	
	2011 R000	2010 R000	2011 R000	2010 R000
39. FINANCIAL RISK MANAGEMENT *continued*				
39.1 Credit risk management *continued*				
Ageing of impaired trade receivables				
Not more than 30 days	4 997	967	4 997	967
More than 30 days but not more than 60 days	982	1 056	982	1 056
More than 60 days but not more than 90 days	389	2 002	389	2 002
More than 90 days	2 343	5 628	2 343	5 628
Total	8 711	9 653	8 711	9 653
Movements on the allowance for the impairment of trade receivables are as follows:				
Opening balance	9 653	7 005	9 653	7 005
Impairment losses recognised on receivables	7 472	16 806	7 472	16 806
Impairment losses reversed on receivables	(8 414)	(14 158)	(8 414)	(14 158)
Closing balance	8 711	9 653	8 711	9 653

The allowance for impaired receivables and receivables written off are included in property expenses.

Amounts charged to the allowance will be written off when all avenues for recovery have been exhausted and there is no expectation that any further cash will be received.

At reporting date no geographic area, rental sector or size of tenant had been identified as a specific credit risk.

Receivables past due but not impaired

Receivables are considered to be "past due" when they are uncollected one day or more beyond their contractual due date.

As at 31 August 2011, trade receivables of R175,5 million (2010: R30,1 million) were considered past due but not impaired. These include varied customers with no recent history of payment default.

	GROUP		COMPANY	
	2011 R000	2010 R000	2011 R000	2010 R000
The ageing of these trade receivables is as follows:				
Ageing of trade receivables past due but not impaired				
Not more than 30 days	19 907	18 049	11 097	18 049
More than 30 days but not more than 60 days	22 341	5 218	4 721	5 218
More than 60 days but not more than 90 days	27 880	5 694	1 450	5 694
More than 90 days	105 421	1 125	7 963	1 125
	175 549	30 086	25 231	30 086

Notes to the financial statements *continued*

for the year ended 31 August 2011

39. FINANCIAL RISK MANAGEMENT *continued*

39.2 Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group ensures that it always has adequate funds available and seeks to borrow for as long as possible at the lowest possible cost. Liquidity requirements are managed by monitoring forecasted cash flows and the maturity profile of financial liabilities.

A maturity analysis of financial assets and liabilities is set out in the table below.

GROUP	Less than 1 year R000	1 – 5 years R000	More than 5 years R000	Total R000
Year ended 31 August 2011				
Financial assets				
Listed securities	–	–	4 664 346	4 664 346
Loans receivable	51 210	1 304 027	19 099	1 374 336
Other financial assets	–	12 938	–	12 938
Guarantee fees receivable	–	21 349	–	21 349
Trade and other receivables	742 666	–	–	742 666
Listed security income	195 683	–	–	195 683
Cash and cash equivalents	660 148	–	–	660 148
Total financial assets	1 649 707	1 338 314	4 683 445	7 671 466
Financial liabilities				
Debenture capital	–	–	4 831 731	4 831 731
Interest-bearing liabilities	2 158 496	13 770 214	2 395 949	18 324 659
Interest rate swaps	187 693	166 516	191 574	545 783
Other financial liabilities	–	11 516	–	11 516
Trade and other payables	1 037 126	–	–	1 037 126
Linked unitholders for distribution	993 189	–	–	993 189
Total financial liabilities	4 376 503	13 948 246	7 419 254	25 744 004
Interest payments relating to interest-bearing liabilities above	828 987	1 791 497	983 128	3 603 612
Year ended 31 August 2010				
Financial assets				
Listed securities	–	–	5 099 485	5 099 485
Loans receivable	–	–	1 107 016	1 107 016
Other financial assets	–	–	4 115	4 115
Guarantee fees receivable	37 037	21 349	–	58 386
Trade and other receivables	572 277	–	–	572 277
Listed security income	153 363	–	–	153 363
Cash and cash equivalents	606 980	–	–	606 980
Total financial assets	1 369 657	21 349	6 210 616	7 601 622
Financial liabilities				
Debenture capital	–	–	4 831 731	4 831 731
Interest-bearing liabilities	1 987 306	9 364 765	197 270	11 549 341
Interest rate swaps	3 698	24 172	172 063	199 933
Other financial liabilities	–	8 596	–	8 596
Trade and other payables	636 386	–	–	636 386
Linked unitholders for distribution	456 330	–	–	456 330
Total financial liabilities	3 083 720	9 397 533	5 201 064	17 682 317

39. FINANCIAL RISK MANAGEMENT *continued*

39.2 Liquidity risk *continued*

Financial instruments by category

	Financial assets		Financial liabilities		
	At amortised cost R000	At fair value through profit or loss R000	At amortised cost R000	At fair value through profit or loss R000	Total R000
Year ended 31 August 2011					
Financial assets					
Listed securities	–	4 664 346	–	–	4 664 346
Loans receivable	1 374 336	–	–	–	1 374 336
Other financial assets	–	12 938	–	–	12 938
Guarantee fees receivable	–	21 349	–	–	21 349
Trade and other receivables	742 666	–	–	–	742 666
Listed security income	195 683	–	–	–	195 683
Cash and cash equivalents		660 148	–	–	660 148
Total financial assets	2 312 685	5 358 781	–	–	7 671 466
Financial liabilities					
Debenture capital	–	–	4 831 731	–	4 831 731
Interest-bearing liabilities	–	–	18 324 659	–	18 324 659
Interest rate swaps	–	–	–	545 783	545 783
Other financial liabilities	–	–	–	11 516	11 516
Trade and other payables	–	–	–	1 037 126	1 037 126
Linked unitholders for distribution	–	–	993 189	–	993 189
Total financial liabilities	–	–	24 149 579	1 594 425	25 744 004
Year ended 31 August 2010					
Financial assets					
Listed securities	–	5 099 485	–	–	5 099 485
Loans receivable	1 107 016	–	–	–	1 107 016
Other financial assets	–	4 115	–	–	4 115
Guarantee fees receivable	–	58 386	–	–	58 386
Trade and other receivables	572 277	–	–	–	572 277
Listed security income	153 363	–	–	–	153 363
Cash and cash equivalents	–	606 980	–	–	606 980
Total financial assets	1 832 656	5 768 966	–	–	7 601 622
Financial liabilities					
Debenture capital	–	–	4 831 731	–	4 831 731
Interest-bearing liabilities	–	–	11 549 341	–	11 549 341
Interest rate swaps	–	–	–	199 933	199 933
Other financial liabilities	–	–	–	8 596	8 596
Trade and other payables	–	–	–	636 386	636 386
Linked unitholders for distribution	–	–	456 330	–	456 330
Total financial liabilities	–	–	16 837 402	844 915	17 682 317

Notes to the financial statements *continued*

for the year ended 31 August 2011

39. FINANCIAL RISK MANAGEMENT *continued*

39.2 Liquidity risk *continued*

A maturity analysis of the financial assets and liabilities is set out in the table below:

COMPANY	Less than 1 year R000	1 – 5 years R000	More than 5 years R000	Total R000
Year ended 31 August 2011				
Financial assets				
Listed securities	–	–	4 664 346	4 664 346
Loans receivable	51 210	87 981	19 100	158 291
Guarantee fees receivable	–	21 349	–	21 349
Trade and other receivables	468 730	–	–	468 730
Listed security income	247 255	–	–	247 255
Cash and cash equivalents	17 969	–	–	17 969
Total financial assets	785 164	109 330	4 683 446	5 577 940
Financial liabilities				
Debenture capital	–	–	4 842 309	4 842 309
Interest-bearing liabilities	810 043	5 594 689	997 655	7 402 387
Interest rate swaps	–	87 894	191 573	279 467
Other financial liabilities	–	11 516	–	11 516
Trade and other payables	497 091	–	–	497 091
Linked unitholders for distribution	995 364	–	–	995 364
Total financial liabilities	2 302 498	5 694 099	6 031 537	14 028 134
Interest payments relating to interest-bearing liabilities above	605 189	1 298 189	85 466	1 988 844
Year ended 31 August 2010				
Financial assets				
Trade and other receivables	80 137	–	–	80 137
Cash and cash equivalents	11 717	–	–	11 717
Total financial assets	91 854	–	–	91 854
Financial liabilities				
Debenture capital	–	–	4 842 309	4 842 309
Interest-bearing liabilities	307 214	1 772 272	–	2 079 486
Interest rate swaps	–	–	13 267	13 267
Other financial liabilities	–	2 273	–	2 273
Trade and other payables	19 389	–	–	19 389
Linked unitholders for distribution	457 329	–	–	457 329
Total financial liabilities	783 932	1 774 545	4 855 576	7 414 053

39. FINANCIAL RISK MANAGEMENT *continued*

39.2 Liquidity risk *continued*

Financial instruments by category

	Financial assets At amortised cost R000	Financial assets At fair value through profit or loss R000	Financial liabilities At amortised cost R000	Financial liabilities At fair value through profit or loss R000	Total R000
Year ended 31 August 2011					
Financial assets					
Listed securities	–	4 664 346	–	–	4 664 346
Loans receivable	158 291	–	–	–	158 291
Other financial assets	–	21 349	–	–	21 349
Trade and other receivables	468 730	–	–	–	468 730
Listed security income	247 255	–	–	–	247 255
Cash and cash equivalents	–	17 969	–	–	17 969
Total financial assets	874 276	4 703 664	–	–	5 577 940
Financial liabilities					
Debenture capital	–	–	4 842 309	–	4 842 309
Interest-bearing liabilities	–	–	7 402 387	–	7 402 387
Interest rate swaps	–	–	–	279 467	279 467
Other financial liabilities	–	–	–	11 516	11 516
Trade and other payables	–	–	–	497 091	497 091
Linked unitholders for distribution	–	–	995 364	–	995 364
Total financial liabilities	–	–	13 240 060	788 074	14 028 134
Year ended 31 August 2010					
Financial assets					
Trade and other receivables	80 137	–	–	–	80 137
Cash and cash equivalents	–	11 717	–	–	11 717
Total financial assets	80 137	11 717	–	–	91 854
Financial liabilities					
Debenture capital	–	–	4 842 309	–	4 842 309
Interest-bearing liabilities	–	–	2 079 486	–	2 079 486
Interest rate swaps	–	–	–	13 267	13 267
Other financial liabilities	–	–	–	2 273	2 273
Trade and other payables	–	–	–	19 389	19 389
Linked unitholders for distribution	–	–	457 329	–	457 329
Total financial liabilities	–	–	7 379 124	34 929	7 414 053

39.3 Market risk

Interest rate risk

The group is exposed to interest rate risk through its variable rate cash balances and long-term balances.

The group reduces its exposure to changes in interest rates by fixing interest rates in respect of 74% of its local borrowings. This is achieved by entering into agreements to receive variable and pay fixed interest rate swaps.

An increase (or decrease) of 1% in interest rates for the year ending 31 August 2011 would have decreased (increased) distributions to unitholders by approximately R19,4 million (2010: R29,9 million).

Equity price risk

The group is exposed to equity securities price risk in respect of listed securities held by the group. Any fluctuations in equity prices do not affect distributions paid to unitholders. If equity security prices increased or decreased by 5% of the carrying amount at year-end, the effect on net income before taxation would have been R293 million (2010: R255 million).

Notes to the financial statements *continued*

for the year ended 31 August 2011

39. FINANCIAL RISK MANAGEMENT *continued*

Currency risk

The group is exposed to currency risk due to the investment in RI. As this exposure is held through RIN, Redefine's exposure is limited to fluctuations in RIN's share price and distribution.

The group controls currency risk relating to its investment in its associate by adopting a policy of not distributing attributable income from this investment until a dividend has been declared and paid by the associate.

39.4 Fair value hierarchy

IFRS 7 requires that an entity disclose for each class of financial instruments measured at fair value, the level in the fair value hierarchy into which the fair value measurements are categorised in their entirety.

The fair value hierarchy reflects the significance of the inputs used in making fair value measurements.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The table below analyses financial instruments carried at fair value, by valuation method:

The fair value hierarchy has the following levels:
Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).
Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

GROUP	Designated at fair value R000	Level 1 R000	Level 2 R000	Level 3 R000
Financial assets				
Listed securities	4 664 346	4 664 346	–	–
Other financial assets	12 938	–	–	–
Guarantee fees receivable	21 349	–	21 349	12 938
Cash and cash equivalents	660 148	660 148	–	–
	5 358 781	5 324 494	21 349	12 938
Financial liabilities				
Interest rate swaps	545 783	–	545 783	–
Financial guarantee contract	11 516	–	11 516	–
Trade and other payables	1 037 126	–	1 037 126	–
	1 594 425	–	1 594 425	–

COMPANY	Designated at fair value R000	Level 1 R000	Level 2 R000	Level 3 R000
Financial assets				
Listed securities	4 664 346	4 664 346	–	–
Guarantee fees receivable	21 349	–	21 349	–
Cash and cash equivalents	17 969	17 969	–	–
	4 703 664	4 682 315	21 349	–
Financial liabilities				
Interest rate swaps	279 467	–	279 467	–
Financial guarantee contract	11 516	–	11 516	–
Trade and other payables	497 091	–	497 091	–
	788 074	–	788 074	–

39. FINANCIAL RISK MANAGEMENT *continued*

39.4 Fair value hierarchy *continued*

39.4.1 Reconciliation between the opening balance and closing balance for fair value measurements in Level 3

	Total R000
Opening balance	4 115
Interest rate caps	8 823
Closing balance	12 938

There have been no transfers between Levels 1 to 3 and there have been no changes to the valuation methods used.

39.4.2 Sensitivity of fair values to reasonably possible alternative assumptions by Level 3 instrument type

The fair value of financial instruments in Level 3 is measured using valuation techniques that incorporate assumptions that are not evidenced by prices from observable market data. The following table shows the sensitivity of these fair values to reasonably possible alternative assumptions, determined at a transactional level:

	Reflected in the statement of comprehensive income	
	Favourable changes R000	Unfavourable changes R000
Other financial assets	1 041	4 166
Total	1 041	4 166

As a portion of these financial assets relate to unlisted investments in the United Kingdom, a favourable change has been included as a 25% increase in underlying value, while an unfavourable change has been included as a 100% decrease in investment, ie total loss.

40. CAPITAL MANAGEMENT

RI and RIFM borrowings of R10,7 billion (2010: R3,1 billion) are negotiated directly by them, have no recourse to Redefine's South African balance sheet, whatsoever, and are excluded from all the ratios below. The investment in RIN has been included in the value of listed investments as part of the local listed securities portfolio.

In terms of the articles of association and the trust deed, there are no restrictions on borrowings. However, to protect Redefine's exposure, the board has imposed a limit on borrowings of 45% of total assets.

Excluding RI and RIFM, Redefine's borrowings at 31 August 2011, borrowings represented 29% (2009: 34%) of the value of its property and listed securities portfolio.

The group's capital management objective is to maintain a strong capital base to safeguard the entity's ability to provide reasonable returns to unitholders and other stakeholders. The group manages its capital structure with reference to risk and other changes in economic conditions.

	GROUP	
	2011 R000	2010 R000
Value of the property portfolio	20 157 756	19 538 532
– Consolidated property portfolio	31 525 217	22 130 205
– Ringfenced international property portfolio	(11 367 461)	(2 591 673)
Value of listed investments	5 706 890	5 206 384
– Consolidated listed investments	4 664 346	5 099 485
– Investment in RI	1 042 544	958 104
– Ringfenced international listed investments	–	(851 205)
South African property portfolio and listed investments	25 864 646	24 744 916
45% (2010: 45%) thereof	11 639 091	11 135 212
South African borrowings utilised	7 627 397	8 405 192
– Consolidated borrowings	18 324 659	11 549 341
– Ringfenced international borrowings	(10 697 262)	(3 144 149)
South African unutilised borrowings capacity	4 011 694	2 730 020

Notes to the financial statements *continued*

for the year ended 31 August 2011

41. RELATED PARTY TRANSACTIONS

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.

During the year the company, in the ordinary course of business, entered into various transactions with its subsidiaries. The effect of these transactions are included in the financial performance and results of the company. Terms and conditions are determined on an arm's length basis.

Related parties with whom Redefine transacted during the year were:

	GROUP		COMPANY	
	2011 R000	2010 R000	2011 R000	2010 R000
Redefine Properties International Limited				
Income comprising interest distributions	–	–	94 214	–
Interest paid	–	–	(455)	–
Interest received	–	–	480	–
Loan receivable	–	–	5 000	–
Relationship: Subsidiary company				
Madison Property Fund Managers				
Income comprising interest distributions	–	–	21 415	–
Asset management fees paid	–	–	8 500	–
Loan receivable	–	–	234 155	–
Relationship: Subsidiary company				
Freedom Square (Pty) Limited				
Loan receivable	–	–	55 501	–
Interest received	–	–	5 199	–
Relationship: Subsidiary company				–
ApexHi BEE Trust				
Income comprising interest distributions	2 472	5 184	–	–
Relationship: Trustee and shareholding				
Dipula Property Investment Trust				
Asset management fees	1 802	1 896	–	–
Relationship: Associate company*				
Mergence Africa Property Investment Trust				
Asset management fees	1 356	1 454	–	–
Relationship: Associate company*				
Directors' emoluments				
Non-executive directors (refer to page 90)	1 523	1 320	1 523	–
Executive directors (refer to page 90)	15 392	21 522	15 392	–

**At year-end Dipula and Mergence are no longer associate companies.*

42. JOINTLY CONTROLLED ASSETS

	GROUP 2011 R000	GROUP 2010 R000	COMPANY 2011 R000	COMPANY 2010 R000
42.1 South Coast Mall (50% interest)				
South Coast Mall, a jointly controlled and co-owned asset between Redefine and Hyprop, is proportionately consolidated on a line-by-line basis.				
Non-current assets	146 667	146 261	146 667	–
Current assets	5 412	1 981	5 412	–
Non-current liabilities	99 042	106 652	99 042	–
Current liabilities	928	1 011	928	–
Income	9 797	22 486	9 797	–
Expenses	21 327	29 577	21 327	–
42.2 Dock Road (50% interest)				
1 Dock Road, a jointly controlled and co-owned asset between Redefine and SA Reit, is proportionately consolidated on a line-by-line basis.				
Non-current assets	61 752	61 752	61 752	–
Current assets	–	–	–	–
Non-current liabilities	61 752	61 752	61 752	–
Current liabilities	–	–	–	–
Income	–	–	–	–
Expenses	–	–	–	–

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	R000	R000	**R000**	R000
42. JOINTLY CONTROLLED ASSETS *continued*				
42.3 Oasis Joint Venture (50% interest)				
Non-current assets				
Current assets	**19 278**	45 917	**19 278**	–
Non-current liabilities	**–**	–	**–**	–
Current liabilities	**20 614**	46 757	**20 614**	–
Income	**3 423**	13 032	**3 423**	–
Expenses	**3 920**	16 282	**3 920**	–
All assets and liabilities have been transferred to non-current assets and liabilities held-for-sale at year-end.				
42.4 Broadlands Joint Venture (50% interest)				
Non-current assets	**–**	32	**–**	–
Current assets	**–**	6 780	**–**	–
Non-current liabilities	**8 242**	4 592	**8 242**	–
Current liabilities	**–**	8 659	**–**	–
Income	**–**	170	**–**	–
Expenses	**1 662**	2 305	**1 662**	–
All assets and liabilities have been transferred to non-current assets and liabilities held-for-sale at year-end.				
42.5 Brickfield Joint Venture (50% interest)				
Non-current assets	**–**	–	**–**	–
Current assets	**22 034**	147 787	**22 034**	–
Non-current liabilities	**–**	3 616	**–**	–
Current liabilities	**18 550**	147 515	**18 550**	–
Income	**1 662**	20 878	**1 662**	–
Expenses	**–**	24 041	**–**	–
All assets and liabilities have been transferred to non-current assets and liabilities held-for-sale at year-end.				

Notes to the financial statements *continued*

for the year ended 31 August 2011

43. SEGMENTAL REPORT

The group is managed principally in two segments, local and international with the international segment being an independently managed and listed group entity, which is responsible for all aspects of their business. The international segment is managed by the Redefine Properties Limited board as a listed security. The local segment is further divided into the subsectors of office, retail and industrial, however this is limited as follows:

– on the statement of comprehensive income to:
- contractual rental income
- property expenses

– on the statement of financial position to:
- investment properties excluding developments
- non-current assets held for sale

All other line items are split between local and international as they are not split between the subsectors above for management purposes.

	Office	Retail	Industrial	International	Total
2011					
Contractual rental income	1 255 220	922 604	358 888	226 410	2 763 122
Property expenses	(330 429)	(218 184)	(62 459)	(121 576)	(732 648)
Net property income	924 791	704 420	296 429	104 834	2 030 474

	Local	International	Total
Net property income	1 925 640	104 834	2 030 474
Straight-line rental income	(8 217)	–	(8 217)
Listed securities portfolio	299 440	42 927	342 367
Fee income	128 931	76 554	205 485
Hotel income	–	157 628	157 628
Property trading income	36 556	–	36 556
Revenue	2 382 350	381 943	2 764 293
Admin and corporate costs	(76 956)	(65 651)	(142 607)
Depreciation	(13 886)	(2 294)	(16 180)
Segment profit from operations	2 291 508	313 998	2 605 506
Changes in fair values of properties, listed securities and financial instruments	499 238	33 067	532 305
Amortisation of intangibles	(62 856)	(33 952)	(96 808)
Impairment losses	(182 305)	(666 408)	(848 713)
Interest in associates	(1 244)	(18 744)	(19 988)
Income from operations	2 544 341	(372 039)	2 172 302

	Office	Retail	Industrial	International	Total
Investment properties	8 181 042	6 578 164	2 540 345	11 169 872	28 469 423
Non-current assets held-for-sale	1 087 299	1 093 780	465 103	–	2 646 182
	9 268 341	7 671 944	3 005 448	11 169 872	31 115 605

	Local	International	Total
Investment properties and non-current assets held-for-sale	19 945 733	11 169 872	31 115 605
Other assets	10 855 125	2 392 756	13 247 881
Total assets	30 800 858	13 562 628	44 363 486
Total liabilities (including debenture capital)	(15 616 252)	(11 690 984)	(27 307 236)
Total liabilities (excluding debenture capital)	(10 784 521)	(11 690 984)	(22 475 505)

43. SEGMENTAL REPORT *continued*

	Office	Retail	Industrial	International	Total
2010					
Contractual rental income	1 182 781	898 132	321 044	100 180	2 502 137
Property expenses	(275 691)	(192 631)	(57 793)	(11 524)	(537 639)
Net property income	907 090	705 501	263 251	88 656	1 964 498

	Local	Foreign	Total
Net property income	1 875 841	88 656	1 964 496
Straight-line rental income	155 841		155 841
Listed securities portfolio	230 624	35 474	266 098
Fee income	100 351	93 013	193 364
Hotel income	–	–	–
Property trading income	19 963	–	19 963
Revenue	2 382 620	217 143	2 599 763
Admin and corporate costs	(48 706)	(50 886)	(99 592)
Depreciation	(35 443)	(869)	(36 312)
Segment profit from operations	2 298 470	165 388	2 463 859
Changes in fair values of properties, listed securities and financial instruments	849 178	510 091	1 359 269
Amortisation of intangibles	(76 158)	(31 984)	(108 142)
Impairment losses	(39 577)	(24 566)	(64 143)
Interest in associates	(2 831)	(60 100)	(62 931)
Income from operations	3 029 083	558 829	3 587 912

	Office	Retail	Industrial	International	Total
Investment properties	8 427 702	7 374 696	3 194 705	2 258 348	21 255 451
Non-current assets held-for-sale	242 760	75 500	33 099	–	351 359
	8 670 462	7 450 196	3 227 804	2 258 348	21 606 810

	Local	Foreign	Total
Investment properties and non-current assets held-for-sale	19 348 462	2 258 348	21 606 810
Other assets	11 053 181	2 312 131	13 365 312
Total assets	30 401 643	4 570 479	34 972 122
Total liabilities (including debenture capital)	(15 557 676)	(3 612 996)	(19 170 672)
Total liabilities (excluding debenture capital)	(10 725 945)	(3 612 996)	(14 338 941)

Unitholders' diary

Financial year-end	31 August 2011
Annual report to be posted to unitholders	16 January 2012
Annual general meeting	22 February 2012

DISTRIBUTION TIMETABLE FOR 2012 FINANCIAL YEAR		
Distribution number	47	48
Six months ended	29 February 2012	31 August 2012
Declaration date	3 May 2012	1 November 2012
Payment date of interest distribution	28 May 2012	26 November 2012

In line with the amendments to the debenture trust deed, the distributions have been changed to twice a year.

Notice of annual general meeting of shareholders and debenture holders

REDEFINE PROPERTIES LIMITED
Registration number 1999/018591/06
("Redefine" or "the company")
JSE share code: RDF
ISIN code: ZAE 000143178
Bond code: RDFCO1
ISIN: ZAG 00088998

Notice is hereby given that the annual general meeting of shareholders and debenture holders ("unitholders") of Redefine will be held at the offices of the company at Redefine Place, 2 Arnold Road, Rosebank, on 22 February 2012 at 10:00 for the purposes of:

A. Presenting the consolidated audited annual financial statement of the company and its subsidiaries for the year ended 31 August 2011, incorporating the reports of the auditors, the audit and risk committee and the directors. Considering and adopting the annual financial statements of the company for the year ended 31 August 2011;

B. Transacting any other business as may be transacted at an annual general meeting of shareholders of a company;

1. Considering and, if deemed fit, adopting, with or without modification, the shareholder special and ordinary resolutions set out below in the manner required by the Companies Act of 2008 as amended (the "Companies Act"):

1.1. SPECIAL RESOLUTION 1: LINKED UNIT REPURCHASES

"Resolved that the directors be authorised in terms of the company's Memorandum of Incorporation (MoI), 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, to enable the company or any subsidiary of the company to acquire linked units of the company subject to the Listings Requirements of the JSE Limited (JSE) and the Companies Act, on the following bases:

a) The acquisition of linked units must be implemented through the order book operated by the JSE trading system without any prior understanding or arrangement between the company and the counterparty.
b) The company (or any subsidiary) must be authorised to do so in terms of its MoI.
c) The number of linked units which may be acquired pursuant to this authority in any financial year (which commenced 1 September 2011) may not in the aggregate exceed 20% (or 10% where the acquisitions are effected by a subsidiary) of the company's share capital as at the date of this notice of annual general meeting.
d) Repurchases may not be made at a price more than 10% 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.
e) Repurchases may not take place during a prohibited period (as defined in paragraph 3.67 of the Listings Requirements of the JSE) unless a repurchase programme is in place and the dates and quantities of linked units to be repurchased during the prohibited period have been determined and full details thereof announced on SENS prior to commencement of the prohibited period.
f) After the company has acquired linked units which constitute, on a cumulative basis, 3% of the number of linked units in issue (at the time that authority from linked 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 applicable from time to time.
g) The company's sponsor must confirm the adequacy of the company's working capital for purposes of undertaking the repurchase of linked units in writing to the JSE prior to the company (or any subsidiary) entering the market to proceed with the repurchase.
h) The company (or any subsidiary) shall appoint only one agent to effect repurchases on its behalf."

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

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

Notice of annual general meeting of shareholders and debenture holders *continued*

The directors undertake that, after considering the maximum number of linked units that may be repurchased and the price at which the repurchases may take place pursuant to the buyback general authority, for a period of 12 months after the date of this annual general meeting:

- *the company and the group will, in the ordinary course of business, be able to pay its debts;*
- *the consolidated assets of the company and the group fairly valued in accordance with International Financial Reporting Standards, will be in excess of the consolidated liabilities of the company and the group after the buyback; and*
- *the company's and the group's share capital, reserves and working capital will be adequate for ordinary business purposes.*

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 Listings Requirements of the JSE for purposes of this general authority:

- Directors – page 88;
- Major beneficial unitholders – page 83;
- Directors' interests in linked units – page 89; and
- Capital structure of the company – page 88.

Litigation statement

In terms of section 11.26 of the Listings Requirements of the JSE, the directors, whose names appear on page 88 of the integrated annual report of which this notice forms part, are not aware of any legal or arbitration proceedings including proceedings that are pending or threatened, that may have or have had in the recent past (being at least the previous 12 months) a material effect on the company's financial position.

Directors' responsibility statement

The directors whose names appear on page 88 of the annual report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information required by the Companies Act, No 71 of 2008, as amended, and the Listings Requirements of the JSE.

Material changes

Other than the facts and developments reported on in the annual report of which this notice forms part, there have been no material changes in the affairs or financial position of the company and its subsidiaries since the date of signature of the audit report for the financial year ended 31 August 2011 and up to the date of this notice.

Reason for and effect of Special Resolution 1

The reason for Special Resolution 1 is to afford directors of the company a general authority for the company (or a subsidiary of the company) to effect a buyback of the company's linked units on the JSE. The effect of the resolution will be that the directors will have the authority, subject to the Listings Requirements of the JSE and the Companies Act, No 71 of 2008, as amended, to effect acquisitions of the company's linked units on the JSE.

This resolution will require the support of at least 75% of the voting rights exercised on it in order for it to be adopted.

1.2 SPECIAL RESOLUTION 2: FINANCIAL ASSISTANCE TO RELATED OR INTER-RELATED COMPANY

"Resolved that, to the extent required by the Companies Act, the board of directors of the company may, subject to compliance with the requirements of the company's MoI, the Companies Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time, authorise the company to provide direct or indirect financial assistance in terms of section 45 of the Companies Act by way of loans, guarantees, the provisions of security or otherwise, to any of its present or future subsidiaries and/or any other company or corporation that is or becomes related or inter-related (as defined in the Companies Act) to the company for any purpose or in connection with any matter, such authority to endure until the next annual general meeting of the company".

The board of directors of the company may not authorise the company to provide any financial assistance pursuant to this special resolution unless the board meets all the requirements of section 45 of the Companies Act which it is required to meet in order to authorise financial assistance.

The reason and effect for Special Resolution 2:

The company, when the need previously arose, had to provide loans to and guarantee loans or other obligations of subsidiaries and was not precluded from doing so in terms of its articles of association or in terms of the Companies Act, No 61 of 1973, as amended. The company would like the ability to continue to provide financial assistance, if necessary, also in other circumstances, in accordance with section 45 of the Companies Act. This authority is necessary for the company to continue to provide financial assistance in appropriate circumstances. Under the Companies Act, the company will, however, require the special resolution referred to above to be adopted, provided that the board of directors of the company be satisfied that the terms under which the financial assistance is proposed to be given are fair and reasonable to the company and, immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test contemplated in the Companies Act. In the circumstances and in order to, inter alia, ensure that the company's subsidiaries and other related and inter-related companies and corporations have access to financing and/or financial backing from the company (as opposed to banks), it is necessary to obtain the approval of shareholders, as set out in Special Resolution 2. Therefore, the reason for, and effect of, Special Resolution 2 is to permit the company to provide direct or indirect financial assistance (within the meaning attributed to that term in section 45 of the Companies Act) to the entities referred to in Special Resolution 2 above.

This resolution will require the support of at least 75% of the voting rights exercised on it in order for it to be adopted.

1.3 ORDINARY RESOLUTION 1: RE-ELECTION OF DIRECTOR

"Resolved that GJ Heron who retires by rotation in terms of the company's MoI and who, being eligible, offers himself for re-election, be re-elected as a director of the company."

An abridged curriculum vitae is included in the annual report of which this notice forms part.

This resolution will require the support of more than 50% of the voting rights exercised on it in order for it to be adopted.

1.4 ORDINARY RESOLUTION 2: RE-ELECTION OF DIRECTOR

"Resolved that AJ Konig who retires in terms of the company's MoI and who, being eligible, offers himself for re-election, be re-elected as a director of the company."

An abridged curriculum vitae is included in the annual report of which this notice forms part.

This resolution will require the support of more than 50% of the voting rights exercised on it in order for it to be adopted.

1.5 ORDINARY RESOLUTION 3: RE-ELECTION OF DIRECTOR

"Resolved that DJ Perton who retires by rotation in terms of the company's MoI and who, being eligible, offers herself for re-election, be re-elected as a director of the company."

An abridged curriculum vitae is included in the annual report of which this notice forms part.

This resolution will require the support of more than 50% of the voting rights exercised on it in order for it to be adopted.

1.6 ORDINARY RESOLUTION 4: RE-ELECTION OF DIRECTOR

"Resolved that DH Rice who retires by rotation in terms of the company's MoI and who, being eligible, offers himself for re-election, be re-elected as a director of the company."

An abridged curriculum vitae is included in the annual report of which this notice forms part.

This resolution will require the support of more than 50% of the voting rights exercised on it in order for it to be adopted.

Notice of annual general meeting of shareholders and debenture holders *continued*

1.7 ORDINARY RESOLUTION 5: RE-APPOINTMENT OF MEMBERS OF THE AUDIT COMMITTEE

"Resolved that GJ Heron (Chairman), B Nackan and G Leissner be re-appointed as members of the audit committee".

This resolution will require the support of more than 50% of the voting rights exercised on it in order for it to be adopted.

1.8 ORDINARY RESOLUTION 6: RE-APPOINTMENT OF AUDITORS

"Resolved that PKF (Jhb) Inc. be re-appointed as the auditors of the company."

This resolution will require the support of more than 50% of the voting rights exercised on it in order for it to be adopted.

1.9 ORDINARY RESOLUTION 7: UNISSUED LINKED UNITS

"Resolved that all authorised but unissued linked units of the company be placed under the control of the directors of the company until the next annual general meeting, with the authority to allot and issue all or part thereof in their discretion, subject to the provisions of the Companies Act, No 71 of 2008, as amended, and the Listings Requirements of the JSE Limited."

This resolution will require the support of more than 50% of the voting rights exercised on it in order for it to be adopted.

1.10 ORDINARY RESOLUTION 8: ISSUE OF LINKED UNITS FOR CASH

"Resolved that, pursuant to the MoI of the company, the directors of the company be and are hereby authorised until this authority lapses at the next annual general meeting of the company, provided that this authority shall not extend beyond 15 months, to allot and issue linked units for cash subject to the Listings Requirements of the JSE Limited ("JSE") and the Companies Act, No 71 of 2008, on the following bases:

a) The allotment and issue of linked units for cash shall be made only to persons qualifying as public shareholders and not to related parties, as defined in the Listings Requirements of the JSE.
b) The number of linked units issued for cash shall not in the aggregate in the financial year of the company (which commenced 1 September 2011) exceed 3% of the company's issued linked units. The number of linked units which may be issued for cash shall be based on the number of linked units in issue at the date of the application, less any linked units issued by the company during the current financial year, provided that any linked units to be issued for cash pursuant to a rights issue (announced and irrevocable and underwritten) or acquisition (concluded up to the date of application) may be included as though they were linked units in issue at the date of application.
c) The maximum discount at which linked units may be issued for cash is 10% of the weighted average price on the JSE of those linked units over 30 days prior to the date that the price of the issue is agreed between the company and the party subscribing for the linked units.
d) After the company has issued linked units for cash which represent, on a cumulative basis within a financial year, 5% or more of the number of linked units in issue prior to that issue, the company shall publish an announcement containing full details of the issue, including the effect of the issue on the net asset value, net tangible asset value, earnings, headline earnings, and, if applicable, diluted earnings and diluted headline earnings per linked unit of the company.
e) The linked units which are the subject of the issue for cash must be of a class already in issue, or, where this is not the case, must be limited to such linked units or rights that are convertible into a class already in issue."

In terms of the Listings Requirements of the JSE a 75% majority of the votes cast by unitholders present or represented by proxy at the annual general meeting must be cast in favour of Ordinary Resolution 8 for it to be approved.

1.11 ORDINARY RESOLUTION 9: SIGNATURE OF DOCUMENTATION

"Resolved that a director of the company or the company secretary be and is hereby authorised to sign all such documentation and do all such things as may be necessary for or incidental to the implementation of Ordinary Resolutions numbers 1, 2, 3, 4, 5, 6, 7 and 8 and Special Resolutions numbers 1 and 2 which are passed by the linked unitholders with and subject to the terms thereof."

This resolution will require the support of more than 50% of the voting rights exercised on it in order for it to be adopted.

C. Transacting any other business as may be transacted at an annual general meeting of debenture holders of a company; and

1. Considering and, if deemed fit, adopting with or without modification, the debenture holder special and ordinary resolutions set out below:

1.1 DEBENTURE SPECIAL RESOLUTION 1: LINKED UNIT REPURCHASES

"Resolved that the directors be authorised in terms of the company's MoI and the provisions of the Redefine Debenture Trust Deed, until this authority lapses at the next annual general meeting of the company, provided that this authority shall not extend beyond 15 months, to enable the company or any subsidiary of the company to acquire linked units of the company subject to the Listings Requirements of the JSE Limited (JSE) and the Companies Act, No 71 of 2008, as amended, on the following bases:

a) The acquisition of linked units must be implemented through the order book operated by the JSE trading system without any prior understanding or arrangement between the company and the counterparty.

b) The company (or any subsidiary) must be authorised to do so in terms of its articles of association.

c) The number of linked units which may be acquired pursuant to this authority in the financial year (which commenced 1 September 2011) may not in the aggregate exceed 20% (or 10% where the acquisitions are effected by a subsidiary) of the company's issued linked units as at the date of this notice of annual general meeting.

d) Repurchases may not be made at a price more than 10% 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.

e) Repurchases may not take place during a prohibited period (as defined in paragraph 3.67 of the Listings Requirements of the JSE) unless a repurchase programme is in place and the dates and quantities of linked units to be repurchased during the prohibited period have been determined and full details thereof announced on SENS prior to commencement of the prohibited period.

f) After the company has acquired linked units which constitute, on a cumulative basis, 3% of the number of linked units in issue (at the time that authority from linked 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 applicable from time to time.

g) The company's sponsor must confirm the adequacy of the company's working capital for purposes of undertaking the repurchase of linked units in writing to the JSE prior to the company (or any subsidiary) entering the market to proceed with the repurchase.

h) The company (or any subsidiary) shall appoint only one agent to effect repurchases on its behalf."

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

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

The directors undertake that, after considering the maximum number of linked units that may be repurchased and the price at which the repurchases may take place pursuant to the buyback general authority, for a period of 12 months after the date of this annual general meeting:

- *the company and the group will, in the ordinary course of business, be able to pay its debts;*
- *the consolidated assets of the company and the group, fairly valued in accordance with International Financial Reporting Standards, will be in excess of the consolidated liabilities of the company and the group after the buyback; and*
- *the company's and the group's share capital, reserves and working capital will be adequate for ordinary business purposes.*

Notice of annual general meeting of shareholders and debenture holders *continued*

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 Listings Requirements of the JSE for purposes of this general authority:

- Directors – page 88;
- Major beneficial unitholders – page 83;
- Directors' interests in linked units – page 89; and
- Capital structure of the company – page 88.

Litigation statement

In terms of section 11.26 of the Listings Requirements of the JSE, the directors, whose names appear on page 88 of the annual report of which this notice forms part, are not aware of any legal or arbitration proceedings including proceedings that are pending or threatened, that may have or have had in the recent past (being at least the previous 12 months) a material effect on the company's financial position.

Directors' responsibility statement

The directors, whose names appear on page 88 of the integrated annual report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information pertaining to this debenture 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 debenture resolution contains all information required by the Companies Act, No 71 of 2008, as amended, and the Listings Requirements of the JSE.

Material changes

Other than the facts and developments reported on in the integrated annual report of which this notice forms part, there have been no material changes in the affairs or financial position of the company and its subsidiaries since the date of signature of the audit report for the financial year ended 31 August 2011 and up to the date of this notice.

In terms of the Redefine Debenture Trust Deed, the resolution is classed as a debenture Special Resolution and as such is required to be passed by a majority consisting of not less than 75% of the votes cast by debenture holders present in person or represented by proxy at the meeting.

1.2 DEBENTURE SPECIAL RESOLUTION 2: ISSUE OF LINKED UNITS FOR CASH

"Resolved that, pursuant to the MoI of the company and the Redefine Debenture Trust Deed, the directors of the company be and are hereby authorised until this authority lapses at the next annual general meeting of the company, provided that this authority shall not extend beyond 15 months, to allot and issue linked units for cash subject to the Listings Requirements of the JSE Limited (JSE) and the Companies Act, No 71 of 2008, on the following bases:

a) The allotment and issue of linked units for cash shall be made only to persons qualifying as public unitholders and not to related parties, as defined in the Listings Requirements of the JSE.

b) The number of linked units issued for cash shall not in the aggregate in the financial year of the company (which commenced 1 September 2011) exceed 3% of the company's issued linked units. The number of linked units which may be issued for cash shall be based on the number of linked units in issue at the date of the application, less any linked units issued by the company during the current financial year, provided that any linked units to be issued for cash pursuant to a rights issue (announced and irrevocable and underwritten) or acquisition (concluded up to the date of application) may be included as though they were linked units in issue at the date of application.

c) The maximum discount at which linked units may be issued for cash is 10% of the weighted average price on the JSE of those linked units over 30 days prior to the date that the price of the issue is agreed between the company and the party subscribing for the linked units.

d) After the company has issued linked units for cash which represent, on a cumulative basis within a financial year, 5% or more of the number of linked units in issue prior to that issue, the company shall publish an announcement containing full details of the issue, including the effect of the issue on the net asset value, net tangible asset value, earnings, headline earnings, and, if applicable, diluted earnings and diluted headline earnings per linked unit of the company.

e) The linked units which are the subject of the issue for cash must be of a class already in issue, or, where this is not the case, must be limited to such linked units or rights as are convertible into a class already in issue."

In terms of the Listings Requirements of the JSE a 75% majority of the votes cast by debenture holders present in person or represented by proxy at the annual general meeting must be cast in favour of Debenture Special Resolution 2 for it to be approved.

1.3 DEBENTURE ORDINARY RESOLUTION 1: UNISSUED LINKED UNITS

"Resolved that all authorised but unissued linked units of the company be placed under the control of the directors of the company until the next annual general meeting, with the authority to allot and issue all or part thereof in their discretion, subject to the provisions of the Companies Act, No 71 of 2008, as amended, and the Listings Requirements of the JSE Limited."

This resolution will require the support of more than 50% of the voting rights exercised on it in order for it to be adopted.

1.4 DEBENTURE ORDINARY RESOLUTION 2: SIGNATURE OF DOCUMENTATION

"Resolved that a director of the company or the company secretary be and is hereby authorised to sign all such documentation and do all such things as may be necessary for or incidental to the implementation of Debenture Special Resolutions 1 and 2 and Debenture Ordinary Resolution 1, which are passed by the linked unitholders with and subject to the terms thereof."

This resolution will require the support of more than 50% of the voting rights exercised on it in order for it to be adopted.

Electronic participation in the annual general meeting

Unitholders wishing to participate electronically in the annual general meeting are required to deliver written notice to Probity Business Services at 3rd Floor, The Mall Offices, 11 Cradock Avenue, Rosebank, 2196 (PO Box 85392, Emmarentia, 2029), South Africa (marked for the attention of Neville Toerien, Company Secretary) by no later than close of business on Friday, 17 February 2012 that they wish to participate via electronic communication at the annual general meeting (the "electronic notice").

In order for the electronic notice to be valid it must contain: (a) if the unitholder is an individual, a certified copy of his/her identity document and/or passport; (b) if the unitholder is not an individual, a certified copy of a resolution or letter of representation by the relevant entity and a certified copy of the identity document and/or passports of the persons who passed the relevant resolution. The authority resolution must set out who from the relevant entity is authorised to represent the entity at the annual general meeting via electronic communication; (c) a valid email address and/or facsimile number (the "contract address/number") and (d) if the unitholder wishes to vote via electronic communication, set out that the unitholders wishes to vote via electronic communication.

By no later than 48 (forty-eight) hours before the annual general meeting the company shall use its reasonable endeavours to notify the unitholder at its contact address/number who has delivered a valid electronic notice of the relevant details through which the unitholder can participate via electronic communication.

Should you wish to participate in the annual general meeting by way of electronic communication as aforesaid, you, or your proxy, will be required to dial in on the date of the annual general meeting. The dial-in facility will be linked to the venue at which the annual general meeting will take place on the date of, and from the time of commencement of, the annual general meeting. The dial-in facility will enable all persons to participate electronically in the annual general meeting in this manner and to communicate concurrently with each other without an intermediary, and to participate reasonably effectively in the annual general meeting.

Voting and proxies

Any person attending or participating in the annual general meeting must present reasonably satisfactory identification and the person presiding at the annual general meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as a unitholder/as a proxy for a unitholder) has been reasonably verified.

Each of Redefine's linked units comprise one ordinary share and one debenture. Certificated and own-name dematerialised unitholders are therefore advised that they must complete a separate form of proxy for shareholders and for debenture holders in order for their vote/s to be valid. The form of proxy for certificated and own-name dematerialised shareholders is set out on page 163 of the annual report and the form of proxy for certificated and own-name dematerialised debenture holders is set out on page 165 of the annual report.

Notice of annual general meeting of shareholders and debenture holders *continued*

A unitholder of the company entitled to attend, speak and vote at the annual general meeting is entitled to appoint a proxy or proxies to attend, speak and to vote in his/her stead. The proxy need not be a unitholder of the company.

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 in the company held by such unitholder.

A form of proxy is attached for the convenience of certificated and own-name dematerialised unitholders holding linked units in the company who cannot attend the annual general meeting but wish to be represented thereat.

Such unitholders must complete and return the attached form of proxy and lodge it with the transfer secretaries of the company.

Dematerialised unitholders who have not elected own-name registration in the subregister of the company through a Central Securities Depository Participant (CSDP) and who wish to attend the annual general meeting, must instruct the CSDP or broker to provide them with the necessary authority to attend, such unitholders must not complete the attached form of proxy.

Dematerialised unitholders who have not elected own-name registration in the sub-register of the company through a CSDP and who are unable to attend, but wish to vote at the annual general meeting, must timeously provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between that unitholder and the CSDP or broker. Such unitholders are advised that they must provide their CSDP or broker with separate voting instructions in respect of the shares and the debentures in terms of their linked units.

Forms of proxy may also be obtained on request from the company's registered office. The completed forms of proxy must be deposited at, posted or faxed to the transfer secretaries Computershare Investor Services (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 annual general meeting should the unitholder subsequently decide to do so.

Important dates
- Record date for purposes of receiving this notice: Friday, 6 January 2012
- Record date for purposes of voting at the meeting: Friday, 10 February 2012

By order of the board

PROBITY BUSINESS SERVICES (PTY) LIMITED
Company Secretary

Registered office
3rd Floor
Redefine Place
2 Arnold Road
Rosebank
2196

Transfer Secretaries
Computershare Investor Services (Pty) Limited
Ground Floor
70 Marshall Street
Johannesburg
2001

Form of proxy

OF SHAREHOLDERS

REDEFINE PROPERTIES LIMITED
Registration number 1999/018591/06
("Redefine" or the "company")
JSE share code: RDF
ISIN code: ZAE 000143178
Bond code: RDFCO1
ISIN: ZAG 00088998

Each of Redefine's linked units comprise one ordinary share and one debenture. Certificated and own-name dematerialised shareholders are therefore advised that they must complete a separate form of proxy for certificated and own-name dematerialised shareholders and a separate form of proxy for certificated and own-name dematerialised debenture holders in order for their vote/s to be valid. The form of proxy for certificated and own-name dematerialised debenture holders is included in the integrated annual report.

This form of proxy is for use by the holders of the company's certificated linked units ("certificated unitholders") and/or dematerialised linked units held through a Central Securities Depository Participant ("CSDP") or broker who have selected own-name registration and who cannot attend but wish to be represented at the annual general meeting of the company at Redefine Place, 2 Arnold Road, Rosebank, on Wednesday, 22 February 2012 at 10:00 or any adjournment if required. Additional forms of proxy are available at the company's registered office.

Not for the 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 but wish to be represented thereat, in order for the CSDP or broker to vote in accordance with their instructions.

I/We (name in block letters) ____

of (address) ____

being the registered holder of ____________________ ordinary shares in the issued share capital of the company hereby

appoint: __________ of ________________________________

or failing him/her, ____________________ of ____________________

or failing him/her, the chairperson of the annual general meeting as my/our proxy to vote for me/us on my/our behalf at the annual general meeting of the company and at any adjournment thereof.

Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast. Unless this is done the proxy will vote as he/she thinks fit.

		In favour of	Against	Abstain
1.1	Special Resolution 1: General authority to enable the company (or any subsidiary) to repurchase linked units of the company			
1.2	Special Resolution 2: General authority for the company to grant financial assistance to related and inter-related companies			
1.3	Ordinary Resolution 1: To re-elect GJ Heron as a director of the company			
1.4	Ordinary Resolution 2: To re-elect AJ Konig as a director of the company			
1.5	Ordinary Resolution 3: To re-elect DJ Perton as a director of the company			
1.6	Ordinary Resolution 4: To re-elect DH Rice as a director of the company			
1.7	Ordinary Resolution 5: To reappoint members of the audit committee			
1.8	Ordinary Resolution 6: To reappoint PKF (Jhb) Inc. as auditors of the company			
1.9	Ordinary Resolution 7: Authority to place the unissued linked units under the control of directors			
1.10	Ordinary Resolution 8: General authority to enable the company to issue for cash up to 3% of the authorised but unissued linked units			
1.11	Ordinary Resolution 9: To authorise the signature of documentation			

Signed this __________ day of __________ 2012

Signature __________ assisted by __________ (if applicable)

Please read the notes on the reverse.

Notes to the form of proxy
OF SHAREHOLDERS

1. Each of Redefine's linked units comprise one ordinary share and one debenture. Certificated and own-name dematerialised shareholders are therefore advised that they must complete a separate form of proxy for certificated and own-name dematerialised shareholders and a separate form of proxy for certificated and own-name dematerialised debenture holders in order for their vote/s to be valid. The form of proxy for certificated and own-name dematerialised debenture holders is included in the integrated annual report.
2. This form of proxy is to be completed only by those members who are:
   - holding linked units in certificated form; or
   - recorded in the subregister in electronic form in their "own name" on the date on which unitholders must be recorded as such in the register maintained by the transfer secretaries, being Friday, 10 February 2012 ("record date") and who wish to appoint another person to represent them at the annual general meeting.
3. Each unitholder is entitled to appoint one or more proxies (none of whom need to be a unitholder of the company) to attend, speak and vote in place of that shareholder at the annual general meeting.
4. Unitholders that are certificated or own-name dematerialised unitholders may insert the name of a proxy or the names of two alternate proxies of the unitholder'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 shareholders. The person whose name stands first on the form of proxy and who is present at the annual 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.
5. 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 boxes 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.
6. Irrespective of the form of instrument used to appoint a proxy: the appointment is suspended at any time and to the extent that the unitholder chooses to act directly and in person in the exercise of any rights as unitholder; a unitholder may revoke the proxy appointment by cancelling it in writing or by making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the company's transfer secretaries.
7. 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 from may not exceed the total of the votes exercisable in respect of the linked units held by the unitholder.
8. Forms of proxy must be lodged at, posted or faxed to the transfer secretaries, Computershare Investor Services (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.
9. The completion and lodging of this form of proxy will not preclude the relevant unitholder from attending the annual 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.
10. Where there are joint holders of any linked units, only that holder whose name appears first in the register in respect of such linked units needs sign this form of proxy.
11. The chairperson of the annual 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.
12. 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 (Pty) Limited or waived by the chairperson of the annual general meeting.
13. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
14. 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 (Pty) Limited.
15. If duly authorised, companies and other corporate bodies who are unitholders of the company having linked units registered in their own name may, instead of completing this form of proxy, appoint a representative to represent them and exercise all of their rights at the meeting by giving written notice of the appointment of that representative. This notice will not be effective at the annual general meeting unless it is accompanied by a duly certified copy of the resolution or other authority in terms of which that representative is appointed and is received at Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001, to be received at least 48 hours prior to the annual general meeting.
16. This form of proxy may be used at any adjournment or postponement of the annual general meeting, including any postponement due to a lack of quorum, unless withdrawn by the unitholder.
17. The aforegoing notes contain a summary of the relevant provisions of section 58 of the Companies Act 2008, as required in terms of that section. In addition, an extract from the Companies Act, 2008 reflecting the provisions of section 58 of the Companies Act, 2008 is attached to this form of proxy.

"58. Shareholder right to be represented by proxy"

(1) At any time, a shareholder of a company may appoint any individual, including an individual who is not a shareholder of that company, as a proxy to:
  (a) participate in, and speak and vote at, a shareholders meeting on behalf of the shareholder; or
  (b) give or withhold written consent on behalf of the shareholder to a decision contemplated in section 60.

(2) A proxy appointment:
  (a) must be in writing, dated and signed by the shareholder; and
  (b) remains valid for:
    (i) one year after the date on which it was signed; or
    (ii) any longer or shorter period expressly set out in the appointment,
    (iii) unless it is revoked in a manner contemplated in subsection (4)(c), or expires earlier as contemplated in subsection (8)(d).

(3) Except to the extent that the Memorandum of Incorporation of a company provides otherwise:
  (a) a shareholder of that company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder;
  (b) a proxy may delegate the proxy's authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
  (c) a copy of the instrument appointing a proxy must be delivered to the company, or to any other person on behalf of the company, before the proxy exercises any rights of the shareholder at a shareholders meeting.

(4) Irrespective of the form of instrument used to appoint a proxy:
  (a) the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;
  (b) the appointment is revocable unless the proxy appointment expressly states otherwise; and
  (c) if the appointment is revocable, a shareholder may revoke the proxy appointment by:
    (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and
    (ii) delivering a copy of the revocation instrument to the proxy, and to the company.

(5) The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of:
  (a) the date stated in the revocation instrument, if any; or
  (b) the date on which the revocation instrument was delivered as required in subsection (4)(c)(ii).

(6) If the instrument appointing a proxy or proxies has been delivered to a company, as long as that appointment remains in effect, any notice that is required by this Act or the company's Memorandum of Incorporation to be delivered by the company to the shareholder must be delivered by the company to:
  (a) the shareholder; or
  (b) the proxy or proxies, if the shareholder has:
    (i) directed the company to do so, in writing; and
    (ii) paid any reasonable fee charged by the company for doing so.

(7) A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the Memorandum of Incorporation, or the instrument appointing the proxy, provides otherwise.

(8) If a company issues an invitation to shareholders to appoint one or more persons named by the company as a proxy, or supplies a form of instrument for appointing a proxy:
  (a) the invitation must be sent to every shareholder who is entitled to notice of the meeting at which the proxy is intended to be exercised;
  (b) the invitation, or form of instrument supplied by the company for the purpose of appointing a proxy, must:
    (i) bear a reasonably prominent summary of the rights established by this section;
    (ii) contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by the shareholder; and
    (iii) provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution or resolutions to be put at the meeting, or is to abstain from voting;
  (c) the company must not require that the proxy appointment be made irrevocable; and
  (d) the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to subsection (5).

(9) Subsection (8)(b) and (d) do not apply if the company merely supplies a generally available standard form of proxy appointment on request by a shareholder."

Form of proxy
OF DEBENTURE HOLDERS

REDEFINE PROPERTIES LIMITED
Registration number 1999/018591/06
("Redefine" or the "company")
JSE share code: RDF
ISIN code: ZAE 000143178
Bond code: RDFCO1
ISIN: ZAG 00088998

Each of Redefine's linked units comprise one ordinary share and one debenture. Certificated and own-name dematerialised debenture holders are therefore advised that they must complete a separate form of proxy for certificated and own-name dematerialised shareholders and a separate form of proxy for certificated and own-name dematerialised debenture holders in order for their vote/s to be valid. The form of proxy for certificated and own-name dematerialised shareholders is included in the integrated annual report.

This form of proxy is for use by the holders of the company's certificated linked units ("certificated unitholders") and/or dematerialised linked units held through a Central Securities Depository Participant (CSDP) or broker who have selected own-name registration and who cannot attend but wish to be represented at the annual general meeting of the company at Redefine Place, 2 Arnold Road, Rosebank, on Wednesday, 22 February 2012, at 10:00, or any adjournment if required. Additional forms of proxy are available at the company's registered office.

Not for the use by dematerialised unitholders 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 but wish to be represented thereat, in order for the CSDP or broker to vote in accordance with their instructions.

I/We (name in block letters)

of (address)

being the registered holder of debentures in the company hereby

appoint: of

or failing him/her, of

or failing him/her, the chairperson of the annual general meeting as my/our proxy to vote for me/us on my/our behalf at the annual general meeting of the company and at any adjournment thereof.

Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast. Unless this is done the proxy will vote as he/she thinks fit.

		In favour of	Against	Abstain
1.1	Debenture Special Resolution 1: General authority to enable the company (or any subsidiary) to repurchase linked units of the company			
1.2	Debenture Special Resolution 2: General authority to enable the company to issue for cash up to 3% of the authorised but unissued linked units			
1.3	Debenture Ordinary Resolution 1: To place the unissued linked units under the control of directors			
1.4	Debenture Ordinary Resolution 2: To authorise the signature of documentation			

Signed this day of 2012

Signature assisted by (if applicable)

Please read the notes on the reverse.

Notes to the form of proxy
OF DEBENTURE HOLDERS

1. Each of the linked units comprise one ordinary share and one debenture. Certificated and own-name dematerialised debenture holders are therefore advised that they must complete a separate form of proxy for certificated and own-name dematerialised shareholders and a separate form of proxy for certificated and own-name dematerialised debenture holders in order for their vote/s to be valid. The form of proxy for certificated and own-name dematerialised shareholders is included in the integrated annual report.
2. This form of proxy is to be completed only by those members who are:
   - holding linked units in certificated form; or
   - recorded in the subregister in electronic form in their "own name" on the date on which unitholders must be recorded as such in the register maintained by the transfer secretaries, being Friday, 10 February 2012 ("record date") and who wish to appoint another person to represent them at the annual general meeting.
3. Each unitholder is entitled to appoint one or more proxies (none of whom need to be a unitholder of the company) to attend, speak and vote in place of that unitholder at the annual general meeting.
4. Unitholders that are certificated or own-name dematerialised unitholders may insert the name of a proxy or the names of two alternate proxies of the unitholder'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 unitholders. The person whose name stands first on the form of proxy and who is present at the annual 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.
5. 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 boxes 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.
6. Irrespective of the form of instrument used to appoint a proxy: the appointment is suspended at any time and to the extent that the unitholder chooses to act directly and in person in the exercise of any rights as unitholder; a unitholder may revoke the proxy appointment by cancelling it in writing or by making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the company's transfer secretaries.
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  (a) participate in, and speak and vote at, a shareholders meeting on behalf of the shareholder; or
  (b) give or withhold written consent on behalf of the shareholder to a decision contemplated in section 60.

(2) A proxy appointment:
  (a) must be in writing, dated and signed by the shareholder; and
  (b) remains valid for:
    (i) one year after the date on which it was signed; or
    (ii) any longer or shorter period expressly set out in the appointment,
    (iii) unless it is revoked in a manner contemplated in subsection (4)(c), or expires earlier as contemplated in subsection (8)(d).

(3) Except to the extent that the Memorandum of Incorporation of a company provides otherwise:
  (a) a shareholder of that company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder;
  (b) a proxy may delegate the proxy's authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
  (c) a copy of the instrument appointing a proxy must be delivered to the company, or to any other person on behalf of the company, before the proxy exercises any rights of the shareholder at a shareholders meeting.

(4) Irrespective of the form of instrument used to appoint a proxy:
  (a) the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;
  (b) the appointment is revocable unless the proxy appointment expressly states otherwise; and
  (c) if the appointment is revocable, a shareholder may revoke the proxy appointment by:
    (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and
    (ii) delivering a copy of the revocation instrument to the proxy, and to the company.

(5) The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of:
  (a) the date stated in the revocation instrument, if any; or
  (b) the date on which the revocation instrument was delivered as required in subsection (4)(c)(ii).

(6) If the instrument appointing a proxy or proxies has been delivered to a company, as long as that appointment remains in effect, any notice that is required by this Act or the company's Memorandum of Incorporation to be delivered by the company to the shareholder must be delivered by the company to:
  (a) the shareholder; or
  (b) the proxy or proxies, if the shareholder has:
    (i) directed the company to do so, in writing; and
    (ii) paid any reasonable fee charged by the company for doing so.

(7) A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the Memorandum of Incorporation, or the instrument appointing the proxy, provides otherwise.

(8) If a company issues an invitation to shareholders to appoint one or more persons named by the company as a proxy, or supplies a form of instrument for appointing a proxy:
  (a) the invitation must be sent to every shareholder who is entitled to notice of the meeting at which the proxy is intended to be exercised;
  (b) the invitation, or form of instrument supplied by the company for the purpose of appointing a proxy, must:
    (i) bear a reasonably prominent summary of the rights established by this section;
    (ii) contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by the shareholder; and
    (iii) provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution or resolutions to be put at the meeting, or is to abstain from voting;
  (c) the company must not require that the proxy appointment be made irrevocable; and
  (d) the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to subsection (5).

(9) Subsection (8)(b) and (d) do not apply if the company merely supplies a generally available standard form of proxy appointment on request by a shareholder."

Administration

REDEFINE PROPERTIES LIMITED
Company registration number: 1999/018591/06
JSE share code: RDF
ISIN code: ZAE 000143178
Bond code: RDFCO1
ISIN Bond code: ZAG 00088998

REGISTERED OFFICE AND BUSINESS ADDRESS
Redefine Place, 2 Arnold Road, Rosebank 2196
PO Box 1731, Parklands 2121
Telephone: +27 11 283 0000
Fax: +27 11 283 0055

E-mail: mail@redefine.co.za
www.redefine.co.za

COMMERCIAL BANKERS
The Standard Bank of South Africa Limited

INDEPENDENT AUDITORS
PKF (Jhb) Inc.
42 Wierda Road West, Wierda Valley 2196
Telephone: +27 11 384 8000

COMPANY SECRETARY
Probity Business Services (Pty) Limited
3rd Floor, The Mall Offices, 11 Cradock Avenue, Rosebank 2196
Telephone: +27 11 327 7146

TRANSFER SECRETARIES
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Telephone: +27 11 370 5000

CORPORATE ADVISOR AND SPONSOR
Java Capital
Redefine Place, 2 Arnold Road, Rosebank 2196
Telephone: +27 11 283 0042

TRUSTEE FOR DEBENTURE HOLDERS
Webber Wentzel Attorneys
15th Floor, Convention Tower, Heerengracht
Foreshore, Cape Town 8001
Telephone: +27 21 431 7000

INVESTOR RELATIONS
Should you wish to be placed on the mailing list to receive regular "breaking news" email updates, please visit the website on www.redefine.co.za and fill in the feedback form, or contact breakingnews@redefine.co.za

BASTION GRAPHICS

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REDEFINE
PROPERTIES

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