REDEFINE PROPERTIES

Integrated Annual Report 2013

We're not landlords. We're people.

About this report

Welcome to Redefine's 2013 integrated annual report. We have prepared it to provide you an overview of our business, the business model and strategy, our performance over the past year and our assessment of future prospects. Redefine has continued to build on its commitment to provide stakeholders with comprehensive and balanced information designed to increase their trust and confidence in the company. This report provides information of interest to all stakeholders. With the release in April of the IIRC Consultation Draft, it has been primarily prepared for the providers of financial capital.

Report introduction and profile

Frameworks applied

This report has been prepared using the IIRC's Framework as its basis and Redefine has endeavoured to apply the guiding principles and content elements contained in the Framework. In addition to the Framework, the board has ensured that the report meets the requirements of the Companies Act, and the JSE Listings Requirements.

Redefine is committed to applying the corporate governance principles contained in King III. Details of the company's application of these principles appear on our website. The annual financial statements are available on the website.

Report scope and boundaries

This report covers Redefine's activities for the financial year ended 31 August 2013 conducted by the holding company, subsidiaries, jointly controlled assets and associates over which it has significant influence. Details of investments in subsidiaries, jointly controlled assets and associates appear in the annual financial statements. A simplified group structure can be found on page 2.

Fountainhead and RI PLC are separately listed and managed entities. Detailed information on Fountainhead and RI PLC's financial and operational activities is covered in their respective annual reports.

Non-financial performance indicators are only provided for the Redefine (excluding Fountainhead) operations. This report does not discuss social or environmental aspects of the group's supply chain but does address legitimate issues considered important by a variety of stakeholders outside the group.

Determination of report content

The information presented in this integrated annual report is selected by the board and executive committee such that, in our view, it offers the most value or "materiality" to those who will read this report. Supporting information is available on Redefine's website and in other company publications. Both quantitative and qualitative aspects of a matter, together with an anticipated timeframe, were considered when determining their materiality.

As described in King III, achieving full integrated reporting is "a journey". Redefine's board and management are confident that the information presented is that which is most material to our stakeholders and which will inform their assessment of the company's ability to create value in the short, medium and long term.

This report is primarily prepared for the providers of financial capital, and is therefore relatively succinct when dealing with social and environmental matters. However, Redefine's approach and performance with regard to social and environmental matters has been reviewed as these are integral to its ability to create value over the long term.

Redefine has been assessed as having a low impact on the environment and society. Consequently, limited information is provided in this report regarding these impacts and the company's responses. This report focuses on the organisation's corporate responsibility of accountability and stewardship of the six capitals (financial, manufactured, human, social and relationship, intellectual and natural), identified in the IIRC's Framework and in this regard the GRI guidelines have been reviewed to identify indicators to report on its non-financial performance.

Further information regarding the company's approach to sustainability is available on the website.

Redefine's commitment to applying the King III principles and to providing an understanding of the significance of governance to the providers of financial capital means that the governance of the company is reviewed at length.

Material matters (representing events, risks, opportunities, issues and amounts) are discussed throughout the report.

Assurance

Redefine continues to develop and apply a combined assurance model, providing all stakeholders with confidence regarding the information disclosed in this report. At this stage in its reporting journey and given the lack of any universally accepted assurance guidelines, it is premature for Redefine to obtain independent assurance on the report as a whole.

The group financial statements were audited by Grant Thornton (Jhb) Inc. and prepared under the supervision of AJ Konig CA(SA), Redefine's financial director.

The group's B-BBEE contributor levels were verified by Honeycomb BEE Ratings Proprietary Limited. The group's carbon footprints were prepared with the assistance of Terra Firma Solutions Proprietary Limited.

Board responsibility statement

The Redefine board of directors acknowledges its responsibility to ensure the integrity of the integrated annual report for the 2013 financial year. The board has accordingly applied its mind and, in its opinion, this annual report addresses all material matters, and offers a balanced view of the performance of the organisation and of its impacts on the environment and society.

Duly authorised by the board and signed on its behalf 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.

Navigation

The HTML conversion of our interactive annual report is available on www.redefine.co.za

Definitions *Contained on a separate bookmark*

Page references *Refers readers to information elsewhere in this integrated report*

Website *Indicates that additional information is available on our website* ***www.redefine.co.za***

QR code

Financials *Annual financial statements 2013*

Feedback *Your feedback is important to us and will help improve our reporting processes and ensure that we report the things that matter to you. Visit* ***www.redefine.co.za*** *or* ***email enquiries@redefine.co.za***

Redefine's Annual Report 2013 consists of two books:

Integrated Annual Report
Incorporating an overview of Redefine's organisation, key operational matters, strategic intent, performance reviews including reports from the chairman, chief executive officer and financial director, sector reviews, corporate responsibility and corporate governance and risk management.

Annual Financial Statements
The statutory annual financial statements prepared in accordance with IFRS, JSE Listings Requirements and the requirements of the Companies Act 2008.

The integrated annual report should be read together with the annual financial statements which, combined, provide a complete overview of Redefine's performance and prospects.

Chief executive *Marc Wainer*

"2013 has been an eventful year for Redefine. We have continued to make significant progress in our pursuit of sustained value for stakeholders."

Financial director *Andrew Konig*

"Skilled asset management, strict cost control, and prudent management of funding underpin the quality of our earnings."

Contents

Welcome to Redefine Properties Limited

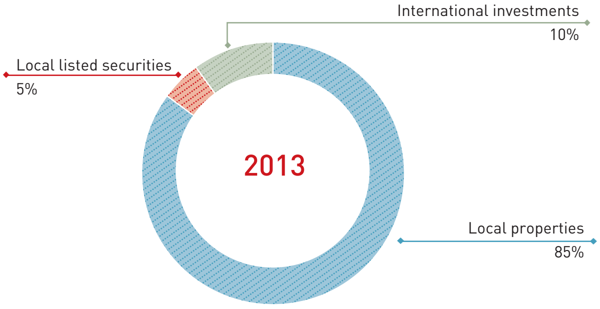
We're not landlords. We're people.

Redefine, with a market capitalisation of R30 billion on the JSE, is a diversified property company actively managing R41 billion in assets.

Key focus

Redefine has made significant progress in implementing its key strategic focus to repositioning and improving the quality of its core property portfolio. The emphasis in acquisitions, wherever possible, is to secure fully repairing leases with blue-chip tenants.

Group property asset portfolio



About us

251 properties with a GLA of 3,1 million m² is geographically diversified valued at R24 billion across the retail, office and industrial sectors

61,7% equity interest in Fountainhead which has 63 properties with a GLA of 803 863 million m² valued at R11 billion, managed by Redefine

International diversification through:
- 32,3% direct holding in LSE listed RI PLC
- 12,4% direct holding in ASX listed Cromwell

Actively managed by a proven team of 250 property and financial professionals

Our investment proposition

- Attractive real yields
- Potential for capital appreciation
- Has high visibility of earnings
- A diversified property asset portfolio
- A quality property portfolio
- Limited exposure to speculative developments
- Geographically diversified
- An element of Rand hedge

We believe

Property is our commodity, but people are our business. Our unique approach to relationships allows us to create and sustain meaningful value for our business partners

We value

Professionalism with personality, delivered through:
- Unconventional thinking
- Simplicity and straight talk
- Decisive action
- Trusting partnerships

How we do it

- Challenging the norm
- Openness and honesty
- Involvement
- Approachability
- Refreshingly different

How you benefit

- Innovative solutions
- Proactive service
- Always in the know
- Peace of mind
- Enabled for success

Essential reads | Highlights by forms of capital

Financial	Manufactured	Human

Financial

Distribution growth of 7,3% to 68,7 cents per linked unit

Average cost of debt reduced by 90 basis points to 8%

Capital raised of R1,7 billion

NAV up 69,3 cents to 870,7 cents per linked unit

Controlling interest in Fountainhead secured. Holding increased to 62% subsequent to year-end

REIT status from 1 September 2013

ADR launched to encourage international ownership

Manufactured

Acquired 50% interest in East Rand Mall, valued at R1,1 billion

Acquisitions concluded for R3,4 billion

Development pipeline of R3 billion

Take-on Fountainhead's property management under way

Internalisation of electricity recoveries

Human

20 working hours of training received per employee

Net property income per employee of R8,5 million

Distributable income of R8,1 million per employee

R4,0 million invested in employee training

Group at a glance

	2013	2012
Total distribution per linked unit (cents)	**68,7**	64,0
Total annual return (%)	**2,6**	29,9
Closing unit price (cents)	**916**	960
Trading volume (%)	**43,6**	36,9
Market capitalisation (R billion)	**30,2**	26,6
Total property assets under management (R billion)	**40,7**	39,2
Property portfolio value (R billion)	**35,1**	31,9
Listed security portfolio (R billion)*	**5,6**	7,3
Borrowings (R billion)	**17,1**	20,7
Borrowings as a percentage of the value of properties and listed security portfolio (%)	**40,5**	49,3
Weighted average group cost of borrowings (%)	**8,0**	6,9

** Includes Redefine's holding in RIN, classified as an interest in associate in the statement of financial position.*

Social and relationship

R2,4 million spent on CSI initiatives

Inclusion in the JSE SRI Index for second year

JSE SRI INDEX

Intellectual

Investment Analyst Society Best Reporting and Communication Award by a company with market capitalisation between R5 billion and R30 billion

CEO honoured with Absa Jewish Achiever Award

Brand awareness entrenched in the market

Natural

Inclusion in the CDP South African 100 Climate Change Report 2013

Commissioned the installation of solar panels at Alberton Mall

87% achieved in 2013 CDP – the highest of first-time respondents

Dines Gihwala (60)

Independent non-executive chairman

BProc, Dip Tax Practice

Term of office: 6 years

Skills and experience: In 2004 Gihwala was appointed as a Professor of Law

Significant directorships and offices: Chairman of the FirstRand Empowerment Trust

Board committee memberships: Remuneration and nomination, social and ethics

Marc Wainer (65)

Chief executive officer

Term of office: 14 years

Skills and experience: Wainer has 39 years of experience in all aspects of real estate. His primary focus is on structuring corporate transactions, acquisitions and disposals, as well as being responsible for the day-to-day management of Redefine

Significant directorships and offices: Executive director of Fountainhead Manco, non-executive director of RI PLC, RIN and Cromwell

Board committee memberships: Executive and investment

David Rice (57)

Chief operating officer

Term of office: 4 years

Skills and experience: Rice was managing director of ApexHi Properties Limited from 2006 until the merger of Redefine, ApexHi and Madison Property Fund Managers Holdings Limited. He heads operations which includes asset and property management

Significant directorships and offices: Executive director of Fountainhead Manco

Board committee memberships: Executive

Andrew Konig (46)

Financial director

BCom, B Acc CA(SA)

Term of office: 3 years

Skills and experience: Konig is a qualified chartered accountant with 21 years of commercial and financial experience. He is responsible for all aspects of finance, regulatory compliance, investor relations, legal, human resource management and supports the chief executive officer in corporate activities

Significant directorships and offices: He is an executive director of Fountainhead Manco and an alternate director to Marc Wainer on the RI PLC board

Board committee memberships: Executive

Mike Ruttell (55)

Executive director: development

BSc QS PrQS PMAQS MRICS HBS AMP

Term of office: Appointed on 1 September 2013

Skills and experience: Ruttell is a Quantity Surveyor by profession with over 35 years of technical and commercial experience in the construction and property development sectors both in South Africa and internationally

Board committee memberships: Executive

Harish Mehta (63)

Non-executive director

BSc, MBA

Term of office: 4 years

Skills and experience: Mehta is the chairman of Clearwater Capital, a strategic BEE shareholder in Redefine

Significant directorships and offices: Former managing director of the Universal Print Group Proprietary Limited and a non-executive director of The Spar Group Limited and Times Media Group Limited

Board committee memberships: Remuneration and nomination and audit and risk

Bernie Nackan (69)

Independent non-executive director

BA Econ (Wits), SEP (Stanford – USA)

Term of office: 4 years

Skills and experience: Nackan was financial editor of the Rand Daily Mail and an executive director of Sage Group from 1974 until his retirement in 2003. He was a member of the Collective Investment Schemes Advisory Committee

Significant directorships and offices: Non-executive director of RIN, Fountainhead Manco and the Rezco Asset Management Group

Board committee memberships: Chairman of the remuneration, member of nomination, audit and risk and investment

Diana Perton (66)

Independent non-executive director

LLB

Term of office: 8 years

Skills and experience: Perton was the head of the legal division at Liberty Properties until she retired in 2000

Roger Rees (60)

Independent non-executive director

BSc (Econ) Hons, CA(SA)

Term of office: 1 year

Skills and experience: Rees spent his early career with Arthur Andersen initially in London and then in Johannesburg. He has held senior executive positions in the food, tobacco and media sectors. He retired from Murray & Roberts Holdings Limited in June 2011 where he had been the group financial director and chairman of Murray & Roberts International since 2000. He was deputy chairman of Clough Limited, an Australian-listed engineering company from 2009 to 2011

Significant directorships and offices: Non-executive director of Rex Trueform Limited and interim chief executive of SacOil Holdings Limited

Board committee memberships: Chairman of the audit and risk

Monica Khumalo (48)

Independent non-executive director

BJuris, LLB

Term of office: 4 years

Skills and experience: Khumalo was previously a senior property strategist at Pareto Limited and later an executive manager at the then RMB Properties. She has served on the boards of Pareto Limited, Capricorn (a subsidiary of Investec), the SACSC and as a counsellor of SAPOA

Significant directorships and offices: Khumalo is the managing director of Loato Properties, a property company owned and managed by women

Günter Steffens (76)

Independent non-executive director

CA(SA)

Term of office: Appointed on 1 September 2013

Skills and experience: Steffens established Dresdner Bank AG in London and ran it for 25 years. He subsequently oversaw the bank's interests in southern Africa. Before that, Steffens was chairman of the German-British Chamber of Commerce and The Foreign Banks and Securities Houses Association

Significant directorships and offices: Non-executive director at Astrapak Limited, Connection Group Holdings, Imara S.P Reid Proprietary Limited, Allianz International Insurance Limited and Omega Investment Research Limited. Independent non-executive director at JD Group Limited and Conduit Capital Limited

Robert Robinson (61)

Independent non-executive director

MCom (Economics – Cum Laude)

Term of office: Appointed on 31 October 2013

Skills and experience: Robinson brings with him a wealth of business and property experience gained over his 35 years with Sasol, where he initially excelled as an economist and then went on to take up various senior roles within Sasol Limited and later the Sasol Pension Fund. Robinson retired from Sasol in December 2013

Essential reads | Executive management

Marc Wainer

Chief executive officer

Term of office: 14 years

See page 4 for full CV

David Rice

Chief operating officer

Term of office: 4 years

See page 4 for full CV

Andrew Konig

Financial director

Term of office: 3 years

See page 4 for full CV

Mike Ruttell

Executive director: development

Term of office: Recently appointed

See page 4 for full CV

Pieter Strydom

Head of commercial and industrial

Term of office: 3 years

Skills and experience: Strydom joined ApexHi in 2006 as asset manager. He then took over the position of general manager setting up property management within the Redefine business

Grant Elliot

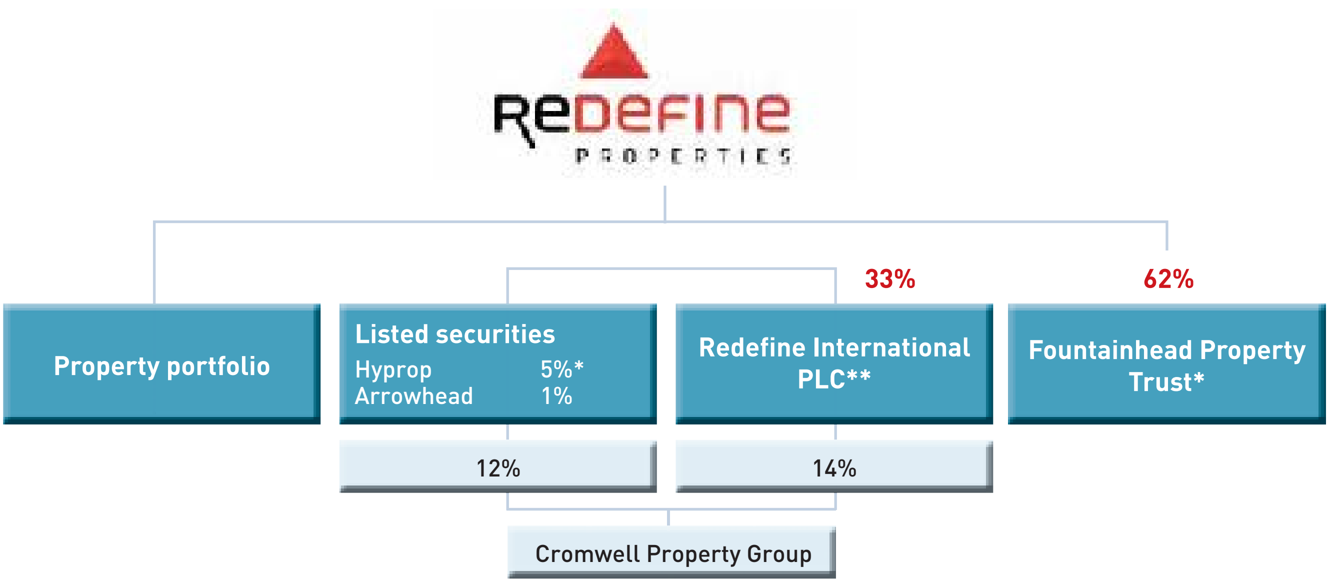
Regional manager – Western Cape

BSc Building (Wits)

Term of office: 3 years

Skills and experience: Elliott was an asset manager at ApexHi prior to the merger. He represents Redefine as a member of the board of Cape Town's Central City Improvement District

Essential reads | Simplified corporate structure



* *At 31 August Redefine held 11% of Hyprop and 50% of Fountainhead – the proposal in October 2013 to acquire additional Fountainhead units resulted in the above changes.*

** *The unbundling of the inwardly listed RI PLC units by 49% held RIN has resulted in Redefine's direct holding.*

Essential reads | Value distribution 2013

Value created

Total income = R3 954 million

Value distributed

Linked unitholders = R2 013 million

JSE JOHANNESBURG STOCK EXCHANGE

Providers of debt = R989 million

Standard Bank

ABSA Today, tomorrow, together.

MAKE THINGS HAPPEN NEDBANK

RMB PRIVATE BANK A division of FirstRand Bank Limited

Taxation = R52 million

SARS South African Revenue Service

Minority interest holders = R303 million

Employees = R152 million

Government and regulatory bodies = R445 million

Key statistics

Redefine continued its investment strategy to restructuring the portfolio. This process is substantially complete and the exception of and disposal of approximately R2,2 billion of government-let properties through a separate listing is planned in 2014.

Redefine's focus remains on improving the quality of the property portfolio under management. To this end Redefine has continued investing in higher-value well-located properties, with a focus on blue-chip tenants, which will improve management efficiency and secure growth in rentals. Although there is a minor shift through sectoral exposure, Redefine retains a fairly balanced portfolio, focused on the office, retail and industrial sector.

As at 31 August 2013, the portfolio comprised 251 properties (2012: 263) valued at R24 billion (2012: R21,2 billion) with a GLA of 3 125 014m^2 (2012: 3 124 455m^2).

Local property portfolio (excluding Fountainhead)

Description	Office	Retail	Industrial	Total
Number of properties	97	90	64	251
Asset value (R billion)[1]	9,8	9,6	4,6	24,0
Value (%)	41	40	19	100
Average property value (R million)	102	107	69	95
Total GLA (m^2) (million)	1,1	1,0	1,0	3,1
GLA as % of portfolio	34	33	34	100
Valuation per m^2 [4]	9 351	9 419	4 356	7 695
Total GMR (R million)	103,7	90,8	38,9	233,4
GMR as % of portfolio	44	39	17	100
GMR per m^2 (excluding undeveloped bulk)	99	89	37	75
Vacancy (%)[2]	8,6	3,6	3,7	5,3
Renewal success rate (%)[3]	87	88	63	79
Average renewal rental growth (%)	3,2	6,4	5,4	4,4
Average % of net property income	46	41	13	100
Average gross rental (per m^2/month)	99	89	37	75
Average escalation (%)	7,2	7,9	7,2	7,4
Average annualised property yield (%)	13,3	13,1	11,6	12,9
Property expense ratio (%)	21	20	14	20

Notes

[1] *Based on properties held at 31 August 2013 including non-current assets held-for-sale and developments in progress.*

[2] *Includes monthly tenancies.*

[3] *Vacancies excluding developments and sales awaiting transfer.*

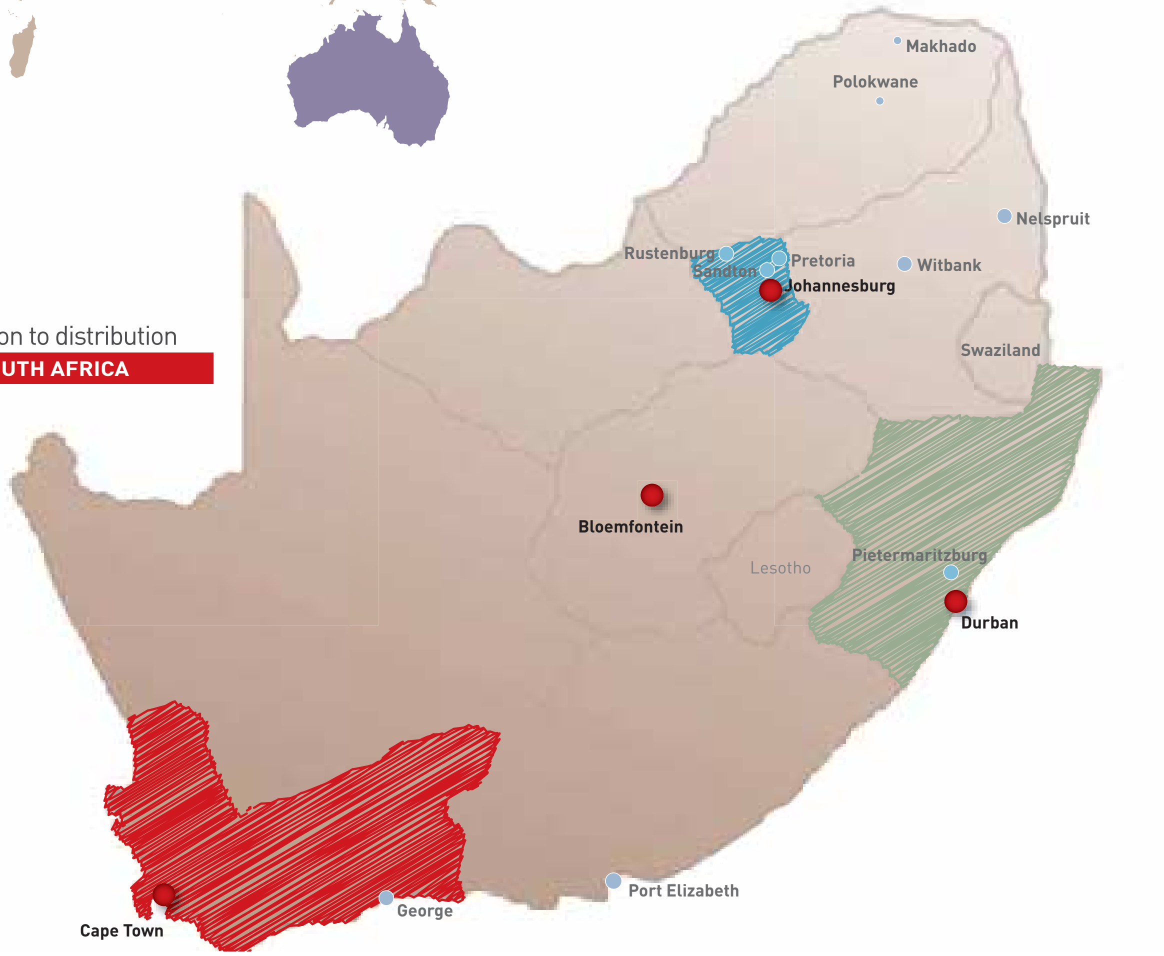
[4] *Valuation per m^2 excludes development projects and the GLA of the jointly controlled assets not owned by Redefine.*

Essential reads | Geographic spread

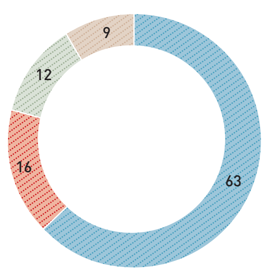
11%
Contribution to distribution
EUROPE

4%
Contribution to distribution
AUSTRALIA

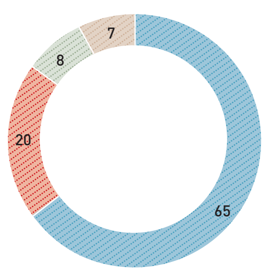
85%
Contribution to distribution
SOUTH AFRICA



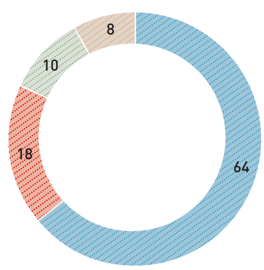
Number of properties (%)



Value (%)



GLA (%)



● Gauteng ● Western Cape ● KwaZulu-Natal ● Other

Further details for all our properties are available on our website, and in the annual financial statements
www.redefine.co.za

East Rand Mall

Location: Boksburg, Gauteng

Sector: Retail

GLA (m²): 62 455

Property valuation (Rm): 1 115

Average footcount per month: 1,1 million

East Rand Mall is conveniently situated in Boksburg, close to OR Tambo International Airport, with easy access from various highways. The mall offers both open and undercover parking, and is conveniently attached to South Africa's largest Pick n Pay Hypermarket. A well-planned tenant combination and 180+ stores means that the mall is host to most of the major brands as well as a selection of smaller, specialised stores. The mall also offers extensive exhibition and entertainment facilities.

Major anchor tenants: Woolworths, Edgars, Truworths and Mr Price.

Golden Walk

Location: Germiston (CBD)

Sector: Retail

GLA (m²): 45 123

Property valuation (Rm): 764

Tenant type: >80% of tenants are nationals

Golden Walk is a commuter retail centre located in the centre of the Germiston CBD. It is in close proximity to the taxi rank and train station. The design and layout is on a single level that caters for easy access to all stores.

Major anchor tenants: Shoprite, Pick n Pay and Woolworths.

Pepkor

Location: Isando

Sector: Industrial

GLA (m²): 107 017

Property valuation (Rm): 631

This is the largest industrial property in the Redefine portfolio, which was recently developed to accommodate the tenant's growth plans. It is located in the heart of Isando, near OR Tambo International Airport. The building is Pepkor Retail's biggest distribution centre which is occupied under a 10-year lease.

Standard Bank

Location: Foreshore, Cape Town

Sector: Office

GLA (m²): 55 252

Property valuation (Rm): 593

This property is ideally located to interface with the public transport network within the Cape Town CBD and is situated close to the railway station, the main stream taxi rank and in recent months boasts a newly constructed bus station adjacent to the property.

The building is "home" to several foreign delegate offices, as well as Standard Bank, Telkom and The City of Cape Town.

A R488 million upgrade of the property is under way, with the anticipated 'new look' illustrated above.

155 West Street

Location: Sandton

Sector: Office

GLA (m²): 24 501

Property valuation (Rm): 522

A 2012, high-quality acquisition which is an A+ grade property occupied by the head office of Discovery Health situated in the heart of Sandton CBD. As part of the exclusive Discovery campus this building is a prominent asset in the improved Redefine portfolio.

Sammy Marks

Location: Pretoria CBD

Sector: Retail

GLA (m²): 34 124

Property valuation (Rm): 499

Sammy Marks Square, a neo-Dutch designed centre, is located in the heart of the Pretoria CBD, neighbouring the Pretoria State Theatre. Sammy Marks was strategically built around the high foot traffic in the area, and is anchored by a large Woolworths. The centre represents a healthy mix of the national retailers with local boutiques and services.

Major anchor tenants: Woolworths, Jet Stores, Ackermans and Mr Price.

Park Meadows

Location: Kensington

Sector: Retail

GLA (m²): 27 376

Property valuation (Rm): 438

Average footcount per month: 375 000

A popular community and lifestyle centre situated in the productive retail precinct of Bedfordview. Park Meadows offers an aspect of convenience and peacefulness to the hustle and bustle of everyday Johannesburg life. A strong focus on re-tenanting and improved tenant mix have seen many exciting new stores open their doors in 2013.

Major anchor tenants: Pick n Pay, Food Lover's Market, Dis-Chem and Sportsman's Warehouse.

Clearly Park Shopping Centre

Location: Port Elizabeth

Sector: Retail

GLA (m²): 36 290

Property valuation (Rm): 428

Cleary Park Shopping Centre is a commuter-based retail centre, located in the heart of Port Elizabeth's northern areas. The centre continues to benefit from the national retailers introduced during the expansion, with additional new tenants expected to open during this year. The centre also boasts a soccer pitch, available for use by the local community.

Major anchor tenants: Shoprite, Pick n Pay, Edgars and Build-It.

Commerce Square

Location: Sandton

Sector: Office

GLA (m²): 16 439

Property valuation (Rm): 368

Commerce Square is located on Rivonia Road in Sandhurst and consists of five office buildings with ample parking. The property is an "A+" grade modern development and features high-quality finishes. It has 24-hour security, and landscaped gardens with water features and ponds.

The property was acquired during 2011 and kickstarted Redefine's drive to improve the quality of its property portfolio.

The number of access points and the layout of the property does not allow for cost-effective and accurate average footcount measurement.

Convention Tower

Location: Foreshore

Sector: Office

GLA (m²): 17 854

Property valuation (Rm): 365

Convention Tower is a luminous glass-fronted building located on Cape Town's busy Foreshore. The building is close to the top-ranked Cape Town International Convention Centre, a hub for business tourism and hospitality.

The amount of glass used in the design of the building makes the tower aesthetically appealing and also energy efficient.

Essential reads | Key milestones

- Redefine founded

REDEFINE PROPERTIES

JOHANNESBURG STOCK EXCHANGE

- Listed on JSE

- Developed the Southcoast Mall at Shelley Beach in conjunction with Hyprop

HYPROP INVESTMENTS LIMITED

- The first South African listed property company to invest in the UK, when it acquired a stake in RI PLC
- Formed an enterprise development initiative with black-owned partners

- Acquired 53% of Prima Property Trust

	Market capitalisation
1999	R463 million
2000	R467 million
2001	R640 million
2002	R707 million
2003	R963 million
2004	R1,3 billion
2005	R2,2 billion
2006	R3,1 billion

Market capitalisation

2007
R6,1 billion

- Acquired Spearhead

2008
R6,2 billion

2009
R19,3 billion

- Acquired all the units of ApexHi and Madison to effect a merger of the three companies

2010
R21,5 billion

- Name changed from Redefine Income Fund Limited to Redefine Properties Limited
- RIN listed on the JSE

2011
R22,3 billion

- Property management internalised
- Listing of Dipula – a Redefine funded enterprise development initiative
- RI PLC achieves LSE main board listing
- Redefine made its debut in the local bond market under a R5 billion DMTN programme

2012
R26,6 billion

- Successfully listed and unbundled Arrowhead
- Acquired Fountainhead ManCo

2013
R30,2 billion

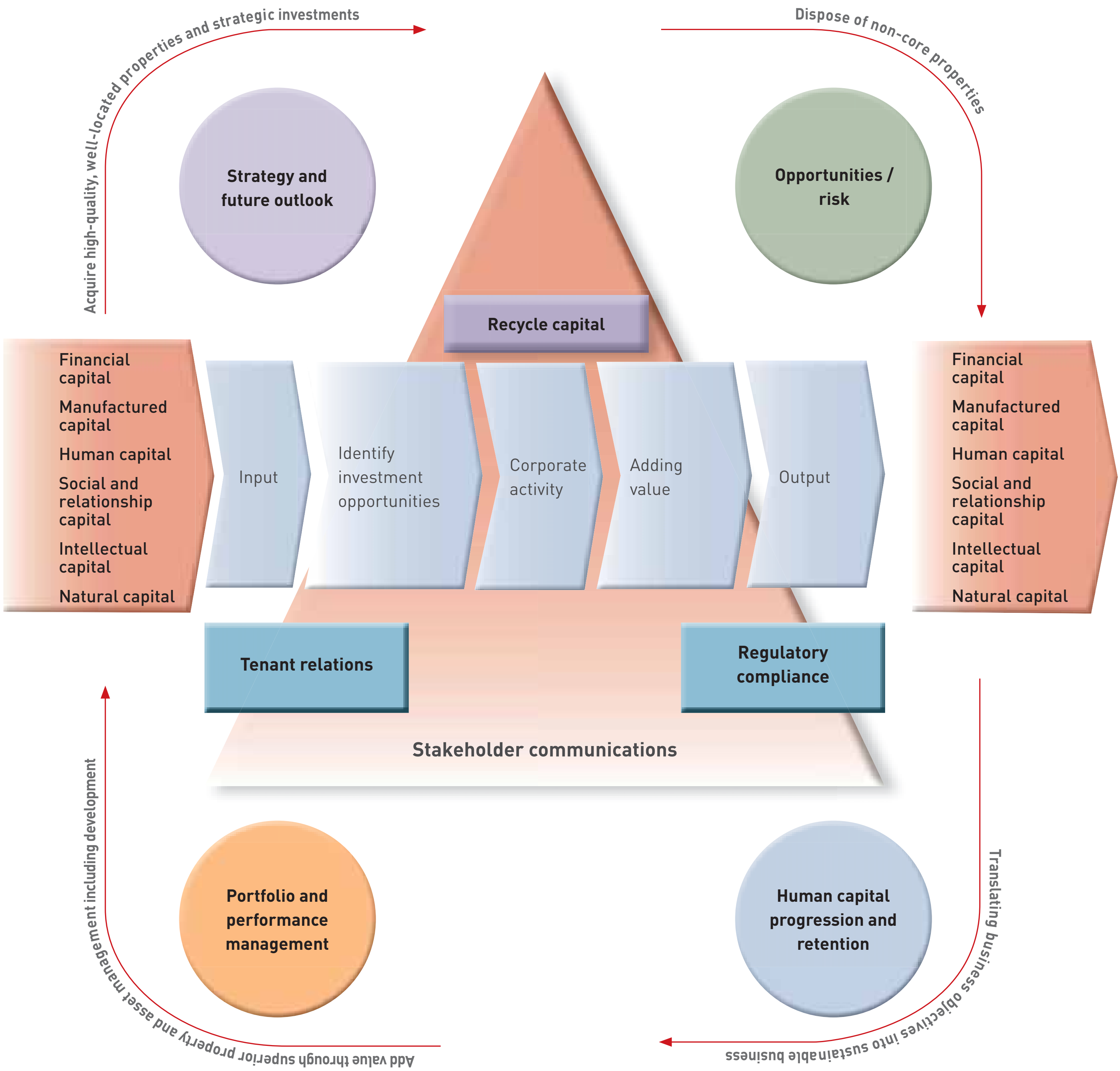
FOUNTAINHEAD PROPERTY TRUST

- Acquired a controlling stake in Fountainhead
- Inward listing of RI PLC

Cromwell

- Increased direct shareholding in Cromwell
- Launch of ADR in the United States to facilitate international ownership
- Redefine's brand entrenched in the South African marketplace
- REIT status applies from 1 September 2013

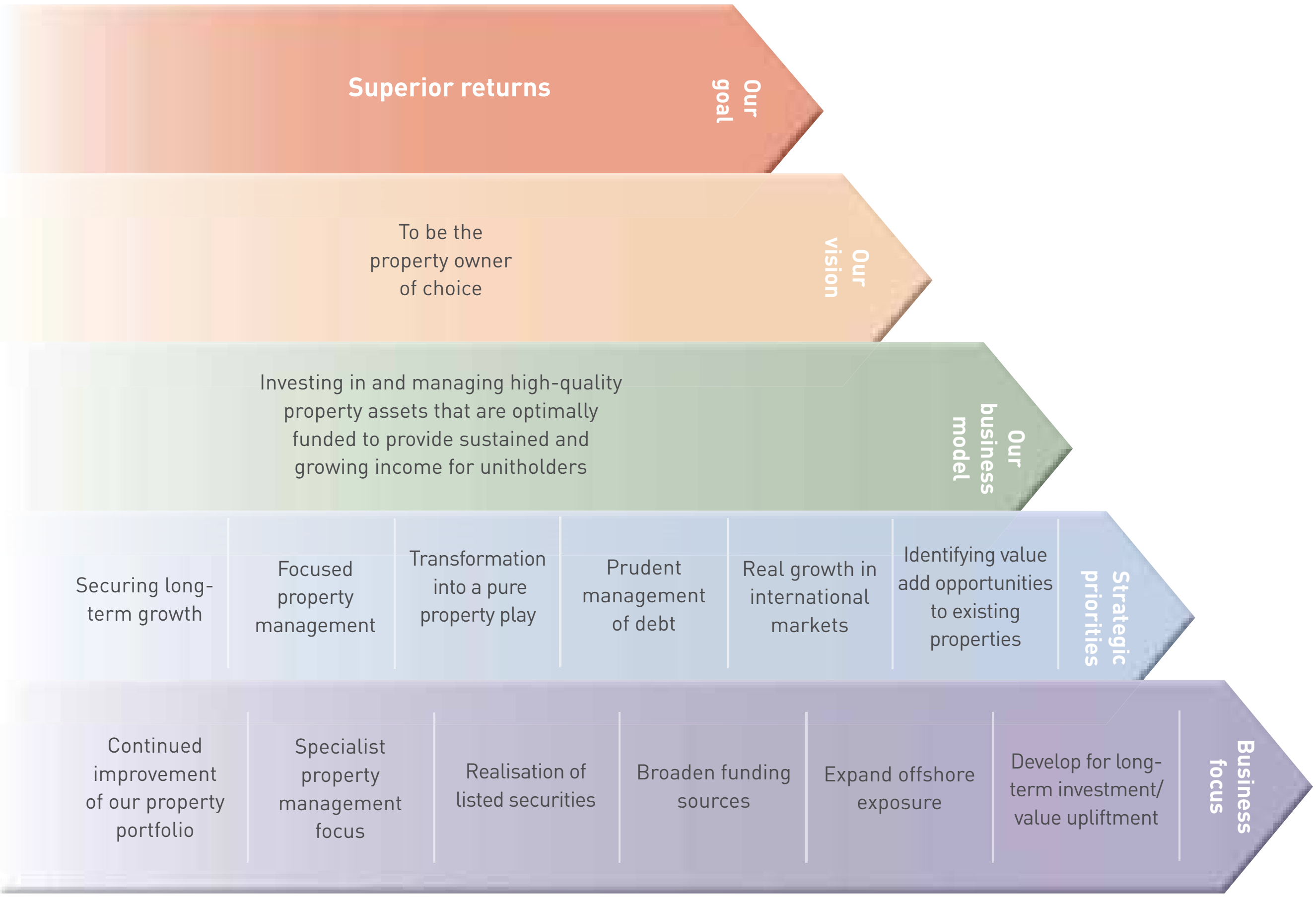
Realising value to recycle capital for superior returns.



Our strategy is centred on delivering sustained value to stakeholders.

REDEFINE PROPERTIES

We're not landlords. We're people.



We focus our value creation efforts through six strategic priorities, which guide the overall direction of the business. Over the past three years these have delivered pleasing financial results ahead of or in line with forecasts, but more importantly, established a vastly improved property portfolio.

	Goals	2013 outcomes	Key risks	Risk rating
Securing long-term growth and capital appreciation prospects	▸ Continuous improvement in the quality of core property portfolio ▸ Improve property sector B-BBEE rating ▸ Strengthen cash flows from property assets ▸ Lower the age profile of properties to reduce the cost of maintenance ▸ Invest in well-serviced areas	▸ Acquired 50% of East Rand Mall for R1,1 billion plus four other quality properties for R160 million ▸ Concluded a number of acquisitions, totalling R3,4 billion, to transfer in 2014	▸ Scarcity of skills may constrain our ability to achieve defined transformation targets ▸ Retention of key staff and unavailability of experienced people ▸ Key dependency on the leadership team including an insufficient leadership pipeline ▸ Scarcity and competitive activity for quality assets	◆ ◆ ◆ ◆
Focused property management	▸ Strengthen service to tenants ▸ Improve efficiencies and information flow ▸ Invest in staff ▸ Embrace technology to enhance communication ▸ Extend lease expiry profile ▸ Enhance the tenant profile to focus on financially sound tenants ▸ Improve the tenant retention rate	▸ Expanded leasing department capacity ▸ Improved customer relations through CRM department ▸ Internalised recovery of electricity charges ▸ Created specialist management focus through separation of retail activities ▸ Fountainhead property management taken on ▸ Tenant retention rate of 79% achieved	▸ Significant increases in municipal charges and electricity tariffs ▸ Unreliable or poor service delivery from local authorities as well as excessive lead times for town planning approvals ▸ Overexposure to a tenant and/or large single-tenant properties ▸ Inefficient utilities management	◆ ◆ ◆ ◆
Transformation into a pure property play	▸ Transformation of local investments from a hybrid into a pure property play ▸ Invest in local listed securities if there is potential for control	▸ Realisation strategy of Hyprop implemented ▸ Significant holding in Fountainhead acquired ▸ Reliance on non-recurring fee income eliminated	▸ Execution of the priority was substantially completed subsequent to year-end. Thus risk no longer considered to be key	

Residual risk rating

- High
- Medium
- Low

Consequences	Capitals impacted	Risk response	2014 priorities
▶ Empowerment rating not appropriate to compete on bids ▶ Reputational impact ▶ Strategic objectives may not be achieved or are delayed ▶ Pressure on initial acquisition yields	▶ Social and relationship ▶ Human ▶ Intellectual ▶ Manufactured ▶ Financial ▶ Natural	▶ Development and implementation of the board-approved B-BBEE strategy ▶ Monitoring and reporting against existing targets ▶ Retention strategy which encompasses short, medium and long-term performance incentives, remuneration benchmarking, performance evaluations and personal development ▶ Consistent upskilling of staff ▶ Opportunities for staff to gain international exposure ▶ Succession planning ▶ Pursue the lowest cost of funding	▶ Dispose of the government-tenanted office portfolio ▶ Substantially complete the rationalisation of the property portfolio ▶ Continue to acquire good quality and dispose of non-core assets to recycle capital ▶ Ongoing restructure without diluting earnings ▶ Implementation of B-BBEE strategy to improve B-BBEE score ▶ Identification of value add opportunities on new acquisitions
▶ Weakened balance sheet and reduced revenue ▶ Increased vacant space ▶ Increased costs of occupancy and concomitant lowering of net rental income ▶ Reduced asset and portfolio values ▶ Financial loss/impact ▶ Tenant dissatisfaction ▶ Increase in tenant arrears ▶ Increased vacant space ▶ Pressure on letting market ▶ Downward pressure on rentals at renewal times	▶ Manufactured ▶ Financial	▶ Lobbying by SAPOA ▶ Effective utility consumption and tariff management programme that focuses on initiatives to improve efficiency of consumption ▶ Acquisition strategy to include cost saving factors ▶ Review of recoveries from tenants ▶ Review and assess the need to exit from specific areas to focus on new acquisitions in well-serviced areas ▶ Quality specialised town planners on the team ▶ Continuous engagement between senior management and tenant ▶ Monitoring trading patterns ▶ Proactive lease management	▶ Improve management information ▶ Focus on cost of services through leveraging economies of scale ▶ Introduce technology-based applications to further improve communications with staff ▶ Introduce electronic communication platforms to support retail tenants
▶ Negative carry of excess cash proceeds ▶ Overhang in the market ▶ Duplication of management effort	▶ The risks identified are not considered key	▶ Simplification of investment structures ▶ Invest in securities where there is a strong potential for control ▶ Realisation strategies formulated	▶ Exit the remaining Hyprop holding ▶ Further increase holding in Fountainhead in order to obtain direct control of the property assets

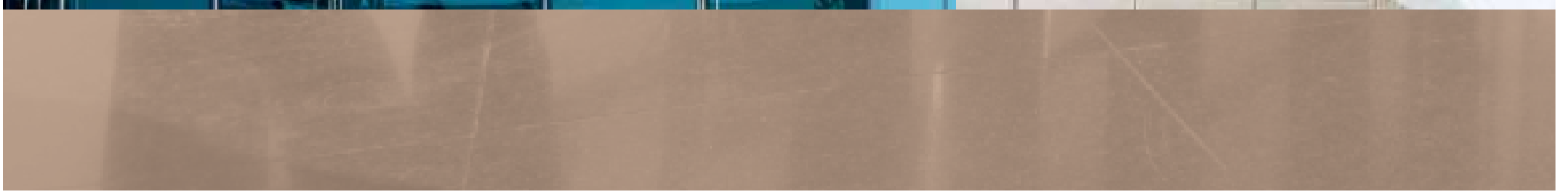
	Goals	2013 outcomes	Key risks	Risk rating
Prudent management of debt	• Secure the lowest cost of fixed and variable finance • Optimise funding maturity profiles • Broaden funding sources • Maintain conservative loan to value ratios	• Extended and spread debt maturity profile • Expanded presence in debt capital market • Maintained sufficient liquidity • Ensured healthy balance of fixed and floating debt • Focused on increasing value of unsecured assets • Improved group credit metrics • Reduced cost of debt	• Liquidity – inability to roll existing debt facilities at optimal funding rates • Interest rate risk • Credit risk – exposure to single sources of funding	
Real growth in international markets	• Diversify risk geographically • Take advantage of investing in higher-yielding environments • Exploit income and capital growth opportunities at low risk	• Refinancing of RI PLC complete • Simplified RIN holding • Increased presence in Australia through investment in Cromwell	• Exchange rate risk • Economic recession • Financial market movements	
Identify value-add opportunities to existing properties	• Redevelop existing properties to enhance revenue-earning ability • Cater for tenant demands • Maximise opportunities from existing well-located properties • Uplift value • Develop or partner with developers to create new investment opportunities	• New developments of R2,6 billion under way • Redevelopment projects of existing properties for R600 million in progress • R309 million of development completed during the year	• Revenue expectations lower than expected • Actual development costs exceed budgeted costs • Delays in completion arising from labour unrest • Developer under performance	

Residual risk rating

- High
- Medium
- Low

Consequences	Capitals impacted	Risk response	2014 priorities
▶ Strategic objectives may not be achieved or are delayed ▶ Reduced yields ▶ Reputational impact ▶ Lowered or unexpected results ▶ Deterioration of the company's competitive position in the industry ▶ Higher interest rates will result in increased borrowing costs, thereby reducing distributions to unitholders ▶ Compromised business sustainability	▶ Financial	▶ Actively managing maturity profile ▶ Spreading of credit risk among the big four banks ▶ Broadening funding sources to include debt capital markets ▶ Management imposed a conservative loan to value target ratio of 35% ▶ Manage cash position and available funding headroom monitored monthly ▶ Moody's global and national credit rating obtained to support alternative funding sources ▶ Regular liquidity stress testing and scenario analysis ▶ Hedging policy in place ▶ Diversification of the portfolio against international benchmarks ▶ Avoiding concentration risk of swap maturity ▶ Negotiate cheaper funding arrangements	▶ Improve loan-to-value ratio ▶ Establish ADR programme ▶ Increase funding from debt capital markets ▶ Increase the level of unsecured debt ▶ Introduce a dividend reinvestment programme ▶ Restructure expensive debt
▶ Yield on investment is unpredictable ▶ Growth prospects impaired ▶ Recapitalisation of investment at low yields ▶ Impairment of capital invested	▶ Financial	▶ The risks identified are not considered key ▶ International exposure limited to 15% of total assets ▶ Strategic input provided at board level ▶ Prudent management of foreign currency fluctuations ▶ Geographic diversification of investment ▶ In-country financing to provide a natural hedge	▶ Set up SARB-approved structure to invest in offshore property directly ▶ Invest in listed offshore securities and direct property at attractive yields ▶ Gear up the Cromwell holding in Australia to fund offshore investments
▶ Delayed developments ▶ Violent behaviour and safety issues impacting reputation of the company ▶ Penalties and increased development costs ▶ Value destruction ▶ Potential loss of tenants/breach of tenant undertakings ▶ Overcapitalisation of development ▶ Possible loss arising from warranty claims	▶ Manufactured ▶ Financial	▶ Speculative development limited to a maximum of 5% of total property asset base ▶ Development is demand driven, well-located sights selected for development ▶ Well-structured contracts with contractors ▶ Building flexibility in the construction programmes ▶ Use of reputable contractors	▶ Identify yield-enhancing development opportunities around owned properties ▶ Make significant progress on current development pipeline ▶ Pursue pre-let/ tenant demand-driven development pipeline ▶ Provide redevelopment services to Fountainhead

Our vision is not to be the biggest but the best, in all aspects of what we do, so that we are the property owner of choice.



Market capitalisation

2012		2013
R26,6 billion	▶	R30,2 billion

Average monthly value of units traded

2012		2013
R690 million	▶	R1,1 billion

This time last year I expressed concern that the global economy was so fragile that a single mishap or "black swan" event could bring it down. Fortunately for all, this did not happen, though the global economic picture has hardly improved. Recently a few positive trends have emerged in Europe and the USA, while China appears to be taking steps to address its structural alignment issues and slowing growth.

The US Federal Reserve's premature announcement of quantitative expansion "tapering" in May 2013 caused a temporary flight of capital out of emerging economies, which has negatively impacted our long-term funding costs of fixing new debt. This poses an initial yield challenge for management to acquire assets meeting Redefine's investment criteria – necessitating a long-term view. We must accept that markets will in all likelihood remain volatile and that "black swan" or highly improbable events have become commonplace. We are learning to expect and prepare for the unexpected.

Redefine has sound risk management policies in place, which mitigate the impact of the improbable to an extent. Although we can evaluate our robustness in the face of difficult scenarios, there are some factors that are simply beyond our control, such as economic/fiscal policies adopted by the South African government and international events. Redefine will continue managing the areas that are under our control, which are aimed at maximising rental income, minimising operating expenditure, optimising the funding mix and identifying non-GLA sources of revenue.

"Redefine is well focused to manage the variables within its control and minimise the impact of the improbable."

As the events of this year prove to be momentous, Redefine is led by a board and management team that is well up to the resultant challenges. The six-person Exco meets weekly and is closely supported by a second tier of property and financial professionals who are well capable of stepping up into Exco roles as and when required. The remuneration and nomination committee has reviewed and approved a documented succession plan for each key management position.

During this year the mettle of the board and management was put to the test by the Fountainhead acquisition, which demanded a high level of energy, tactical thought and resources. This was a draining exercise that proved the tenacity and deal-making ability of Redefine's leadership and provided valuable lessons.

Redefine's property portfolio trend towards higher-quality, mostly single-tenanted properties, has had the effect of easing the management and administrative burden. As a consequence, tenant retention requires a stronger focus to mitigate the resultant risk arising from the exposure to high-value single-tenanted properties.

Redefine routinely commissions investor perception surveys and I am pleased to report continuing enhancement of stakeholder perceptions. I am fortunate to chair an exceptionally effective board and during the review period, we have appointed three new independent non-executive directors and an additional executive director. I take this opportunity to warmly welcome to the board Mike Ruttell as the executive director responsible for property development, and independent non-executive directors Roger Rees, Günther Steffens and Robert Robinson. These four directors bring with them decades of commercial, financial and property experience and without doubt will complement the board mix.

This was in truth in many ways a defining year for Redefine. The group was rigorously tested in the contest for Fountainhead and the execution of the business strategy is beginning to bear fruit. Our unitholders received distributions above market guidance and our balance sheet has been transformed for the better. Redefine has emerged stronger, more confident and better equipped for the future.

With positive prospects for the forthcoming financial year, following the achievements of 2013, we are looking forward to doing more of the same.

Dines Gihwala
Chairman

Net assets under management

2012		2013
R20,0 billion	▶	R24,9 billion

Development pipeline

2012		2013
R600 million	▶	R3,2 billion

Overview

That our financial results were ahead of market guidance is merely the cherry on top of a year in which our medium-term property strategy was validated and Redefine reached a new launch pad for sustainable growth.

Against the background of volatile markets and sluggish domestic growth, this year was punctuated by a series of turning points that are building fresh momentum for Redefine as we head into the new financial year.

The big story of the reporting period was the tussle with Growthpoint over Fountainhead's assets. Good sense eventually prevailed once the legal and statutory dust had settled and at the time of reporting, Redefine owns 62% of Fountainhead. Fountainhead's quality retail properties largely complete our retail-focused property strategy and as we speak we are internalising Fountainhead's property management and providing development support to achieve the required performance levels and optimise costs.

Also most pleasing was the considerable progress we made towards achieving the property portfolio restructure commenced in 2011. Our strategy is to aim for fewer but higher value properties with a primary focus on retail centres. First prize in our non-retail portfolio is the move to single tenanted, well located properties with long-term leases. During this period we sold off 16 properties for R366 million and acquired four quality properties for R1,3 billion. Of this total, R1,1 billion was spent on acquiring a 50% share of the East Rand Mall, which we have earmarked for considerable further development.

“Redefine will continue to pursue revenue-enhancing opportunities and seek new and innovative ways to secure the potential for long-term capital appreciation for investors.”

Subsequent to year-end we reached agreement on six acquisitions to the value of R3,4 billion, which I discuss in more detail later in this report.

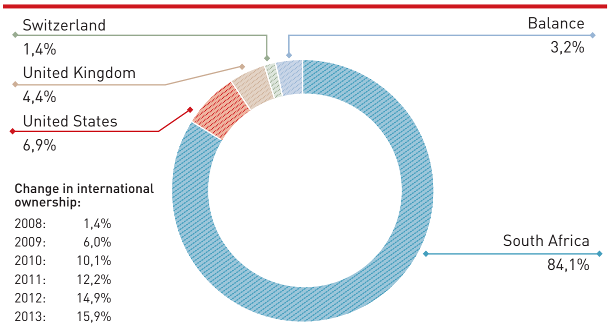
Through the process of realigning our investment proposition, we have protected unitholder interests by limiting the dilution of distributable income to less than 1 cent per linked unit, with the R366 million worth of properties disposed of in this period attracting a dilution of only some R13 million. Our unitholders gain in the longer term from the intrinsically higher quality of the replacement properties taken up in the portfolio. These properties are newer, require less maintenance, incur no additional administrative burden and appeal to high-quality tenants. I anticipate substantially completing this phase of our portfolio restructuring in H1 2014 when we move 26 mainly government tenanted office buildings valued at R2,2 billion into a new listing with a B-BBEE partner. This transaction will assist Redefine to score much needed enterprise development points in terms of the property sector scorecard.

Given the scarcity of well priced property assets meeting Redefine's investment criteria, property development and the redevelopment of existing properties has become an increasingly important facet of Redefine's business model. I take this opportunity to welcome Mike Ruttell, Redefine's head of development, to the board as an executive director. Mike will be overseeing a R3 billion plus development pipeline in 2014 focused primarily on our 90 Grayston Drive and 90 Rivonia Road office developments in Johannesburg and the signature Matlosana Mall under construction in Klerksdorp. Development is also undertaking R600 million in upgrading and redevelopment of existing Redefine properties.

New tax legislation during the course of the year enabled Redefine to apply for REIT status, which was granted from 1 September 2013. REITs are tax advantaged investment structures that bring South African property companies into line with international norms which should stimulate demand from foreign institutional status. With REIT status, profits are distributed pre-tax and then taxed in investor hands. The biggest immediate benefit to Redefine is that we are no longer subject to CGT on the disposal of property assets, as well as local REIT securities.

On 5 October 2013 Redefine became the first property company in South Africa to launch an ADR programme on the over-the-counter market in the USA, with the Bank of New York Mellon as the sponsoring bank. Over the years Redefine's foreign shareholder base has grown to 16%, with USA investors comprising just under 7% of this total. Our ADR programme offers American investors straightforward access to an attractive income yield with solid capital appreciation prospects. International investment in Redefine over the past five years has increased from R100 million to R5 billion.

Beneficial unitholders by country



Another key turning point shortly after the financial year-end was the inward listing of RI PLC on the JSE on 28 October 2013. With its primary listing on the LSE, RI PLC is a Rand-hedge property counter, with property investments in the UK, Germany and Australia. At year-end Redefine effectively owned about 32% of RI PLC.

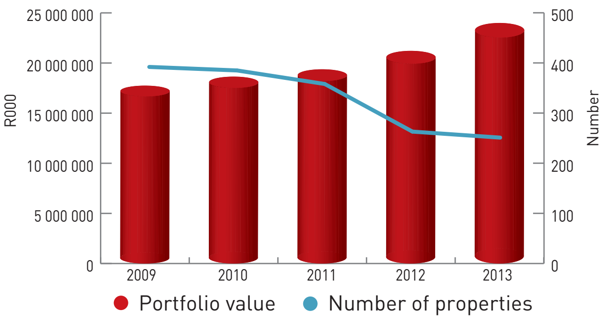
South Africans can now invest directly in a choice portfolio of offshore properties, while the benefits for RI PLC are a cleaned up corporate structure, a higher "free float" of shares, improved access to funding and fundability with the LSE price.

RI PLC is in the process of converting to a UK REIT, which we expect to be completed in December 2013 and as part of this process, RIFM (RI PLC's management company), in which Redefine has a 90% interest, will be internalised.

Portfolio restructuring from 2011 to date

Since deciding on a portfolio strategy shift in 2011, I'm proud of the speed and efficiency with which our management team has been able to accomplish this task, with its near completion phase scheduled for H1 2014. In the following tables I briefly outline the effects of the portfolio shift and value creation that has taken place over the past three years. The first step was to release capital for recycling and create momentum by disposing of non-core properties that did not meet Redefine's long-term strategic objectives and investment criteria.

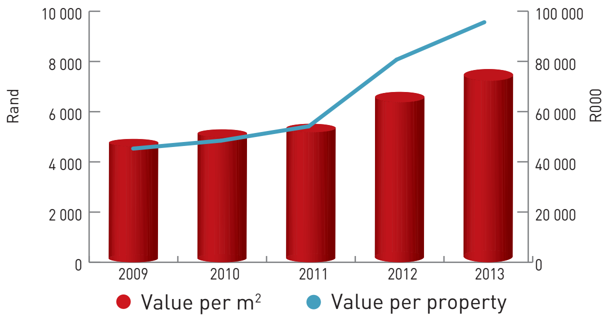
Portfolio values and number of properties



The property portfolio restructuring strategy has resulted in fewer properties with higher individual values.

Redefine's investment in the retail letting area has remained fairly constant with a proportional reduction in commercial property and an increase in industrial space.

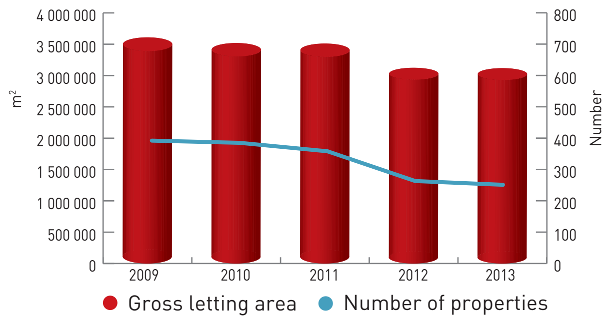
Individual property values and value per m²



The strategy of disposing of smaller, secondary-grade properties and the ongoing investment in and development of premium properties is reflected in the value per property and the value per m².

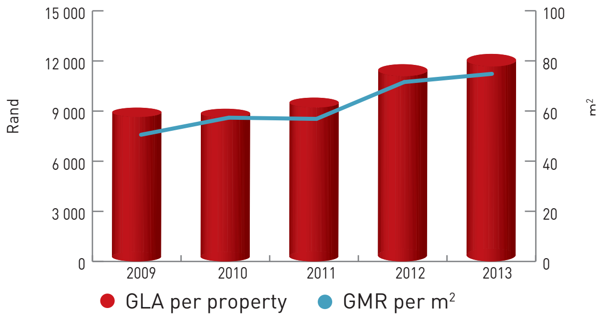
As for GLA, a similar trend for gross property values is seen, with an increase in the value of investment in industrial properties, a decrease in the investment value of commercial property and a slight increase in value invested in retail properties.

Total GLA and number of properties



The average GLA per property has increased as Redefine invests in larger properties. The GLA of the total portfolio is now far more evenly spread between the three sectors.

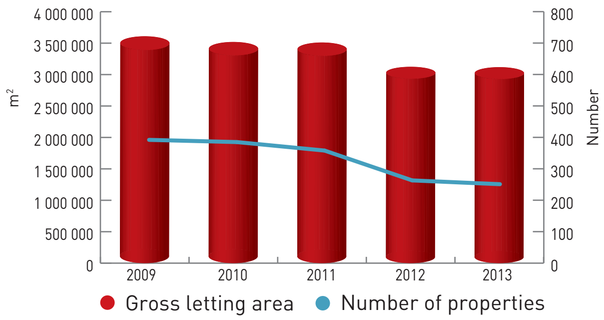
GLA per property and GMR per m²



The average GMR per m² has increased as the group invests in higher-grade and premium properties. This improvement in returns per m² has been driven by higher-yielding commercial and industrial properties.

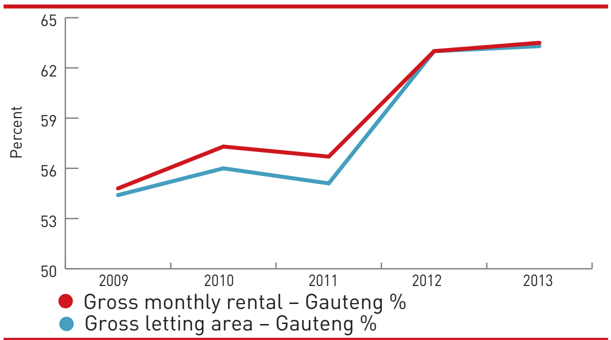
The total GMR percentage from retail properties has declined from 42,9% in 2009 to 38,9% in 2013.

Total GLA and number of properties



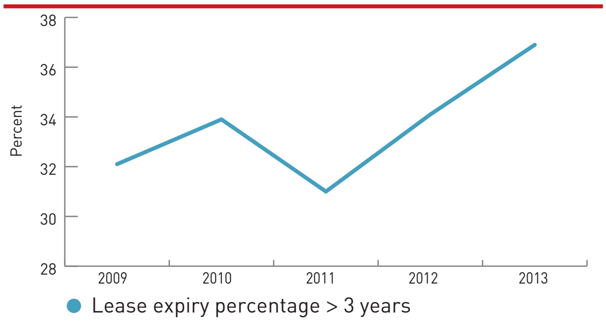
Despite the reduction in the number of properties and the gross letting area, the increasing GMR and GMR/m² confirms the transformation of the property portfolio into one consisting of premium, high-grade properties capable of generating increasing rentals. In the past year the average value of our properties grew from R80 million to nearly R100 million per property.

Representational growth of GMR and GLA in Gauteng



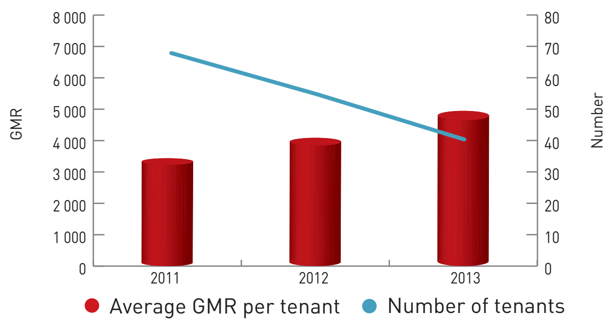
The portfolio restructuring has seen the group divest from the smaller, less economically active provinces and increasingly focus and invest in predominantly economic hubs such as Gauteng, Western Cape and KwaZulu-Natal.

Growth in longer leases

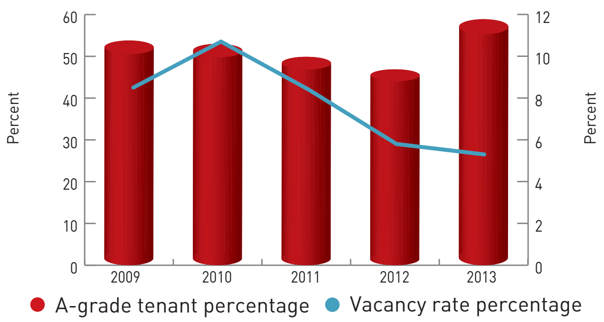


The transformation of the property portfolio to one of high-grade, premium properties and the attraction of greater single, A-grade tenants, provide a sound basis for Redefine to extend its lease expiry profile and plan for the future.

Average gross monthly rental per tenant



Improved tenant grades and lower vacancy rates



The vacancy rate reduces and the quality of the tenants improves as the portfolio is transformed.

Staying true to our investment proposition

Earlier in this report you will see an outline of Redefine's investment proposition, which has been refined over the years, but not fundamentally amended. Without repeating it here, we have pursued our core objectives of generating attractive yields and growing capital by developing a high-quality property asset portfolio, while keeping funding and operational costs down. In identifying and acquiring assets we have adopted a defensive deal-making strategy, although we will accept higher risk with deals that are particularly attractive or may open up new avenues of business. It is in our DNA to opportunistically take on a few properties that may offer higher rewards without unduly adding risk.

At this time 50% of our portfolio (including Fountainhead) is exposed to retail, which is our best performer and provides relatively low risk due to being spread across multiple and national brand tenants. The numerous long-lease and single-tenanted properties we have acquired further reduces risk. The portfolio is thus far more defensive than it has ever been, though it isn't Redefine's style to have an entirely staid portfolio. Beyond this stable core there are a number of good, older properties which are well located, to which we will add value over time.

In this regard we consider partnering with reputable developers with unencumbered land who lack the resources to develop these properties. Co-development in rural areas is a plus for our B-BBEE rating and all feasible development plans are considered.

Our offshore property investments through RI PLC and Cromwell are a prudent Rand hedge against the vagaries of the South African market, with its sluggish GDP growth, scarcity of quality properties and sharply rising utility and municipal costs. Investors are also concerned about Rand weakness when the USA "taper" of quantitative easing finally commences. This is good reason to more actively engage the attractive Australian market, which at present offers better initial investment yields compared to South Africa with less risk and lower costs of funding. We are examining feasibilities in this market and with SARB's approval may raise funds for further investment or joint acquisitions with Cromwell.

Recycling capital for long-term sustainability

We continually evaluate our assets to ascertain which we can realise to recycle capital for properties or investments that will offer better growth over time. The Hyprop stake is a good example: We obtained these units at an average price of R32,50 and we were able to exit the shares at over R70 apiece. This capital was then used in acquiring our Fountainhead stake, which will offer better returns in the longer term. The recycling of capital in this manner is a continuous process.

Property management and cost controls

Our decision three years back to manage Redefine's properties ourselves brought with it the responsibility to offer a better service than our previous outsourced property and facility managers. As a result, Redefine's staff complement has grown substantially and we have added new support functions such as a customer relations department. We have also conducted an internal and external rebranding exercise to make the public and employees aware that 'We're not landlords. We're people'.

It's evident that getting closer to our clients is attracting the calibre of tenants we want in our properties and the "Redefine brand" is developing a real presence in the public eye. We are now leveraging our property management capability to drive down costs and improve efficiencies in areas such as electricity consumption and air-conditioning. The decision to measure and monitor our carbon footprint is showing up areas for improvement as well as being environmentally responsible.

We intend further improving the tenant experience by installing open access fibre at appropriate properties to support high-speed data transfer, as well as Wi-Fi networks at offices and retail centres.

We've managed to keep operating costs flat at about 20,5% of rental income. In-house property management has reduced service costs to 8% of rental income and delivered a hefty R25 million saving in unrecovered electricity costs in 2013. Now that we're also taking over the property management of Fountainhead's properties, we are exploring new avenues to reduce costs and introduce additional revenue streams. More efficient lighting, motion sensing and new generation air-conditioning units are being rolled out across our properties. A pilot solar power plant will be installed at Alberton Mall. These are intended to restrict rising utility costs and reduce our carbon footprint.

New acquisitions for 2014

I'm delighted to report that we already concluded agreements to acquire six quality properties worth R3,4 billion in place for 2014, subject to the usual regulatory approvals. Spread across all three property sectors, these are:

- A 51% share in the Maponya Mall in Soweto (retail);
- A large Ellerines distribution centre in Pietermaritzburg (industrial);
- A 50% share in the new Alexander Forbes building in Sandton (office);
- The Design Quarter Nicol Grove Precinct (mixed use);
- Ericson office building in Woodmead (office); and
- A 50% share of the Sycom Discovery building in Sandton (office).

The ongoing challenge with municipalities – and a solution

Like most countries around the world, South Africa is urbanising rapidly as people move from rural areas to seek their livelihood in the cities. Municipal authorities are constantly under pressure to provide the facilities to support their growing populations. These require funding and all too often they take the easy but short sighted route of hiking rates on commercial buildings. A significant portion of our portfolio (70 properties) presently face rate hikes of 10% to 30%, which increases the cost burden to us considerably (tenants have a cost of occupation ceiling). We are forced to make decisions on whether we want to remain in such municipalities, or move our capital elsewhere.

If municipalities acted more like commercial enterprises, they could actively support job creation and grow their revenues in a sustainable manner. An axiom of good business is that 20% of customers will provide the bulk of your revenue. It therefore makes sense for municipalities to identify their top ratepayers and ensure that their engagement with them is quick and efficient, so that these ratepayers are encouraged to invest further in these municipalities. This isn't the case at present, with investors such as Redefine with billions to invest in a city waiting years to get zoning and building permissions. The jobs and business opportunities that these investments would unlock in the city are held back for no good reason.

Another situation which the municipalities are not capitalising on is in the area of sustainable rates growth. Municipalities should offer "rates holidays" to encourage developers to upgrade their properties, which would create jobs and over time widen the municipality's rates base. Rates historically were based on land value only, but in recent years the value of buildings on the properties were factored into the equation, so that property improvements are now penalised through higher rates. Maximum use of property therefore results in a disproportionate rates growth and serves as a disincentive. This discourages the very development that municipalities need to grow their revenues and employ their residents. I strongly recommend that municipalities consider introducing two or three-year rates holidays for those developers willing to invest significant capital.

Another straightforward means of attracting rates is for municipalities to identify suitable land parcels and put the necessary zoning and permissions in place before offering these to potential developers.

It is disheartening to see how some municipalities drag their feet in performing their responsibilities, so that opportunities for jobs and rates growth just slip past. Investors lose patience and look elsewhere, or even outside of South Africa.

Prospects

I don't anticipate much improvement in the South African property market for the next year, although Redefine is well positioned to maintain its distribution growth at a similar rate to 2013. South African GDP will likely remain well below the 3,5% growth rate needed to begin reducing tenant vacancies.

Tenant costs will come under pressure from significant rate increases in certain municipalities. An early priority is to improve our B-BBEE score and complete the realignment of our property portfolio by listing the government tenanted properties.

Another immediate focus will be to secure and begin leveraging Redefine's R3,4 billion investment in six new properties. Other promising negotiations under way are intended to further strengthen our high-quality portfolio.

There remains considerable work to do in aligning Fountainhead's operations alongside those of Redefine and in due time we will consider if and when to make an offer for the Fountainhead assets.

In line with investor expectations, we will continue exploring an expanded Australian portfolio to balance the risk inherent in our South African operations.

Living the Redefine brand

Three years ago Redefine was a relatively unknown property owner with a few employees that had little direct engagement with our tenants or the broader public. When taking the decision to internalise our property management, we also introduced a comprehensive rebranding of Redefine to establish a service-orientated corporate culture and to make our broader stakeholder base aware of Redefine as a property owner and manager of choice.

Although, like many seasoned businessmen, I can be sceptical about the actual value offered by certain forms of branding and marketing, over this past year I've seen more and more evidence of how the values of the new Redefine brand have become integral to our company culture and have created a public awareness of the Redefine brand that frankly exceeded my expectations.

For me it is a daily delight to witness how proud our people are to be working for Redefine. They go the extra mile without coercion or complaint simply because they want to. When a job needs to be done, they just get on and do it. Job vacancies attract an extraordinary choice of high-calibre applications, because people want to work for and be associated with Redefine.

To lead a company of people like this is a rare pleasure. It gives me the confidence that we can achieve anything that we set out to do, as the visualising, planning and execution will be done right. Our record over an exhausting – yet triumphant – year of twists and challenges proves it.

I thank each and every one in or involved with Redefine for your contribution to our current year's performance. It opened my eyes to how much Redefine is still capable of achieving as we get to grips with the next lap in our journey.

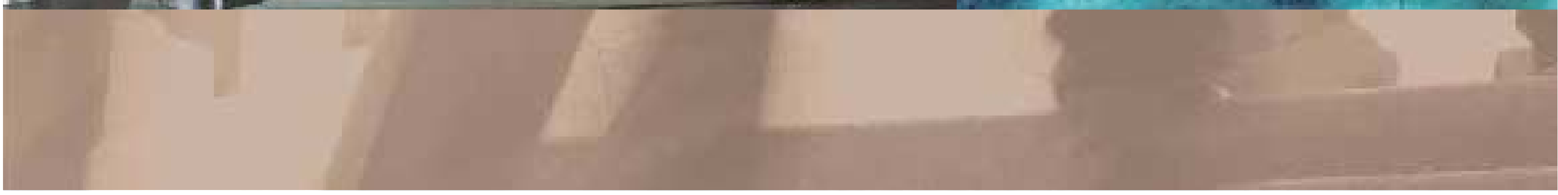
Yours sincerely
Marc Wainer
CEO

DE BEERS HOUSE

ESSEX GARDENS

SCOTTSVILLE MALL

Our strategic priorities are focused on refining our business model to sustain value creation.



Financial capital

Redefine's ability to access funding, either through equity or debt funding, is fundamental to its ability to create further value for its stakeholders, in particular to providers of its financial capital. When raising debt funding, Redefine generally provides elements of its property portfolio as security but it is the group's ability to manage the total cost of capital which makes a significant contribution to its profitability.

Funding raised during the year

		R million
Through the issue of linked units		
– for cash	757	
– swapped to acquire Fountainhead	854	
		1 611
Through interest-bearing borrowings		
– Bank funding		**3 144**
– secured	2 100	
– unsecured	1 044	
– Debt capital market funding		**1 608**
– bonds	1 039	
– commercial paper	569	
Total funding raised		**6 363**

Our funding structure

	2013 R million	2012 R million
Stated capital	**12 979**	11 661
Debenture capital	**5 085**	4 792
Unitholders' interest	**18 064**	16 453
Interest-bearing liabilities	**17 063**	20 673
Funding structure	**35 127**	37 126

Stated and debenture capital

A linked unit represents the combination of an issued share and a linked debenture. Redefine has 2,9 billion linked units in issue at 31 August 2013. The debentures accrue interest half-yearly, which in aggregate represents Redefine's net operating income.

The debentures are unsecured and subordinated in favour of the company's other creditors. Refer to notes 18 and 19 of the annual financial statements for full details of the stated capital and debentures.

On 1 September 2013 Redefine became a REIT. As part of the REIT conversion process, the linked unit capital structure has to be converted to a shares only structure, through a legal process. It is anticipated that the delinking process will happen during the 2014 financial year.

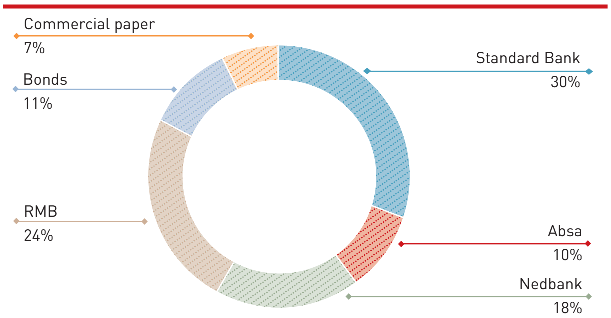
Key debt metrics

LTV – including held-for-sale	40,1%
LTV – excluding held-for-sale	38,9%
Debt capital market funding (management target of 30%)	17,6%
% of debt secured	72,8%
% of assets pledged as security	61,7%
Market value of assets pledged as security (R million)	21 362
Weighted average cost of borrowings	8,0%
% of debt fixed (management target of 65%)	66%
Undrawn facilities available on demand (R million)	1 781

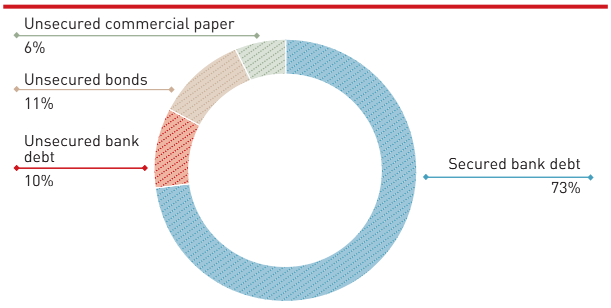
These metrics are for the Redefine group excluding Fountainhead as the Fountainhead assets and liabilities, in terms of its holding structure, are ringfenced.

Refer to note 21 of the annual financial statements for full details of the group's interest-bearing borrowings.

Sources of debt



Secured vs unsecured sources of debt



How we manage and allocate capital

A priority of Redefine's management and board is the management and allocation of financial capital. A key is to secure the lowest cost of fixed and variable funding, from a broad source of funding while optimising maturity profiles.

These activities are undertaken in a prudent manner, ensuring the group remains within its self-imposed LTV ratio and hedging strategies.

Central to Redefine's management of debt funding is the mitigation of the following funding risks:

Protection against exposure to volatile interest rate movements

Volatile interest rate movements result in increased borrowing costs, reducing distributable income. International and local economic conditions impact the cost of Redefine's debt through movements in bond yields and central bank monetary policy. To manage this risk, Redefine fixes the cost of variable interest rate borrowings through entering into interest rate swaps. Redefine's current hedging strategy is to fix a minimum of 65% of its debt through interest swaps for as long as possible.

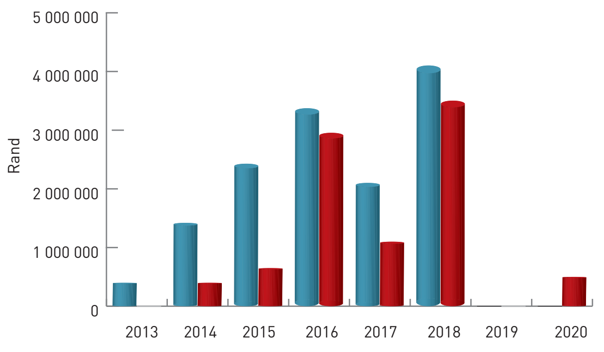
Limiting our credit risk

Credit risk may arise from a credit crisis, the introduction of Basel III or prudential limits which are imposed by debt providers. Redefine limits the credit risk by diversifying the sources of funding among financial institutions (the banks) and the debt capital market. Management's target is to source approximately 30% of its total debt funding from the debt capital market in order to avoid concentration risk among the major financial institutions.

Liquidity risk is managed through proactive renegotiation of short-term debt maturities and optimisation of maturity profiles

Redefine's liquidity requirements are managed by monitoring forecast and actual cash flows and renegotiating and extending debt facilities coming up for renewal to ensure that no more than 25% of the group's financial liabilities mature in any given year.

Maturity profile of debt and hedges (excluding liabilities held-for-sale)



Adherence to debt covenant ratios

Although Redefine's debenture trust deed does not limit gearing, the board has imposed a gearing limit of 45% of total South African assets. Management further strives to achieve a voluntary limit of 35% believing this is the optimal level of gearing.

Maintaining and improving Redefine's credit rating through improvement of credit metrics

Redefine has maintained its Moody's rating and improved its overall credit metrics during the year, mainly driven by reducing the value of its assets that are secured.

Moody's credit rating was refreshed on 5 August 2013 and remains unchanged as follows:

- Global long-term B aa3
- Global short-term P-3
- National long-term A3.za
- National short-term P-2.za

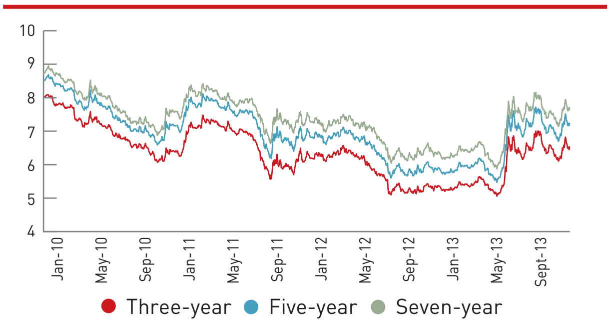
Prospects

Redefine will continue to follow its strategy of prudently managing its debt to provide an appropriate balance between funding costs and certainty of those costs. This approach enables the operating business units to strategically plan and sustain value creation, reinforces our credit reputation with the lenders, and maintains a strong capital base to safeguard Redefine's ability to provide reasonable returns to stakeholders.

It would seem that the swap market has overreacted to the confusion caused by a number of statements made by the US Fed around the possibility of tapering quantitative easing as well as sluggish domestic economic expectations. This situation has been exacerbated by lack of liquidity in the swap market. Redefine is exploring alternative funding mechanisms to fix interest rates.

Redefine has secured R22,2 billion of its property assets against secured borrowings of R9,8 billion. For the unsecured lender (currently R4,2 billion), R25,1 billion of property assets are available (the remaining unsecured property assets of R12,7 billion plus the secured assets' funding headroom of R12,4 billion) to support their exposure, Redefine is looking to increase its level of unsecured borrowings through leveraging this situation, which has the added benefit of providing the unsecured lender with a diversified asset pool.

Historic swap curves



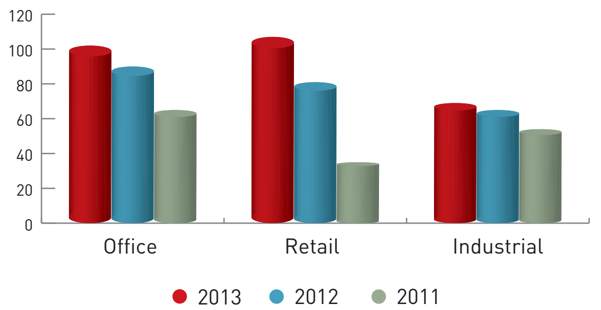
Source: Bloomberg

Manufactured capital

Redefine's strategy, which has expanded its local property portfolio through the acquisition of prime quality assets and rigorous cost control, has combined to produce strong income growth for the 2013 financial year. The direct property portfolio at 31 August 2013 was valued at R24 billion and comprised 251 properties with a total GLA of 3 125 million m^2. We continued to improve the quality of the core property portfolio during the year, with the emphasis in acquisitions wherever possible to secure fully repairing leases with blue-chip tenants which offer cash flow comfort and lower vacancy rates. The effect of the restructure of the property portfolio, which began in 2011, has had the following impacts:

- Redefine's average value per property is now approaching R100 million compared to R54 million at the start of the process

Year-to-year increase in value per property (%)

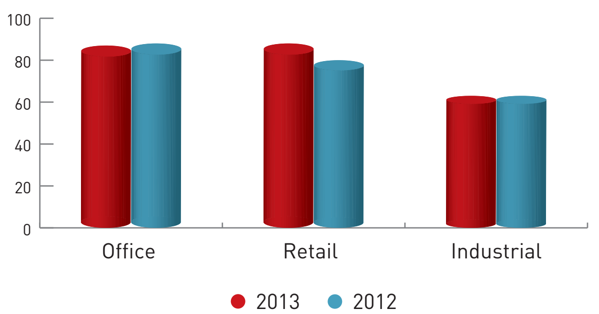


- The top 20 properties make up 35% of the property portfolio by value
- 31% of the total portfolio is single-tenanted properties which improves cost efficiencies
- The top 20 tenants contribute 46% (2012: 43%) of the gross monthly rental
- The investment in retail is now 40% by value and in the new year Redefine will focus on expanding the retail portfolio and making this the largest sector
- 65% of the portfolio is located in Gauteng which is in line with our strategy to reduce our exposure to smaller, less efficient municipalities
- A-grade tenants contribute 63% of gross monthly rental
- A portfolio of younger buildings has been created, reducing maintenance and repair costs

"In a challenging leasing environment we continued meeting our targets, reshaped our property portfolio for sustainable returns and ended the year with a healthy development pipeline."

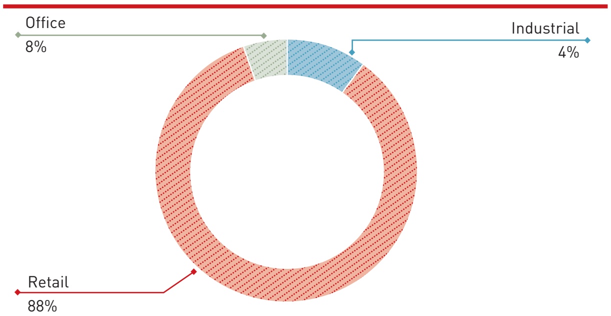
- The improved portfolio has delivered a positive rental reversion of 6%
- The tenant retention rate is now 80%

Tenant retention rate by sector (%)



Redefine has been focused on growing its retail sector with the major acquisition of the year being East Rand Mall.

Acquisitions by sector



Redefine's strengthened portfolio also helped improve vacancies in lettable space from 5,8% to 5,3%.

Redefine will substantially complete the refinement of its portfolio of property assets in the coming year and is well advanced in disposing 26 government-tenanted office properties valued at R2,2 billion through a new listing.

Managing our business

Prior to 2011 Redefine's property management was outsourced. We then took the strategic decision to internalise property management and established our own property management department, which meant recruiting many of the previously outsourced managers into Redefine.

This was a major exercise – among the largest of its kind in South Africa – as over 300 properties with more than 7 000 tenants were brought under Redefine's direct management control. It proved to be the right decision, as customer service improved while management costs decreased. Another major advantage is the quality and real time of tenant information which is available on demand, that enables us to directly monitor service levels and proactively plan to meet current and prospective tenant requirements.

Our property management function is led by the national heads for the industrial, retail and office property sectors. They are directly supported by the heads of the Gauteng and Western Cape regions, where the bulk of our properties are located. Each sector also has a leasing executive, while each region has dedicated facilities management. Certain specialised facilities functions such as air-conditioning and lift management are outsourced.

A dedicated manager is responsible for each Redefine property or retail centre, supported by the administration department. Given our strategic focus on retail, we have added a retail analyst to the team to provide specialist insight into this sector.

Besides dealing directly with property and facilities managers, tenants can interface with Redefine through our CRM unit and call centre, which are tasked with resolving tenant queries quickly and effectively.

Manufactured capital continued

Fundamental shifts in property broking

The majority of our acquisitions and disposals were traditionally sourced through property brokers, who find potential property deals and introduce these to Redefine for negotiation. This industry is changing as large international and local groups are now directly commissioning brokers to find tenant space for them. This is often in the form of a request for information distributed by a property broker inviting property owners to pitch. A shortlist is drawn up and formal bids are requested. This process consumes management time and the cost of producing these bids is such that obtaining tenants in this manner is often not effective. Redefine and other major property owners are reviewing whether to continue participating in such tenancy bids.

Brokers traditionally acted for both parties in a tenancy deal, but this balance is lost when the broker directly represents the tenant for a fee. As a result the cost of letting space is rising.

Green buildings and energy savings

Redefine's policy is that – wherever feasible – all new buildings will be designed to at least four green star standard in terms of Green Building Council of South Africa requirements. Although developing a green star-rated building is initially more expensive, it pays for itself over time through reduced running and utility costs.

Demand for "green buildings" is growing, as this is a compulsory requirement for many international tenants, while local tenants value the reduced utility costs.

In existing, older buildings, for which retrofitting to green star standards is prohibitively expensive, Redefine has embarked on an extensive programme of improving energy efficiencies and introducing renewable energy solutions where feasible. A dedicated utilities management division newly established for this purpose is overseeing the installation of efficient lighting, occupancy sensors and timers, as well as variable speed drive for HVAC (air conditioning) systems.

A solar power plant is being commissioned at Alberton Mall and another may be installed at the Matlosana Mall, which is currently under construction.

Integration of Fountainhead properties

Redefine has begun to take on direct management of Fountainhead's properties in a similar fashion to the exercise conducted at Redefine in 2011. By January 2014 this process will be completed.

Portfolio overview

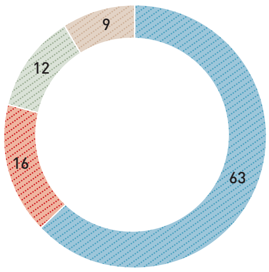
Geographical spread by gross lettable area

	2013				2012			
	Value R000	**Number of properties**	**GLA (m^2)**	**GLA %**	Value R000	Number of properties	GLA (m^2)	GLA %
Gauteng	**15 534 393**	**159**	**1 985 035**	**63**	13 478 991	160	1 967 071	63
Western Cape	**4 841 803**	**40**	**579 422**	**19**	3 915 244	39	490 588	15
KwaZulu-Natal	**1 906 997**	**30**	**303 135**	**10**	1 832 409	38	333 225	11
Other	**1 715 759**	**22**	**257 422**	**8**	1 991 049	26	333 571	11
Total	**23 998 952**	**251**	**3 125 014**	**100**	21 217 693	263	3 124 455	100

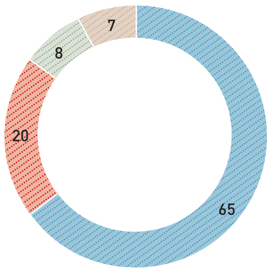
Geographical spread by gross monthly rental

	2013				2012			
	Value R000	Number of properties	GMR R000	GMR %	Value R000	Number of properties	GMR R000	GMR %
Gauteng	15 534 393	159	150 189	64	13 478 991	160	140 877	63
Western Cape	4 841 803	40	44 724	19	3 915 244	39	38 558	17
KwaZulu-Natal	1 906 997	30	21 083	9	1 832 409	38	22 914	10
Other	1 715 759	22	17 369	8	1 991 049	26	21 249	10
Total	23 998 952	251	233 365	100	21 217 693	263	223 598	100

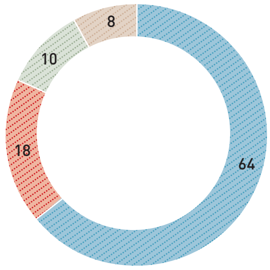
Number of properties (%)



Value (%)



GLA (%)



Gauteng Western Cape KwaZulu-Natal Other

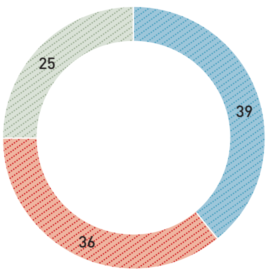
Sectoral spread by gross lettable area

	2013				2012			
	Value R000	Number of properties	GLA (m^2)	GLA %	Value R000	Number of properties	GLA (m^2)	GLA %
Office	9 833 527	97	1 051 602	33	9 530 830	106	1 117 070	36
Retail	9 601 346	90	1 019 342	33	7 731 943	95	974 919	31
Industrial	4 564 079	64	1 054 070	34	3 954 920	62	1 032 466	33
Total	23 998 952	251	3 125 014	100	21 217 693	263	3 124 455	100

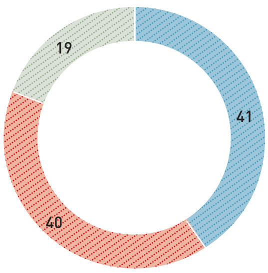
Sectoral spread by gross monthly rental

	2013				2012			
	Value R000	Number of properties	GMR R000	GMR %	Value R000	Number of properties	GMR R000	GMR %
Office	9 833 527	97	103 654	44	9 530 830	106	105 155	47
Retail	9 601 346	90	90 796	39	7 731 943	95	80 088	36
Industrial	4 564 079	64	38 915	17	3 954 920	62	38 355	17
Total	23 998 952	251	233 365	100	21 217 693	263	223 598	100

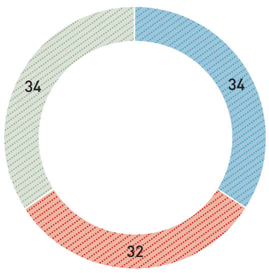
Number of properties (%)



Value (%)



GLA (%)



Office Retail Industrial

Manufactured capital continued

Acquisitions and disposals

Acquisitions for the period amounted to R1,3 billion at an average commencing yield of 7,2%. Our most significant acquisition was a 50% share in the East Rand Mall for R1,1 billion.

Disposals amounted to R366 million at an average yield of 10,8%. These comprised 16 properties mainly located in the CBDs which is in line with our current portfolio strategy.

Subsequent to the year-end, Redefine has concluded agreements, subject to the usual conditions precedent, for the acquisition of properties for an aggregate total consideration of R3,4 billion at an initial yield of 7,8% and GLA of 188 194m². We have also disposed of five properties for a total amount of R216 million.

Our planned listing of a R2,2 billion portfolio of primarily government-tenanted properties is now scheduled for the first quarter of 2014.

Acquisitions transferred between 1 September 2012 and 31 August 2013

Property	Province	Sector	Date of transfer	GLA (m²)	Purchase price (R000)	Yield %	Purchase price R/m²
BAT – Lancaster Commercial Park	Gauteng	Industrial	1 Nov 12	6 748	51 000	8,6	7 558
Sheffield Park Land[1, 2]	Western Cape	Land	29 Nov 12	N/A	13 485	N/A	N/A
East Rand Mall[1]	Gauteng	Retail	4 Apr 13	31 223	1 115 000	7,0	35 711
5 and 7 Sturdee Avenue	Gauteng	Office	30 May 13	7 455	106 000	9,1	14 219
Total				**45 426**	**1 285 485**	**7,2**	**28 002**

[1] *50% undivided share*
[2] *Vacant and to be developed in the future*

Disposals transferred between 1 September 2012 and 31 August 2013

Property	Province	Sector	Date of transfer	GLA (m²)	Selling price (R000)	Yield %	Selling price R/m²
Spooral Park	Gauteng	Office	5 Sept 12	3 784	30 200	9,0	7 981
Chamber House	Eastern Cape	Office	5 Sept 12	2 862	4 193	10,2	1 465
Church Street A-D	KwaZulu-Natal	Retail	4 Oct 12	2951	19 305	12,4	6 542
448 and 452 West Street	KwaZulu-Natal	Retail	4 Oct 12	4 720	66 825	14,5	14 158
Wynberg Mews	Western Cape	Office	29 Oct 12	7 596	39 893	9,0	5 252
Chai Properties	Gauteng	Industrial	21 Jan 13	6 430	14 500	9,2	2 255
Noswall Hall	Gauteng	Office	21 Feb 13	8 593	33 500	8,5	3 899
Station Building	KwaZulu-Natal	Office	30 Apr 13	6 808	23 000	12,0	3 378
85 on Field	Gauteng	Office	22 May 13	12 962	54 175	10,5	4 180
Olivedale	Gauteng	Retail	24 May 13	6 812	29 400	9,2	4 316
Ellerines Alberton	Gauteng	Retail	25 Jun 13	5 264	19 500	10,7	3 704
Homestead	Gauteng	Office	20 Aug 13	3 924	31 500	10,1	8 028
Total				**72 706**	**365 991**	**10,8**	**5 034**

Acquisitions to be transferred after 31 August 2013

Property	Province	Sector	Expected date of transfer	GLA (m^2)	Purchase price (R000)	Yield %	Purchase price R/m^2
Cornubia[4]	KwaZulu-Natal	Land	25 Sept 13	N/A	171 109	N/A	N/A
Ellerines Cato Ridge	KwaZulu-Natal	Industrial	15 Oct 13	50 333	467 500	7,4	9 288
Halifax Road	KwaZulu-Natal	Industrial	22 Oct 13	15 853	60 000	9,0	3 785
13 and 15 Bierman Avenue[1]	Gauteng	Office/Land	30 Nov 13	N/A	31 513	N/A	N/A
Design Quarter – Nicol Grove	Gauteng	Retail	31 Dec 13	23 814	391 500	8,6	16 440
Business Centre – Nicol Grove	Gauteng	Office	31 Dec 13	9 259	210 700	8,6	22 756
Saatchi & Saatchi – Nicol Grove	Gauteng	Office	31 Dec 13	4 245	84 500	8,7	19 906
Old Mutual – Nicol Grove	Gauteng	Office	31 Dec 13	2 532	47 800	8,7	18 878
Cycle Lab – Nicol Grove	Gauteng	Retail	31 Dec 13	3 558	45 400	8,7	12 760
Lexmark – Nicol Grove	Gauteng	Office	31 Dec 13	2 030	34 500	8,7	16 995
Maponya Mall[2]	Gauteng	Retail	28 Feb 14	35 582	699 975	7,5	19 672
Discovery House[3]	Gauteng	Office	28 Feb 14	11 263	206 950	8,5	18 374
Ericsson Woodmead	Gauteng	Office	28 Feb 14	11 475	240 000	8,5	20 915
Alexander Forbes[3]	Gauteng	Office	28 Feb 14	18 250	690 000	7,0	37 808
Total				**188 194**	**3 381 447**	**7,8**	**16 891**

[1] *42,5% undivided share.*
[2] *51% undivided share.*
[3] *50% undivided share.*
[4] *Vacant land to be developed in the future.*

Disposals to be transferred after 31 August 2013

Property	Province	Sector	Expected date of transfer	GLA (m^2)	Selling price (R000)	Yield %	Selling price R/m^2
Rand Stadium Toyota	Gauteng	Retail	09 Sept 13	5 035	7 000	13,3	1 390
Fascor	KwaZulu-Natal	Industrial	08 Nov 13	8 282	20 500	9,3	2 475
Hatfield Square	Gauteng	Retail	30 Nov 13	15 340	136 620	9,5	8 906
Monitor House	Gauteng	Office	31 Jan 14	1 709	30 750	10,9	17 993
CCMA House	Western Cape	Office	28 Feb 14	4 747	21 000	11,6	4 424
Total				**35 113**	**215 870**	**10,0**	**6 148**

East Rand Mall

Manufactured capital continued

Our tenant profile

Multi and single tenanted properties

	Number of properties	GLA (m²)	Value (R000)	% number of properties	% of GLA	% of value
Multi-tenants	**163**	**2 118 790**	**15 892 611**	**65,0**	**67,8**	**66,2**
Office	65	752 263	5 868 380	25,9	24,1	24,5
Retail	75	931 614	8 550 676	29,9	29,8	35,6
Industrial	23	434 913	1 473 555	9,2	13,9	6,1
Single tenant	**82**	**986 967**	**6 883 542**	**32,7**	**31,5**	**28,7**
Office	29	292 006	3 451 643	11,6	9,3	14,4
Retail	14	87 728	582 123	5,6	2,8	2,4
Industrial	39	607 233	2 849 776	15,5	19,4	11,9
Vacant properties and parkade[2]	**5**	**19 257**	**133 666**	**2,0**	**0,6**	**0,5**
Office	2	7 333	43 613	0,8	0,2	0,2
Retail	1	–	7 000	0,4	–	0,0
Industrial	2	11 924	83 053	0,8	0,4	0,3
Development[1]	**1**	**–**	**1 089 133**	**0,3**	**0,1**	**4,6**
Office	1	–	469 891	0,3	0,1	2,0
Retail	–	–	461 546	–	–	2,0
Industrial			157 696	–	–	0,7
Total	**251**	**3 125 014**	**23 998 952**	**100,0**	**100,0**	**100,0**

[1] *The majority of the new developments in the industrial and office sector are for single tenants.*

[2] *Includes four completely vacant buildings namely 125 Simmonds, Victory Lake, Avroy Shlain, Rand Stadium.*

Top 20 tenants	% GLA	% of total GLA	% GMR
Government	414 217	14,00	15,61
Edcon	116 536	4,00	4,02
Pepkor	131 777	4,40	3,47
Absa	65 308	2,20	3,28
Shoprite	99 495	3,30	3,04
Standard Bank	45 598	1,50	2,31
Truzen 6 Trust	30 434	1,00	1,91
Discovery Health (Pty) Ltd	31 767	1,00	1,88
Pick n Pay	73 794	2,40	1,76
Foschini	17 344	0,50	1,34
De Beers Group Services (Pty) Ltd	11 919	0,41	1,31
Vodacom	20 979	0,73	1,17
Mr Price	15 014	0,52	1,07
Iliad Africa Trading (Pty) Ltd	56 341	1,95	0,90
Premier Foods (Pty) Ltd	38 926	1,35	0,86
Woolworths	35 896	1,24	0,83
MTN	10 916	0,30	0,80
FNB	13 748	0,48	0,78
Routledge Modise Incorporated	10 974	0,40	0,77
JDG	30 851	1,00	0,77
Total	**1 271 834**	**45**	**46**

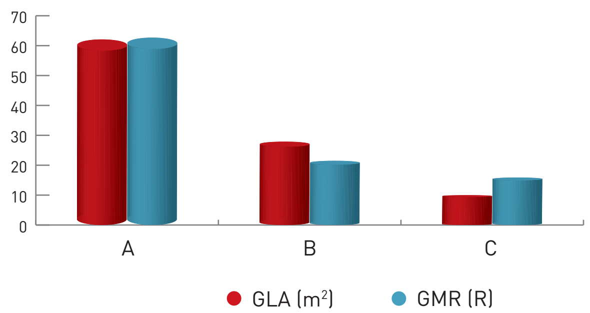
Redefine's policy is to lease space to quality tenants with a high likelihood of renewal. Redefine classifies its tenants as follows:
A: National, provincial and local government, parastatals, national retailers and large companies
B: Professional firms and medium-size companies
C: Other

Redefine's strategy of investing in higher-quality tenants showed real dividends, with a growth of 16% in A-grade tenancy. This bodes well for income security in terms of timeous debt collection, security of tenure and less risk and exposure to the Consumer Protection Act. Such tenancies are also frequently associated with international backing, higher-quality asset demands and investment.

Tenant grading

Grade	Sector	% GMR	GLA (m^2)	% GLA
A	Office	31,2	686 296	22,0
	Retail	21,2	605 061	19,4
	Industrial	10,2	545 064	17,4
A total		**62,7**	**1 836 421**	**58,8**
B	Office	8,8	173 982	5,6
	Retail	5,6	216 925	6,9
	Industrial	7,0	435 129	13,9
B total		**21,5**	**826 036**	**26,4**
C	Office	4,7	100 796	3,2
	Retail	10,4	160 338	5,1
	Industrial	0,7	35 477	1,2
C total		**15,9**	**296 611**	**9,5**
Total excluding vacancies		**100,0**	**2 959 068**	**94,7**
	Office		**90 528**	**2,9**
	Retail		**37 018**	**1,2**
	Industrial		**38 400**	**1,2**
Total excluding vacancies			**165 946**	**5,3**
Total			**3 125 014**	**100,0**

Tenant grading (%)



Manufactured capital continued

Our vacancies

Vacancy levels have reduced slightly in the portfolio with stronger letting, especially on the retail side. Redefine is performing above market average at 5,3% (2012: 5,8%).

Vacancy profile

Province	Office GLA m²	Retail GLA m²	Industrial GLA m²	Total GLA m²
Gauteng	63 537	11 725	32 423	107 685
Western Cape	4 768	9 665	5 977	20 410
KwaZulu-Natal	10 791	8 118	–	18 909
Other	11 432	7 510	–	18 942
Total vacant GLA	90 528	37 018	38 400	165 946
Total GLA	**1 051 602**	**1 019 342**	**1 043 788**	**3 114 732**
Vacancy (%)	8,6	3,6	3,7	5,3
Vacancy 2012 (%)	8,4	5,4	3,4	5,8

Properties excluded as they are in the process of being sold

	Sector	GLA m²	Vacancy m²
Amalgamated Inv – Tedelex	Industrial	17 512	14 825
Corpgro Building Benoni	Industrial	3 841	2 781
Rand Stadium Toyota 1	Retail	5 035	5 035

Buildings in the process of redevelopment

	Sector	GLA m²	Vacancy m²
Premier Milling-Waltloo	Industrial	28 644	22 318

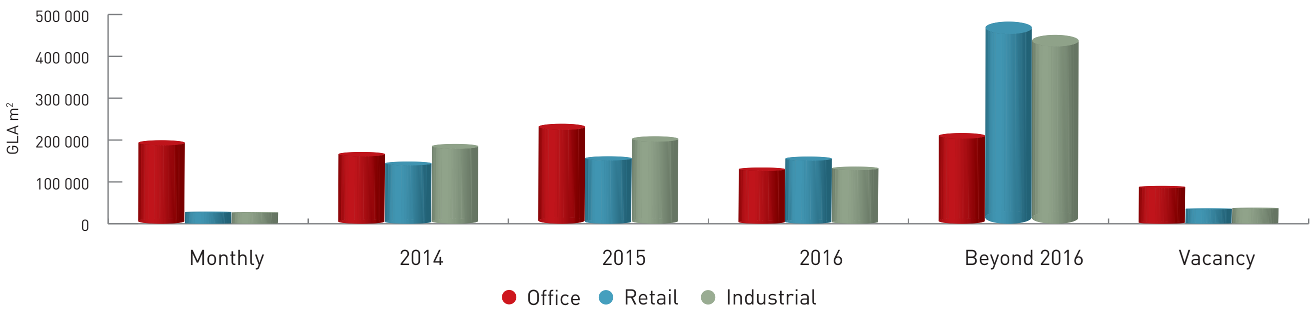
Leasing activity

Compared to prior years, a lower (16% of total GLA) leases are due to expire in the 2014 financial year, which at this stage are offset by the risk of month-to-month office leases. These leases consist predominantly of government leases. The sale of the government-tenanted office properties early in the new year will reduce this risk.

Lease expiry profile

	Office		Retail		Industrial		Total	
Year to August	**GLA (m^2)**	**GMR R/m^2**	**GLA m^2**	**GMR R/m^2**	**GLA (m^2)**	**GMR R/m^2**	**GLA (m^2)**	**GMR R/m^2**
Monthly	199 536	87,46	28 932	103,37	28 003	42,31	256 471	84,33
2014	171 510	102,58	148 665	98,40	190 765	37,27	510 940	76,98
2015	238 902	105,70	161 179	101,50	209 032	36,38	609 113	80,80
2016	134 418	108,49	160 548	94,87	136 597	38,13	431 563	81,15
Beyond 2016	216 708	116,48	483 000	72,52	451 273	36,59	1 150 981	66,71
Vacancy	90 528		37 018		38 400		165 946	
Total	**1 051 602**	**104,14**	**1 019 342**	**94,13**	**1 054 070**	**38,14**	**3 125 014**	**77,99**

Lease expiry profile



Office review

What mattered this year

Demand for premium and A-grade properties remains high, but is declining for B and lower grades as a result of companies migrating to better addresses. We do not anticipate improved demand for lower-grade office space until GDP growth increases on a sustainable basis to at least 3,5% p.a.

Companies are struggling to grow in the current economic climate, which in the office sector causes intense competition to retain tenants and attract new ones. This is compounded by the fact that over 500 000m² of premium grade (P-grade) office space is under construction in Johannesburg to accommodate corporations requiring modern and efficient buildings in prime locations such as Sandton and Rosebank.

The South African Property Owners Association (SAPOA) market survey covers 15,9 million m² space across 51 office nodes. The current survey shows national office vacancies averaging 11% – Redefine's vacancies at 8,6% are pleasingly below market average. The lowest vacancies are in P-grade offices in prime areas such as Sandton and Rosebank, while the highest vacancy percentage is in B and C-grade office space, particularly evident in older CBDs such as central Johannesburg.

As public transport improves in South Africa's major cities, parking ratios for office space may reduce in coming years.

The highest demand for new space is in the affluent nodes, such as Sandton, Bryanston and Centurion, as well as P and A-grade properties in Midrand. The Gautrain is clearly stimulating development activity along its route.

Redefine's exposure to Sandton will be approximately R3,4 billion on completion of the 90 Grayston Drive and 90 Rivonia Road office buildings.

At present we are negotiating with several parties considering to move to 90 Grayston Drive, while Webber Wentzel has been secured for the 90 Rivonia Road property. We discuss these flagship properties in more detail in the development section of this report.

Market environment and outlook

During Q3 2013 South African GDP growth was just 0,7%, which was well below consensus expectations.

Vacancies are rising and, without a GDP upturn, we anticipate that vacancies will be experienced in the hitherto stable A-grade office level.

P-grade vacancies are hovering around only 2% as these offices are recently built and mostly for specific tenants. These properties will continue showing rental growth as they are let on a net basis – with all costs for the tenant's account.

This trend is attracting developers commencing new P-grade developments, with over 500 000m² of new P-grade space presently under construction in the greater Johannesburg metropole alone. As their A, B or C-grade leases expire, tenants can now choose to "rent up" into better offices in popular nodes such as Sandton. Speculative developers are offering incentives such as "rent holidays" of several months to secure leases.

B and C-grade offices have been losing tenants for some years, but we anticipate that vacancies will start climbing in A-grade offices, particularly those in less than prime locations.

Minimal GDP growth means that companies are not expanding and, if anything, are seeking to reduce their employee totals and physical footprints. At this time, professional service providers such as accountancy practices and law firms among the few that are growing. Thus there is no incremental demand space – only for better quality space.

Another trend impacting the office sector is the increasing mobility of employees and the rise of open offices and "hot desking". In the past, office building architects worked on a ratio of 20m² per employee (including common areas and amenities), but this ratio has dropped to as low as 8m² p/p.

Office key performance statistics

Office	2013	2012	Increase/ (decrease) %
Asset value (R billion)	**9,8**	9,5	3,2
Valuation per m^2 (excluding undeveloped bulk)	**9 351**	8 532	9,6
Average property value (R million)	**102**	90	13,3
Value (%)	**41**	45	(4)
Number of properties	**97**	106	(8,5)
Total GLA (m^2) (million)	**1,1**	1,1	0,0
GLA as % of portfolio	**34**	36	(2)
Vacancy (%)	**8,6**	8,4	0,2
Renewal success rate (%)	**87**	88	(1)
Average renewal rental growth (%)	**3,2**	3,2	0
Average % of net property income	**46**	47	(1)
Average gross rental (per m^2/month)	**99**	94	5,3
Average escalation (%)	**7,2**	7,6	(0,4)
Average yield (%)	**13,3**	13,3	0
Property expense (%) (excl amortisation)*	**21**	23	(2)

** Includes monthly tenancies.*

Top 10 office properties by value

Property name	Region	GLA (m^2)	Value R000	Value R/m^2
Standard Bank Centre	Western Cape	55 252	593 000	10 733
155 West Street	Gauteng	24 501	522 473	21 325
Commerce Square	Gauteng	16 439	368 400	22 410
Convention Tower	Western Cape	17 854	365 000	20 444
Thibault Square	Western Cape	30 434	363 000	11 927
Poyntons	Gauteng	64 422	345 600	5 365
Pier Place	Western Cape	14 746	300 000	20 345
Jewel City	Gauteng	42 948	285 000	6 636
22 Fredman Drive	Gauteng	10 974	244 100	22 243
11 Diagonal Street	Gauteng	32 972	237 100	7 191
Total		**310 542**	**3 623 673**	**11 669**
% of total office portfolio		30	37	

Top 10 office tenants

	GMR R000	GMR %
Government	29 935	32
Absa	6 118	6
Truzen 6 Trust	4 029	4
Discovery Health Limited	3 930	4
Standard Bank	3 168	3
De Beers	2 757	3
Vodacom	2 146	2
Routledge Modise Inc.	1 632	2
MTN	1 591	2
Cell C	1 457	2
Total	**56 763**	**60**

Manufactured capital continued

Retail review

What mattered this year

Retail will become our dominant sector and has expanded considerably.

In the broader market, few new retail development opportunities remain in our chosen urban nodes, which are reaching a saturation point. Only a few pockets of opportunity remain, such as the massive Waterfall mixed-use development under construction between Woodmead and Kyalami in Gauteng. In established urban nodes we will concentrate on renovating and upgrading existing retail centres.

Opportunities for new retail developments are opening up in rural and township areas, where a growing middle class demands access to new and increased shopping choices. Our 63 000m² Matlosana Mall, scheduled to open in Klerksdorp in mid-2014, is Redefine's first major foray into regional shopping centres.

Market environment and outlook

Although retail is presently the most dynamic sector in our portfolio mix, it is a complex business that demands close attention to swiftly changing trends and shifting markets. Retail is tied to how the major brands respond to consumer spend patterns and to efforts to improve their operational efficiencies. In this environment the design of retail centres, the tenant mix and their location in centres are now of paramount importance.

For example, banking is becoming an increasingly online business, which means that banks will undoubtedly seek to reduce their physical "footprints" to reduce costs. We need to plan for the traditional banking malls in centres shrinking considerably or becoming redundant.

Another example is centralised distribution for large national retailers, which may reduce the need for storage space at each centre. An anchor tenant at many of our retail centres recently changed to a centralised distribution model, which presents both an opportunity and a risk. The opportunity is the ability to relet the space, which becomes available to new tenants at higher rates, but the challenge is how to create appealing shopfronts in spaces designed for storage.

Cash is becoming predominant as consumers turn away from the high cost of unsecured credit – or have exhausted it. This is a risk for credit-orientated businesses such as the furniture and "white goods" chains, which require extensive floor space.

Content-driven businesses such as cinema, books and pirating are under pressure from online selling and illegal pirating, while cinema chains may need to review their eight screen models. A decline in rentals from these business categories in the medium term is inevitable and we are reviewing our options on how best to recycle this space.

Although online shopping is rapidly gaining market share in developed economies, we do not see it as a short or medium-term threat to retail centres in South Africa. In our disparate society a significant majority use cash for their purchases and cannot afford to go online. People in general still have a marked need to see and feel before purchasing.

We are introducing tools to track and understand consumer behaviour and we manage risk by having a comprehensive plan for each shopping centre. As leases approach expiry we carefully evaluate potential new clients for long-term viability. The arrival of international clothing brands to compete with established locals is stirring the retail market, but these incoming brands may have requirements that can only be met by new or redeveloped shopping centres.

Technology and new revenue streams

Retail centres have become social hubs and offer a range of income opportunities beyond the traditional collection of rentals. Consumers are also becoming more technology adept and expect retail outlets to stay the pace with progress. Digital connectivity is a core service that will open the door to a richer level of interactivity with tenants and consumers. Redefine is evaluating the installation of fibre-optic networks into our retail centres to support fast data transfer for tenants and free Wi-Fi access for their customers. This would enable value-added services such as price checking by smartphone and interactive apps that allow stores to communicate with customers regarding products. Customer tracking through Wi-Fi would also reveal shopping patterns and which stores or in-store displays are most popular.

Redefine has partnered with a specialist service provider to ascertain how non-GLA revenue can be extracted through:

- media and advertising
- mall courts, open spaces and kiosks
- sponsorships
- parking

Key performance statistics

Retail	2013	2012	Increase/ (decrease) %
Asset value (R billion)	**9,6**	7,7	24,7
Valuation per m² (excluding undeveloped bulk)	**9 419**	7 931	18,8
Average property value (R million)	**107**	81	32,1
Value (%)	**40**	36	4
Number of properties	**90**	95	(5,3)
Total GLA (m²) (million)	**1**	1,1	(9,1)
GLA as % of portfolio	**33**	31	2
Vacancy (%)	**3,6**	5,4	(1,8)
Renewal success rate (%)	**88**	80	8
Average renewal rental growth (%)	**6,4**	6,4	0
Average % of net property income	**41**	37	4
Average gross rental (per m²/month)	**89**	85	4,7
Average escalation (%)	**7,9**	7,7	0,2
Average yield (%)	**13,1**	13,1	0
Property expense (%) (excl amortisation)*	**20**	21	(1)

** Includes monthly tenancies.*

Top 10 retail properties by value

Property name	Region	GLA (m²)	Value R000	Value R/m²
East Rand Mall	Gauteng	62 445	1 115 000	17 856
Golden Walk	Gauteng	45 123	763 500	16 920
Sammy Marks Square	Gauteng	34 124	499 500	14 638
Park Meadows	Gauteng	27 376	438 000	15 999
Cleary Park Shopping Centre	Western Cape	36 290	428 000	11 794
Chris Hani Crossing	Gauteng	40 659	267 250	6 573
Southcoast Mall	KwaZulu-Natal	29 424	233 000	7 919
Maynard Mall	Western Cape	23 648	215 000	9 092
Shoprite Park	Western Cape	28 356	197 500	6 965
The Village @ Horizon	Gauteng	19 702	196 500	9 974
Total		**347 147**	**4 353 250**	**12 540**
% of total retail portfolio		34	45	

Top 10 retail tenants

	GMR R000	GMR %
Edcon	7 668	10
Shoprite	6 418	8
Pick n Pay	3 706	5
Pepkor	2 822	4
Foschini	2 636	3
Mr Price	2 247	3
Government	1 976	3
Iliad Africa Trading	1 701	2
Standard Bank	1 510	2
Massmart	1 467	2
Total	**32 151**	**41**

Manufactured capital continued

Industrial review

What mattered this year

Redefine's industrial portfolio is worth R5 billion, with 80% being warehousing and high-tech/high-grade property.

Industrial vacancies reduced to 2008 levels due to increased demand by logistics companies and retailers using the centralised distribution model. Most sought after is premium grade warehousing with good freeway linkages and higher stacking capacity.

Some 26 000m² of our current 38 000m² of vacant industrial space is light manufacturing and standard units, which reflects the stagnant South African manufacturing sector at present. The infrastructure on many of these properties requires redevelopment to attract tenants.

Two large tenants vacated their leased warehouses this year, though Premier Milling's departure was not unexpected, given that it was occupying a 40-year-old building.

As a result, we intend demolishing obsolete industrial buildings and replacing these with modern warehouses, while floor space at our retail centres will be repurposed for additional shopfronts.

Market environment and outlook

South Africa's most vibrant industrial area is centred around Durban, with the harbour as its focal point. Premium industrial space with strategic access to the highway system is limited and expensive.

The Cornubia development is a multibillion 1 200 hectare mixed-use project north of Umhlanga that includes industrial and commercial components. Redefine has obtained an 85 000m² portion of land in this sought-after node for future development.

Walmart's entry into South African retail has compelled its local competitors to reconfigure their redistribution networks and facilities, which is driving new distribution patterns. In Gauteng this has prompted fresh demand and higher rentals for modern warehouses with higher eave heights (12,5 metre and above), to cater for improved technology and racking trends. A knock-on effect for retail centres will be that less on-site storage space is required.

Redefine will use the opportunity to demolish ageing structures or dispose of inappropriate properties and replace these with premium grade, strategically located warehouses.

Rentals along the M2/Roodepoort corridor are falling and vacancies increasing as distribution operators previously based in the West Rand relocate closer to the growing number of retail outlets being developed between Johannesburg and Pretoria.

The latest JLL report predicts a 38% increase of freight volumes from Durban to Johannesburg, of which 70% will be road-based. This creates new demand for facilities to be built south and east of Johannesburg, motivating Redefine to redevelop facilities such as at 190 Barbara Road.

Large clients are good business, but also a risk, as we lost two major clients in the last year. The silver lining is that the departure of large tenants enables us to replace ageing infrastructure with modern high-capacity warehousing.

Industrial leases do tend to be stable as the logistics involved in moving from a 10 000m² property are complex. Larger clients will usually require two to three years to plan a move, which affords time to plan what to do with the property.

Key performance statistics

	2013	2012	Increase/ (decrease) %
Asset value (R billion)	**4,6**	4	15,0
Valuation per m^2 (excluding undeveloped bulk)	**4 356**	3 831	13,7
Average property value (R million)	**69**	65	6,2
Value (%)	**19**	19	0
Number of properties	**64**	62	3,2
Total GLA (m^2) (million)	**1**	1	0,0
GLA as % of portfolio	**34**	33	1
Vacancy (%)	**3,7**	3,3	0,4
Renewal success rate (%)	**63**	63	0
Average renewal rental growth (%)	**5,4**	5,4	0
Average % of net property income	**13**	16	(3)
Average gross rental (per m^2/month)	**37**	39	(5,1)
Average escalation (%)	**7,2**	7,7	(0,5)
Average yield (%)	**11,6**	11,6	0
Property expense (%) (excl amortisation)*	**14**	21	(7)

** Includes monthly tenancies.*

Top 10 industrial properties by value

Property name	Region	GLA m^2	Value R000	Value R/m^2
Pepkor Isando	Gauteng	107 017	630 600	5 893
Wingfield Park	Gauteng	56 486	217 900	3 858
Dawn	Gauteng	44 138	201 300	4 561
Premier Milling – Durban	KwaZulu-Natal	38 926	190 800	4 902
GM – Coega	Western Cape	38 000	158 245	4 164
190 Barbara Road	Gauteng	17 176	146 100	8 506
Heron Industrial	Western Cape	23 803	128 000	5 377
29 Springbok Road	Gauteng	20 067	123 351	6 147
8 Jansen Road	Gauteng	24 147	122 700	5 081
Edcon	Gauteng	23 308	99 000	4 247
Total		**393 068**	**2 017 996**	**5 134**
% of total industrial portfolio		37	44	

Top 10 industrial tenants

	GMR R000	GMR %
Pepkor	4 278	11
Premier Foods	1 807	5
Dawn	1 429	4
DHL	1 319	3
General Motors SA	1 296	3
Royal Fern Investments 24	1 168	3
Government	1 016	3
TFD Network Africa	962	3
Le-Sel Research	849	2
Edcon	791	2
Total	**14 915**	**39**

Manufactured capital continued

Development review

A key pillar of Redefine's strategy is to build high-quality greenfield projects on prime sites and redevelop existing (brownfield) properties on a demand-driven basis to attract a higher return. Speculative development projects are limited to no more than 5% of the value of the property portfolio. These performance drivers are the responsibility of the development team.

Redefine's property development process

Redefine creates value by developing customised office, retail or industrial properties in accordance with tenant requirements. Where possible, Redefine partners with tenants to develop the most appropriate outcomes for existing buildings as well as undeveloped land. The entire process from rezoning through to completion is managed by the development team.

Development works hand-in-hand with Redefine's acquisitions and disposals unit. Existing properties are assessed for redevelopment or upgrading to fit Redefine's portfolio standards. Properties that do not meet Redefine's investment criteria are placed on the disposal list.

When suitable opportunities arise, Redefine will acquire land with or without existing properties, with exposure to any single property limited to a maximum of 5% of the value of Redefine's total property portfolio. Set limits are in place for property acquisition at Exco, investment committee and board levels.

All properties are regularly assessed to identify opportunities for upgrades, renovations and extensions. Once earmarked for redevelopment, the development team will ensure that each project is delivered on time, within budget criteria, and to the satisfaction of Redefine and the tenant.

Risks and challenges

Force majeure

Strikes continue to plague the South African economy, with over three weeks being lost in the last quarter of the financial year due to national strike action. The consequences are increased health and safety risks on our sites and delayed project completion times, resulting in higher holding costs and potential yield dilution.

General labour unrest and strikes are now a much higher development risk than before. The likelihood of strike action is reasonably high on any given project, especially those with lengthy development programmes.

Under standard building contracts, contractors are protected when work is affected by strike action out of their control. In nearly all cases these events result in extensions of time being awarded. Apart from higher holding costs and other roll-on development costs prior to income coming on stream, the potential for violence poses real health and safety risks for people on site.

Our response has been to build flexibility into construction programmes to mitigate as much as possible against "force majeure" events.

Town planning issues

Inefficient local authorities, together with the inherent time delays in town planning applications, cause lengthy delays in bringing developments to fruition. Certain municipalities are unreasonably slow in completing town planning responsibilities such as rezoning properties and granting building permissions. A six-month timeline is reasonable. However, in some instances approving new developments can take up to three years. This severely delays major projects – and can even cause their cancellation, while forward planning and budgeting becomes an ongoing challenge. Redefine's view is that efficient municipalities – as in high-growth economies elsewhere in the world – should view property companies such as Redefine as key customers. Developing new properties in municipalities offers additional revenue from rates, the fresh economic activity generated through the building process and permanent jobs thereafter.

Redefine maintains strong relationships and communicates regularly with highly experienced town planners in each region.

Local communities

Community relations is a mandatory part of project planning. Where pertinent, Redefine developments are planned with taxi and bus facilities, and relevant associations are included as key stakeholders in the project design phase.

Consultant and contractor performance

We maintain a preferred list of project consultants and contractors for use on all types of projects, and ensure our exposure to any one party is maintained at reasonable levels. Contractor quality of work is monitored continuously.

Development fundamentals

The competitive tender market continued to weaken over the period under review as key main contractor order books fill up, with our specialist consultants warning of further price increases. This trend is particularly evident in Gauteng, and to a lesser extent in the coastal regions.

Commercial building prices are expected to rise by 7,5% year-on-year in 2013 (2012: 5,8%), and tender prices are expected to rise by 10,3% over the same period. (2012: 8,3%).

Health and safety

Redefine uses specialist consultants to ensure that legislated safety standards are met or exceeded at all our projects. Health and safety is the first item discussed at all site meeting agendas.

Our 90 Grayston Drive commercial office site was awarded first place in the Master Builders Association regional health and safety competition in the R100 million to R300 million building contract category. This was achieved by our main contractor, WBHO Construction North Proprietary Limited.

Redevelopments completed in this period

Property	Description	Sector	Total cost R million	Yield %	Completion date
Gauteng					
Finlar Foods	Insurance claim Rebuild after fire damage	Industrial	47	N/A	October 2012
Scania, Aeroton	Redevelopment for Scania	Industrial	54	9	September 2012
Pimville, Soweto	Shoprite expansion	Retail	15	11	November 2012
Protea Point, Soweto	KFC drive-thru	Retail	4	11	November 2012
Alberton Mall, Alberton	Redevelopment for Springbok Pharmacy	Retail	10	9	March 2013
Western Cape					
Platinum Park, Montagu Gardens	Redevelopment	Industrial	10	9	April 2013
Maynard Mall	Redevelopment	Retail	17	N/A	November 2012
Redefine Boulevard, George	Redevelopment	Retail	4	10	November 2012
Riverside Mall, Rondebosch	Redevelopment	Retail	9	N/A	September 2012
Total			**170**	**10**	

Developments completed in this period

Property	Description	Sector	Total cost R million	Yield %	Completion date
Gauteng					
Rosslyn	Joint venture with JD group	Commercial	42	8	April 2013
Western Cape					
Moresport DC	Distribution centre	Industrial	50	9	June 2013
KwaZulu-Natal					
Essex Gardens Parkade and TBWA expansion	Phase 2	Commercial	39	12	February 2013
Total			**131**	**10**	

Manufactured capital continued

Current developments in progress

Property	Description	Sector	Total cost R million	Yield %	Completion date
Gauteng					
90 Grayston Drive	Four-star green rated P-grade offices	Commercial	504	9	July 2014
90 Rivonia Road[1]	New multi-tenanted offices	Commercial	979	8	November 2015
190 Barbara Road	New warehouse facility	Industrial	100	9	May 2014
Matlosana Mall[2]	Regional shopping centre	Retail	1 029	8	November 2014
Total			**2 612**	**8**	

Notes:
[1] 25 000m² of the total GLA of 34 500m² has been pre-let.
[2] 43 450m² of the total GLA of 62 066m² has been pre-let.

Current redevelopments in progress

Property	Description	Sector	Projected cost R million	Yield %	Completion date
Gauteng					
Golden Walk	Insurance restatement	Retail	7	N/A	September 2013
Western Cape					
Standard Bank Building, Foreshore	Additions and alterations to offices	Commercial	494	6	June 2015
Ottery Hyper	Retail shopping centre	Retail	74	8	June 2014
CTX business park	Industrial expansion	Industrial	27	9	September 2013
KwaZulu-Natal					
Essex Gardens	Alterations and additions – phase 3	Commercial	8	11	December 2013
Other					
Riverside Value Mart	Retail shopping centre upgrade	Retail	9	N/A	November 2013
Total			**619**	**9**	

Performance metrics, benchmarks and targets

The performance of Redefine's development team is monitored against a number of key performance indicators (KPIs), including the following items:

- Monitoring and mitigating risk in town planning and legal issues
- Consultant choice and performance
- Assembly of architectural concepts, feasibility data and other development documentation required for executive or board approval of projects
- Post-contract delivery to time, cost and quality
- Nurturing relationships with staff and customers

In this period Redefine's development team performed extremely well against these KPIs.

Prospects

The development team will continue to build on the successful delivery of the numerous retail, office and industrial projects to date by enhancing existing properties in the portfolio and developing "greenfield" opportunities, as these become available. Further development work is expected to be generated from the acquisitions and disposals team, which has been steadily enhancing the asset base by bringing in quality properties with appealing redevelopment potential.

A major project presently being evaluated for redevelopment is the East Rand Mall, which Redefine jointly owns with the Vukile Property Fund. Although still in conceptual design, we intend improving customer circulation and adding approximately 7 000m² of additional GLA, including new anchor tenancies. The upgrades will cost approximately R300 million.

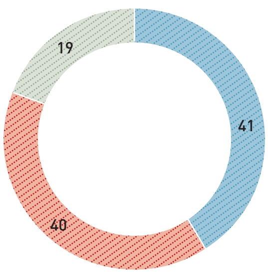
Future developments pipeline

Property	Description	Sector	Projected cost R million	Yield %	Completion date
Gauteng					
Hammanskraal taxi rank	Hammanskraal convenience centre	Retail	14	N/A	August 2013
Waltloo		Industrial	180	9	March 2015
Western Cape					
Eagle Park	B-grade office block and warehouse	Commercial	28	8	January 2014
Total			**222**	**9**	
KwaZulu-Natal					
Essex Gardens	Phases 4 to 7	Commercial	60	9	November 2015
Scottsville Mall phase 2	Food Lover's Market	Retail	37	9	September 2014
Total			**97**	**9**	

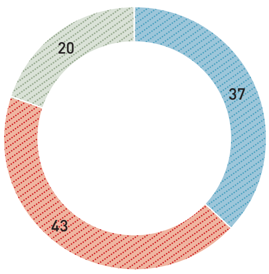
Redefine's restructured portfolio

During the coming year, Redefine will have substantially completed the refinement of its directly held property portfolio. Retail assets comprising 50% of the portfolio will displace the office bias. The portfolio, as a result, will be largely defensive.

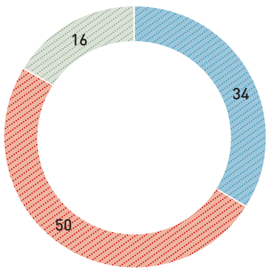
31 August 2013 (%)



Post-August acquisitions and disposals (%)



With Fountainhead and major developments (%)



Office Retail Industrial

Manufactured capital continued

Region: Standard Bank Centre, CBD, Cape Town

Project: Internal and external upgrade and extension

Capital cost: R530 million

Size: 57 058m²

Commencement date: February 2013

Expected completion date: June 2015

- Murray & Roberts Western Cape has been appointed as the main contractor for the redevelopment of Standard Bank Centre
- Works have commenced on site in the existing basement parking with the central link building currently being prepared for demolition
- The new design provides for an increase in the current parking component from approximately one to three parking bays per 100m² of lettable area
- The ground floor will include a large retail/restaurant component and additional commercial office space on the first floor overlooking the new square
- The two existing towers will be re-skinned with a new glass façade as well as new internal sills to each of the floors internally
- All common area lobbies as well as the entrance lobby to the tall tower and its lift banks will be completely upgraded to a new specification
- The existing mechanical and electrical systems of the buildings will be investigated and upgraded to ensure energy savings
- The building is also investigating the possibility of joining the pilot programme for Green Star rating on the new "existing building performance tool" being developed by the Green Building Council of South Africa

STANDARD BANK CENTRE

Region: 90 Rivonia, Sandton

Project: Construction of new multi-tenanted offices

Capital cost: R979,55 million

Size: 34 500m²

Commencement date: April 2013

Expected completion date: November 2015

- The overall scheme comprises two wings; one will house Webber Wentzel Attorneys and the other will be multi-tenanted on leases to suit Webber Wentzel's future expansion
- There will be seven levels of parking with three different entrances and exits all off Rivonia Road and Katherine Street
- Eight levels of offices will be constructed above the parking levels

90 RIVONIA SANDTON

Region: 90 Grayston, Sandton

Project: Redevelopment

Initial approved yield: 8,5%

Estimated capital cost: R504,7 million

Size: 19 343m²

Commencement date: March 2012

Expected completion date: May 2014

Redefine is well under way with our largest single development project to date, a 16-storey, premium grade office building, strategically positioned in the heart of Sandton's business hub and close to the Gautrain station. 90 Grayston will be an iconic four-star green-rated development that will optimise energy consumption and reduce running costs through resource-efficient technologies. With an initial 11 levels of parking – five basements and six above ground – the building is designed to reclaim its two top parking levels for offices once more public transport becomes available. This development should be completed in May 2014 and furthers Redefine's strategy of investing in high-grade and optimally located properties.

90 GRAYSTON, SANDTON

Region: Ottery Hyper Shopping Centre, Ottery

Project: Internal and external upgrade and extension

Capital cost: R78 million

Size: 35 729m²

Commencement date: July 2013

Expected completion date: June 2014

- Redefine's upgrade of the 28 000m² Ottery Hyper Shopping Centre commenced in July this year and includes the expansion of the current centre with an additional 7 729m² of GLA
- The expansion and addition of new and existing retailers also include the complete revamp and reconfiguration of the current parking to provide additional bays, the fencing off of the property to improve security as well as numerous interventions to the various services utilised by the centre for a more energy efficient building

OTTERY HYPER SHOPPING CENTRE

Region: Matlosana Mall
Project: Construction of new regional shopping centre
Capital cost: 62 066m²
Estimated capital cost: R504,7 million
Commencement date: March 2013
Expected completion date: November 2014

- The design of the building is in keeping with the constraints of the development framework plan and comprises a concrete post-tensioned structure with structural steel roofs, sheet metal roof coverings and brick wall exterior that are plastered and painted
- The mall design will be in keeping with the high quality and look expected of a regional centre and the development will be landscaped accordingly
- The development will be fully air-conditioned, the shops will be protected by a smoke detection system and the centre will have a PA system, evacuation system, music system, and CCTV security control, lifts, observation lifts and escalators linking the various levels
- The tenancies make up is as follows:
  Majors
  Woolworths, Checkers, Pick n Pay
  Nationals
  Mr Price, Foschini Group, Truworths, Edcon Group, banks and ATMs
  Sub-nationals
  Restaurants and coffee shops, line shops

MATLOSANA MALL

Region: CTX Business Park Phase 3
Project: Industrial warehouse units
Capital cost: R29 million
Size: 4 421m²
Commencement date: January 2013
Expected completion date: September 2013

- Phase 3 of the CTX Business Park Development consists of three industrial warehouse units
- Unit 3A, 2 200m² has been concluded and leased to Interlock Freight Forwarders on a 10-year lease
- Unit 3B, 1 192m² has been concluded and leased to Amrod Gift Distributors on a three-year lease
- Unit 3C, 650m² is currently being concluded and has been leased to Ziegler on a three-year lease
- This would conclude the CTX Phase 3 development availability as well as the development as a whole

CTX BUSINESS PARK

Region: Moresport Distribution Centre, Cape Town
Project: New distribution centre for Moresport, holding company for Sportsman's Warehouse and Outdoor Warehouse
Capital cost: R49 million
Size: 12 000m²
Commencement date: November 2012
Completion date: June 2013

- Redefine has recently completed a new 12 000m² distribution warehouse for Moresport, the holding company for Sportsman's Warehouse, Outdoor Warehouse and Sport Shoe World, located in Sheffield Park, Cape Town
- The facility will serve as the central distribution point for the group's operations within the Western Cape
- The facility has been developed within a joint-venture vehicle with Moresport
- The facility has been equipped with ultra-modern racking and distribution technology coupled with future expansion space on the land purchased for the development

MORESPORT DISTRIBUTION

Region: 190 Barbara Road
Project: Construction of new warehouse facility
Capital cost: R99 million
Size: 14 000m²
Commencement date: April 2013
Expected completion date: May 2015

- The property is situated in a prominent industrial area and the construction is carried out to the highest market-related specifications
- The warehouse is built to specification and is designed to accommodate multiple tenants
- The design of the building facilitates an additional expansion of 10 000m²

190 BARBARA ROAD

Human capital

Our skilled workforce

Redefine's workforce, while relatively small, at 250 (2012: 245), consists of individuals who are either professionally skilled or have significant experience in the property sector, many through long service with the company. Our employees are not unionised and are not members of a collective bargaining council.

Attracting, retaining and developing appropriately skilled employees who are committed to Redefine's values and principles is fundamental to the company's continued success. Achieving a motivated, skilled and representative workforce is the overriding objective of our human capital model.

Management principles

The company's philosophy is to employ high-calibre, strong-performing employees who subscribe to the values and culture of the company. During 2012 the company embarked on a wideranging engagement with employees and in turn the employees adopted key commitments and a set of core values to drive performance and behaviour in the business. Management subscribes to these principles and values.

Key commitments
- Invest in our people
- Focus on our clients
- Redefine our business

Core values
- Oneness
- Respect personal relationships
- Make it happen
- Mean it
- Challenge the norm

Achieving recognition as the preferred employer in the listed property sector in South Africa is Redefine's goal.

Reward, recognition and performance

Employees are recognised as being integral to the achievement of corporate objectives and accordingly are rewarded and recognised for the contributions they deliver. A well-designed reward and recognition programme reinforces, encourages and promotes superior performance.

In accordance with the recommendations of King III, the company's remuneration policy was put to the linked unitholders at the last AGM for their non-binding advisory approval. The shareholders voted in favour of the policy.

The company's remuneration policy sets out the guiding principles around remuneration and presents an implementation policy framework that aligns with the strategic direction and specific value drivers of the company's business.

The company's reward strategy focuses on tangible remuneration components which are aligned to the business strategy, and other important aspects such as recognition, training, career development, positive feedback, established performance management systems, flexible working hours, work-life integration, employee wellness, succession and challenging job descriptions.

Reward is not dealt with as a standalone management activity, but is rather fully integrated into other management processes aligned to achieving the business objectives. The strategic principles included in the remuneration strategy are aligned with and support the overall human resources strategy which in turn supports the overall business strategy.

Employment equity

Redefine is committed to ongoing organisational transformation leading to quality and diversity in its teams and leadership group. The company is committed to creating an equitable workplace by embracing diversity and ensuring a work environment where decision-making is supported by the principles of fairness and consistency.

Redefine recognises that total commitment from all employees to the goals of the employment equity process is necessary to succeed. We support the principles as reflected in the Employment Equity Act and the PSC and as such endeavour to ensure that no employee is unfairly discriminated against on any grounds.

Gender adjusted black representation among the company's management levels is summarised below:

	2013 %	2012 %
Representation among:		
Senior management	**5,0**	17,7
Middle management	**29,7**	36,1
Junior management	**38,7**	41,4

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.

Transforming our workforce

Affirmative action measures are used as far as possible to redress the effect of historical patterns of discrimination previously in employment practices, thereby ensuring equitable representation of designated groups in all occupational categories and levels in the work environment. Redefine has developed and implemented a comprehensive employment equity plan.

Achieving the company's employment equity plans and improving its performance in terms of the PSC are critical measures of our performance. With the substitution of the B-BBEE generic codes of good practice by the PSC during the year, Redefine has seen a reduction in its employment equity scores. This is the result of various factors, including an increase in the targets for black representation at management levels, the outsourcing of certain jobs to service providers, a review of job grades and resignations.

At 31 August 2013, 53% (2012: 55%) of Redefine's total employees were from the designated groups as defined in the code.

Refer to the company's website for a detailed workforce profile by occupational level.

Employee health

We are committed to keeping our employees healthy and safe in the work environment. While our property assets generate income for our unitholders, they are also the workplace for our employees. We have inculcated a philosophy whereby Redefine and its employees share responsibility for health and safety in the workplace. The health and safety committee is fully functional and regular training ensures that we comply with the Occupational Health and Safety Act, 1993, and that employees understand the requirements to safely perform their jobs. Our health and safety policy can be found on the company's website.

We believe in a holistic approach to wellness and have designed our employee wellness programme on three pillars:

- Physical wellness
- Emotional wellness
- Financial wellness

Human capital continued

Wellness days help us to understand where we are at risk and drive initiatives such as an on-site gym facility and running club.

At our Rosebank head office we have a registered nurse and counselling services are available to our employees.

Employees are given the tools through training programmes to manage their personal finances and have access to independent financial advisers.

Redefine believes in a responsible approach to HIV and Aids and strives to achieve a balance between the compelling needs of HIV and Aids infected or affected employees and the legitimate needs of the organisation.

The company has adopted a policy on HIV and Aids on our website that ensures the creation of a non-discriminatory environment for all employees. We are committed to providing employees with information and education on HIV and Aids. Our wellness programme offers voluntary counselling and a testing service to all employees.

Return on investment achieved from the wellness programme is evident from a reduction in absenteeism and improved efficiency and productivity levels that have reduced operational and human capital risk and increased staff morale and commitment.

Training and development

In support of the company's commitment to increase retention and development of the talent base, and in pursuit of an improved B-BBEE score, Redefine has developed and implemented an expanded training and development policy, which is available on our website which focuses on skills development initiatives. The business is committed to:

- making financial resources available for training and development (3% of the annual salary cost);
- striving to meet its annual training target of 80% (80% of the workforce should participate in at least one training event);
- developing employees without prejudice or discrimination;
- allowing employees to progress to full qualifications in their specialist area;
- ensuring quality training by using only accredited trainers and service providers; and
- allowing employees flexibility in progressing their careers.

All training and development activities are focused on supporting the business to achieve its strategic priorities while allowing personal growth and alignment with business objectives.

Training interventions in 2013 totalled 517 (2012: 1 152). Of these interventions, 50% (2012: 52%) were provided to historically disadvantaged South African (HDSA) employees and 56% (2012: 66%) to women of all races. Despite these efforts, the company has to invest further to improve its score for the skills development indicator of the B-BBEE scorecard. This indicator requires a company to invest 3% of its leviable amount (representing total payroll costs) on the training and development of black employees. For 2013 this would have required the company to spend approximately R3,3 million, or R20 700 per black employee. In total, we invested approximately R4 million during the year on training interventions.

Points are also awarded for learnership participation by black employees. During 2013 the company introduced business administration learnerships offering certificates at NQF levels 2 and 4 for employees and young, promising South Africans. More information about the programmes can be found on our website.

Establishing a powerful and sustainable leadership pipeline of talented employees with the required competence and readiness to perform now and in the future is vital to our success. We are committed to:

- continuing development of the succession plans for key/mission critical positions
- the identification, transfer and development of scarce/critical skills to optimise competence in key areas of the business.

Social and relationship capital

Engaging with our stakeholders

Our stakeholders are all those people, groups, institutions, authorities and interested parties who have an impact on our business, or are impacted by it. The above stakeholders are unitholders, investors and analysts, tenants and employees, but stakeholders are also the authorities that collect their rates, or people who visit or are accommodated in our buildings.

Since our brand repositioning, which was launched in 2012 and taking on the direct management of our properties, Redefine has become considerably more people focused. We work continuously to foster close relationships with our tenants, our employees, our investor universe and the broader community utilising our properties.

Everything we do as a business has an impact, often on multiple types of stakeholders. Redefine was founded to create value and in that process generates positive impacts by investing in high-quality and effectively managed properties that improve the communities in which they are situated and benefit all stakeholders. We do, however, accept that we may cause negative impacts, such as waste streams, congestion and noise. It is our duty to eliminate or minimise these as much as possible.

Interfacing with stakeholders is vital to ongoing viability

Being committed to stakeholder engagement:

- gives us a better understanding of concerns particular to the localities of our operations
- identifies potential problems early and assists in keeping abreast of trends
- helps us to be proactive in identifying and addressing issues
- shows how to contribute to local social and economic development
- ensures that we play a part in shaping our future operating environment
- helps gain acceptance and support for new projects
- builds and protects our brand and reputation

Stakeholder assessment

Redefine has identified its stakeholders and their relative importance through a facilitated process that asked the questions:

- Why is this stakeholder important to us?
- Why are we important to this stakeholder?
- What are the primary issues of interest for the stakeholder?
- How do we engage with the stakeholder?

We prioritised stakeholders who are dependent on Redefine for their incomes, revenues and return on investments, or within or adjacent to our properties. Influential stakeholders are those who can directly affect our operations, our assets, our reputation and our sustainability. These include government authorities, community groups and the media.

Dependent stakeholders are those relying on us for their livelihood, either directly or indirectly, or those whose health, safety or well-being could be affected by how we operate. These dependent stakeholders include Redefine's employees, tenants, suppliers, consultants, service providers and contractors.

Engaging as broadly as possible leads to better management decisions, as people directly affected by an issue or project often offer new perspectives.

Social and relationship capital continued

Key stakeholders

A table reflecting our key stakeholders, what matters to them and how we engage with them follows:

Stakeholders	What matters	How we communicate
Employees	▶ Job security ▶ Fair reward and benefits ▶ Recognition and rewards ▶ Mentorship ▶ Personal and career development ▶ Work-life integration ▶ Communication ▶ Succession planning	▶ Induction programme ▶ Ethics hotline ▶ Training and development ▶ Cross-border best practice exchange ▶ Monthly informal staff events ▶ Intranet ▶ Rewards and recognition programme ▶ Open communication with CEO ("Marc's Red Postbox" and "Message from Marc") ▶ Performance appraisals ▶ Strong leadership ▶ Roadshows ▶ Exit interviews
Investors and analysts	▶ Share price movements ▶ Quality of distributions ▶ Sustainability of earnings ▶ Visibility of earnings ▶ Delivering on expectations ▶ Confidence in leadership ▶ Access to senior management ▶ Strategic objectives – portfolio restructure	▶ Two formal results presentations with live video streaming for offshore stakeholders ▶ Interim results and integrated annual report ▶ Website – online presentations, results videos, news ▶ Breaking news emails ▶ JSE SENS announcements ▶ Media briefings ▶ Property roadshows ▶ One-on-one meetings with management ▶ Shareholder and analyst meetings ▶ Social invitations (ie sports events) ▶ Investor perception survey
Funders/unitholders	▶ 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 ▶ Credit rating agency opinions

Stakeholders	What matters	How we communicate
Tenants and centre managers	▶ Cost of occupation ▶ Compliance with OHS Act, Building Act and regulations ▶ Clean, safe and secure environment ▶ Complementary mix of tenants ▶ Location ▶ Acknowledging problems and speed of response	▶ On-site building staff ▶ Property manager meetings ▶ Quarterly meeting with nationals ▶ Personal relationships ▶ Availability of senior management to all levels of tenants ▶ Customer relations centre ▶ Service excellence surveys ▶ Ethics hotline
Local and national government	▶ Compliance with OHS Act, Building Act and regulations ▶ Municipal compliance and charges ▶ Job creation ▶ Taxes	▶ Tax and VAT returns ▶ Statistics SA returns ▶ Relationships with municipal officials ▶ Communications with decision-makers
Service providers/suppliers	▶ Fair tender process ▶ Reasonable supplier and payment terms ▶ Timeous payments ▶ Equal opportunities ▶ Redefine is the first contact point for any new acquisition or lease opportunity ▶ Partnering relationship to understand tenants' needs	▶ Close and consistent project management ▶ Partnering with industry experts ▶ One-on-one meetings ▶ Tenders
Brokers	▶ Reasonable payment terms ▶ Timeous payments ▶ Equal opportunities ▶ Redefine as a first contact point for any new lease opportunity	▶ One-on-one meetings ▶ Ongoing communication ▶ Problem solving
Development partners for large capex projects	▶ Timeous project delivery ▶ Meeting expectations ▶ Compliance with regulations ▶ Budgets and timelines	▶ Project management meetings ▶ Design meetings ▶ Personal relationships ▶ Progress reports
Industry bodies	▶ General industry trends issues ▶ Property charter ▶ Knowledge ▶ Industry-wide initiatives	▶ Quarterly meetings ▶ Representation on committees ▶ Networking events
Communities, media and public	▶ Cleanliness, security and safety ▶ Ease of access ▶ Infrastructure upliftment ▶ Corporate social responsibility projects ▶ Enterprise development (ED) ▶ Localisation of suppliers	▶ City improvement district memberships ▶ Community security forums ▶ Sponsorships ▶ Hands-on support for B-BBEE enterprise development projects

Social and relationship capital continued

Stakeholder inputs and our responses

Tenants

It is more economical to retain a tenant than to find a new one. Besides the risk of holding an empty space, re-tenanting involves incurring brokers' commissions and tenant installation allowances. We prefer to offer a competitive, market-related rental that encourages tenants to renew long-term leases.

Administered costs, such as rates and taxes, are becoming an area of concern. As well as vagaries within valuations by the municipalities which lead to elevated levies being charged, service delivery is often poor and needs to be supplemented. Tenants are unhappy with the prospect of increasing rates and diminished services, resulting in the responsibility shifting to the land owner to shoulder the additional cost burden and provide supplementary services.

Government leases contractually forbid annual escalations in rates, which are carried by the landlord and erodes profit margins over time. For this reason we are steadily disposing of the B and C-grade office properties which are mainly occupied by government tenants.

The "Voice of the Customer"

Our CRM department is developing closer relations with customers through face-to-face meetings and transactional surveys. This year CRM introduced a "Voice of the Customer" initiative that will remain ongoing.

The purpose of the initiative is to conduct transactional surveys with customers and gain deeper insight into what they are saying about their experiences with Redefine and our facilities.

These inputs are organised into a hierarchy of needs and prioritised relative to particular business goals. This database offers a competitive advantage, helping us to make quicker and better decisions.

The leadership and the employees of Redefine have embraced a service excellence culture and are committed to the delivery of the Redefine service promise to our customers. Overwhelmingly, our tenants have told us that they like our new service direction, which is motivated directly by our pay-off line, "We're not landlords. We're people".

Pleasing our customers builds loyalty, but it is also what we do in reducing their effort – what they must do to get their problem solved – that builds loyalty.

During this year CRM conducted 182 transactional surveys with tenants.

Action Station

Redefine's "Action Station" immediately responds to customers in need of urgent rescue that go beyond routine matters, such as in the event of fire, robbery, hijacking, power failure or similar emergency that may cause harm or affect the customer's ability to conduct business.

Service excellence training for all employees

Service excellence training for all Redefine employees kicked off with a "Putting yourself in the customer's shoes" programme.

Understanding customers is the key to giving good service and delivering on the Redefine promise. Superior customer care involves getting to know our customers so well that we can anticipate their needs and exceed their expectations.

Customer complaints management

Customer complaints management was established to deal with the investigation and resolution of complaints from customers and brokers. Service standards are also monitored and those responsible for resolving complaints are required to follow up. Complaints are only closed on the system once customers have been contacted to confirm that their complaints were resolved to their satisfaction.

This year the focus was on the monitoring of our service level times when dealing with complaints and improving the complaints handling process.

The Customer Care Centre achieved a measurable improvement in response times and problem resolution.

Employees

Typical concerns raised by employees relate to job security and fair and equitable remuneration. Further details of our approach to remuneration can be found in the Human Capital section on page 58 and the Remuneration Report on page 98.

Similarly, future career opportunities linked to ongoing training and development are employee concerns and are addressed through a formal and effective training and development policy. Details of our training and development appear in the Human Capital section.

A most pleasing consequence of our recent branding and advertising exercise with the pay-off line "We're not landlords. We're people" has been the buy-in by the staff and the alignment of their customer service (whether the customers are internal or external) with this statement. This enhanced pride in the company and motivation of our people has moved us further along the path to being the preferred employer in South Africa's listed property sector.

Analysts and investors

Redefine has commissioned an independent consultancy since 2001 to conduct perception surveys among investors and analysts regarding Redefine's performance and operations.

The results of the March 2013 survey are summarised as follows:

- Market perception of Redefine has improved since the previous report
- Redefine should convert into the new REIT structure
- The executive team is considered to be exceptionally strong
- The contest between Redefine and Growthpoint for Fountainhead caused disquiet at the time
- Redefine's disclosures and investor communications were lauded, getting the highest ratings in the survey
- Some concern as to whether Redefine's management was overstretched between optimising current assets and engaging in merger and acquisitions activities
- Mixed feelings regarding the Redefine International strategy
- Redefine setting the sustainability benchmark in the listed property sector by entering the JSE's Social Responsibility Index (SRI) was well received

Stakeholder issues

Environmental and social disclosure

We are now disclosing our carbon usage and are, once again, included in the SRI Index.

In 2012 Redefine was included in the JSE's SRI Index for the first time. We are only the second listed property company to be included in this index based on a combination of public disclosures and supporting information provided directly to the JSE relating to our "triple bottom line" performance. In particular, disclosures relating to sustainability issues and responses, stakeholder engagement, and governance form the bases of the criteria used by the JSE in assessing participation in the index.

During 2012 we compiled the group's first carbon footprint and have repeated the exercise in 2013. Refer to page 73 for details of our GHG emissions. In addition, we participated in the internationally recognised CDP for the first time in 2013.

Participation in these publicly available, recognised and independently rated indices allows all stakeholders to assess our sustainability performance on a comparable and reliable basis with other entities, provides management with an appropriate framework for sustainability initiatives and disclosures and also reaffirms our commitment to the growing need for companies to balance their triple bottom line performance with the need to achieve competitive returns for their shareholders.

Social and relationship capital continued

Marketing

The process of creating a distinctive and unique image for our brand continues. Successful brands are not created overnight. They are the result of a relentless application of proven brand management principles over the entire life of the brand.

In the year under review, we continued with our high-impact advertising campaign utilising the media to deliver the best results. These include prime billboard sites, drive time radio, business and financial press and selected rugby broadcasts on DStv.

Mainstream media allow us to build on the awareness of our brand and to drive the perception, among the broadest possible audience, that we are the property owner of choice.

In addition to these traditional media activities, we embarked upon a series of precisely targeted database marketing campaigns promoting available space in specific buildings. Our analysis indicates that we have achieved exceptional results.

Also in the digital space, we created a full-size electronic brochure for 90 Grayston Drive, our iconic new development in the Sandton commercial node.

The principles of responsible marketing require us to undertake objective and independent research from time to time or, in the case of media effectiveness, to refer regularly to published audience data.

We have commissioned an independent firm of consumer research practitioners to undertake a study of the effectiveness of our marketing campaigns, the results of which will be presented to management in early 2014.

Transformation

The company's social and ethics committee is tasked with directing Redefine's contribution to transformation of the South African economy in terms of the B-BBEE legislation. In 2012 the company was evaluated as B-BBEE contributor level 5 under the generic codes of good practice issued by the Department of Trade and Industry.

The PSC was gazetted in 2012 and became effective on 1 June 2012. The overarching objective of the PSC is to promote economic transformation so that significant and meaningful participation by black people, including women and people with disabilities, can occur within the sector. Other complementary objectives include promoting property development and investment in under-resourced areas; achieving a substantial change in the gender composition of ownership, control and management of property; and facilitating the accessibility of finance for property ownership and property development.

While modelled on the generic codes, the PSC introduces an additional element (economic development) and re-apportions the indicator weightings. With the finalisation of this sector code, Redefine changed the basis for its evaluation during 2013 and has developed a strategy to improve its contributor level from the reassessed 6 to 4 in the shortest possible period.

A summary of Redefine's scores for 2012 and the revised 2013 basis are as follows:

	2013	2012
Ownership	**10,6**	9,1
Management and control	**2,5**	2,4
Employment equity	**3,9**	6,8
Skills development	**1,7**	0,9
Preferential procurement	**13,4**	16,9
Enterprise development	**10,0**	15,0
Socio-economic development	**0,7**	5,0
Economic development	**7,0**	–
Total	**49,8**	56,2
Contributor level	**6**	5

The reduction in the company's scores for enterprise development and socio-economic development is mainly as a result of the reapportionment of indicator weightings to accommodate the economic development indicator.

At the time of obtaining our B-BBEE verification certificate (28 June 2013) black people held voting rights of 12,6%, of which black women represented slightly more than 50% of these voting rights. For Redefine, the introduction of black shareholders to the level set in the code is a challenge simply because of the size of the group and the value that would need to be transferred in to achieve the target of 25% in a dedicated BEE transaction. Without incurring the significant costs associated with a dedicated BEE transaction, the company has attracted significant numbers of black people as shareholders and we are excited about this.

The introduction of the economic development indicator through the PSC provides large property companies with a mechanism to improve their transformation credentials through a combination of introducing developments to previously under-resourced areas and the disposal of assets to suitably qualifying black enterprises. This indicator thus allows the ownership of the listed securities to be driven by market forces alone while promoting development in poorer areas and developing black-owned property assets and funds.

Redefine has already met all the targets set for investing in under-resourced areas and is planning the disposal of some R2,2 billion of property assets to improve its score further under the economic development indicator. Redefine will dispose of these assets into a predominantly black-owned property fund that will list on the JSE. Redefine will retain limited equity in the listed vehicle but the majority shareholder will be a qualifying black enterprise.

Details of the company's employee profile at management levels are provided in the human capital section, and explanations for the reduction in the score for this element of the code is provided. Similarly, skills development is discussed under human capital.

Opportunities to improve the company's performance under the preferential procurement element will entail investigation opportunities to further utilise enterprises with a contributor status of between 1 and 4 to provide property services and procurement from black-owned and black women-owned enterprises.

A dedicated management transformation committee has been appointed to drive Redefine's transformation and has targeted a B-BBEE contributor level 4, under the existing codes, by 2015. The company plans to reach this goal by increasing the scores for ownership, skills development and economic development. The possibility of forming a Redefine B-BBEE trust is being investigated to improve the company's performance in the ownership element of the scorecard. The company's human resources department has been tasked with expanding Redefine's skills development programme. Refer to the non-current assets held-for-sale in the annual financial statements for more details regarding the plans to improve the company's economic development score through the disposal of properties to black-owned companies.

Corporate social responsibility (CSR)

Redefine supports the great emphasis that the South African government is placing on education, development and upliftment of children, as this is vital for our collective future. Children are a key focus area for Redefine in all ongoing CSR initiatives.

Playground at the Johannesburg Zoo

There is a severe shortage of parks and well-maintained playground equipment in Johannesburg, especially in disadvantaged communities and even schools. Playground equipment is of utmost importance for a child's motor development, especially during early childhood, providing the opportunity for development through play.

Redefine's zoo playground project is a partnership with an important local authority stakeholder, through Johannesburg City Parks. As a large property owner in the city, which is also home to many Redefine team members and stakeholders, we seized the opportunity to play our part.

Redefine invested over R1,3 million in this thoughtfully designed and equipped playground, including wheelchair-friendly swings. It will be maintained for the next three years by Redefine, ensuring that it stays in top condition so that children have a safe place to play, develop motor skills and stimulate imaginations and physical development.

Social and relationship capital continued

The playground will be monitored to establish what is most popular with children, with a view to expanding the initiative and starting similar projects in KwaZulu-Natal and the Western Cape.

Buskaid – Helping young black musicians in townships

Buskaid is a township project supported by Redefine that teaches children as young as five to play classical stringed instruments. As they learn the skill and discipline needed to become accomplished musicians, their physical and intellectual development also blossoms. Stand-out students are offered the life-altering opportunity to study for their degrees at the Royal Academy in London.

Donations on behalf of stakeholders

Last year, instead of purchasing year-end gifts for our stakeholders, including tenants and investors, Redefine donated much-needed funds to a worthy cause on their behalf.

Consequently, Redefine's stakeholders provided primary school children from Florida with daily healthy meals from a soup kitchen. With full stomachs, these youngsters can learn, play and grow better. Children from this project also joined the fun at the opening of the Johannesburg Zoo playground.

Redefining our communities

These initiatives exist because of the people of Redefine. We recognise and encourage the passion that drives community involvement. We've started a new fund to help our employees play a part in redefining the communities we live in. Our newest initiative will see a team in each region undertake its own outreach project every month.

Future CSR projects

Redefine is currently investigating the possibility of funding playgrounds in KwaZulu-Natal and the Western Cape, where the bulk of Redefine's properties outside of Gauteng are located.

Our policy is to take on projects that are sustainable and to enter into long-term partnerships ensuring the projects receive continuing support.

Intellectual capital

The intellectual capital of an organisational can be defined as "its knowledge-based intangibles, including:

- intellectual property, such as patents, copyrights, software, rights, and licences
- 'organisational capital' such as tacit knowledge, systems, procedures and protocols
- intangibles associated with the brand and reputation that an organisation has developed"

Intellectual capital cannot yet be adequately quantified in financial terms, but is a significant component of the organisation's ability to operate its business model and create value.

Organisational capital

Redefine's intellectual capital is embedded throughout all levels of the company, from the renowned "deal-making" ability of its executive team, through to exemplary property, tenant and development management. As one of South Africa's largest listed property groups, and still growing strongly, intellectual capital exists in all key support functions such as financial, administration, HR, customer relations and IT. Over the past two years investor and public awareness has surged, largely due to an effective rebranding and marketing campaign, which has also had the effect of considerably improving employee morale and productivity.

The Redefine brand

Although attaching a monetary value to Redefine's brand, corporate culture and intellectual capital is debatable, there is no doubt that these are delivering considerable value borne out by Redefine's unit price premium to NAV. Redefine's brand strategy launched in mid-2012 and aligned with staff retraining could be a marketing case study in how large companies can effectively transform themselves through branding.

Prior to 2012 Redefine was relatively unknown in the public domain and had an arm's length relationship with clients due to our properties being managed by third-party companies. In taking back this management responsibility for ourselves, we decided that our client relations should set new industry benchmarks and generate tangible returns through retaining existing clients and attracting new ones.

The strategy that emerged in consultation with branding experts was that Redefine should move beyond the formal and forbidding landlord/tenant relationship to create a sense of "we're partners in this together". Our services and products should be merged with the brand identity rather than isolated from it. That resulted in the now well-recognised pay-off line of "We're not landlords. We're people".

To make the strategy and pay-off line real and not just glib marketing, Redefine's workforce needed to be educated in the branding strategy and to buy into it. Again this was the right time as many new people from Broll and other companies had joined Redefine due to our take-over of direct property management and the launch of new support services such as a customer care centre.

Roadshows were held around the company for the staff and training in the new corporate and brand values were instituted.

Marketing the brand to tenants and the broader public was the second leg of the strategy. We launched it with a high-visibility campaign of billboards at all major airports, radio spots on various stations, business media adverts and TV sport "squeeze backs".

The intrinsic high quality of this campaign ensured that public awareness of Redefine was quickly and sharply raised. We have continued building a positive public profile ever since.

Aligning our staff members with brand and – by implication – their clients, has paid off handsomely in raised service levels, improved client retention and a willingness to sign longer leases. High-quality potential tenants approach us for leases and we have become a prime choice for property brokers to approach with their leads.

Another spin-off is that we get employment applications from the best people in the property business, who have evidently decided that they want to be associated with Redefine.

The actual value of marketing and branding – especially for a property company – has been questioned. But in Redefine we believe that our rebranding and realignment of corporate values has delivered what it promised, if not more.

The Redefine brand has grown into a very valuable component of our intellectual capital.

Awards and recognition

Marc Wainer was the recipient of a highly prestigious Absa Jewish Achiever Award. At a gala dinner in August 2013 he won the 2013 Absa Listed Company Award.

Redefine was awarded the Investment Analyst Society Best Reporting and Communication Award by a company with a market capitalisation between R5 billion and R30 billion.

Natural capital

Approach to our interaction with the environment

As a committed responsible corporate citizen, Redefine acknowledges its responsibility to manage its impact on the environment and, wherever possible, enable tenants to do likewise.

In terms of the guidelines of the JSE's SRI Index, Redefine is recognised as a low-impact company, with most of its environmental impacts arising from the consumption of electricity. In this regard, the group has set an immediate target of reducing energy consumption per square metre by 5%.

The board of directors is ultimately responsible for Redefine's sustainability. The group's sustainable development model is based on both environmental and social considerations and the social and ethics committee supervises the group's policies and procedures as detailed in its terms of reference.

The group's enterprise risk management framework has been applied to identify risks that relate to the group's interaction and impact on the environment. Risks identified include energy security and costs, carbon taxes, climate change and environmental compliance and reporting.

In an effort to more fully understand the impact of these risks, the group has begun to proactively monitor aspects of its impact and participate in recognised best-practice disclosures.

A copy of the group's environmental policy can be found on our website.

Among other commitments, the policy commits Redefine to:

- implementing globally accepted environmental management systems
- conducting detailed audits and assessments of our buildings with the aim of minimising their environmental footprints
- developing greater awareness of climate change among employees, suppliers and partners
- allocating budget towards key skills development for staff as to how they can effect positive environmental changes in their workplace
- setting goals for greening our buildings
- remaining on the cutting edge of renewable energy developments and other green alternatives

Green buildings

Green building policy

Redefine has taken a policy decision that, where possible, all our new buildings will be constructed to at least four-star GBCSA standards. Existing buildings will be retrofitted during maintenance and upgrading with LED lighting, more efficient air-conditioners and other devices to reduce power and consumption of resources.

Building new developments to green standards is as much a sound financial decision as it is the right environmental way to go. In an era of rising utility costs – electricity in particular – buildings designed to minimise utility usage and waste will reduce the tenant cost of occupation, which directly impacts rentals. Green buildings may require a larger initial capital outlay, but offer a steady return on investment as utility costs rise.

Through its property portfolio and the ongoing development of new properties, the group's engagement with the natural environment is broad and far reaching. The natural capital used in erecting the group's properties, such as steel and cement, is excluded from the scope of this report as these materials are consumed by the group's suppliers and are reported on by them.

Economic, social and environmental impacts

Investment and expertise funnelled into new developments and property upgrades offer significant social and environmental benefits. At project inception, Redefine contracts a support team of project managers, engineers, architects, town planning consultants, other specialists and contractors to undertake the project, thereby creating employment and generating cash flow into the economy. New buildings are designed in accordance with energy-efficient and green building standards, which support reduced carbon footprint and enhance the localities where

Natural capital continued

they are sited. When tenants take occupation of these building spaces, they in turn create further employment and generate economic opportunities for employees, suppliers and service providers.

Energy efficiency

One aspect of the Green Star SA rating tool is a building's energy efficiency in terms of heating and cooling. Not only is this a critical consideration when designing a four-star building but, as South African electricity prices increase, it has become more and more relevant to the group and the tenants alike. Managing the energy costs associated with vacant spaces and common areas, as well as providing tenants with the tools and information necessary to enable them to manage their own electricity consumption, is a key focus of Redefine's current efforts to minimise its impact on the environment.

Redefine has conducted several energy-efficiency audits at properties in its portfolio and several energy-reduction projects have been implemented, including the implementation of efficient lighting, occupancy sensors and timers and the installation of variable speed drives for HVAC equipment. These initiatives reduced the group's energy demand by approximately 5,7 million kWh in 2013 (an estimated swing of R73 million) and further energy-saving projects are under consideration for implementation in 2014.

Utility management

It is estimated that utilities represent approximately 40% of the property industry's expenditure.

The management of the portfolio's utilities was brought in-house with effect from July 2013, allowing the group to adopt a holistic approach to the management of utilities, managing the rental and utility accounts as one. The electricity metering infrastructure was taken over by Redefine from the previous service provider and the group will continue to invest in the existing and new infrastructure to more closely measure, monitor and report energy consumption within its properties. Utility maintenance, installation and metering remain predominantly outsourced.

This initiative was taken in direct response to tenants' expectations that the landlord should contribute to the management of utility charges, ensuring accurate metering and that correct tariffs are applied in the billing of electricity and water.

Electricity profiles by tenant are already available on request but the in-house department intends enhancing the service provided by Redefine to its tenants by introducing smart metering and a system that will allow tenants to monitor their energy consumption on a real-time basis.

Access to this information will allow both Redefine and its tenants to minimise their energy consumption. The in-house team will increase the efficiency and efficacy with which utilities are charged and recovered.

The group recognises that, as with electricity, water will become a focal issue as its cost increases. Presently water charges are recovered on a square meterage basis. The demand for the metering of water consumption to ensure equitable billing of this critical resource is anticipated and the group is currently investigating potential solutions.

90 Grayston Drive development

Our flagship green development is setting the standard for future premium office space. As tenants increasingly target a reduction in total operating costs, resource efficient technologies built into the property make them more attractive, reducing vacancy rates in these advanced properties. The long-term benefits will greatly outweigh the initial cost to design and build the property.

Renewable energy

Redefine undertook a renewable energy study at the Alberton Mall. The study considered the viability of introducing solar PV panels on the mall's roof. Two of the three roofs were found to be suitable for solar PV panels, providing generating capacity of approximately 350kW and reducing the buildings grid energy consumption by some 30%.

Carbon footprint

During 2012 Redefine compiled its first carbon footprint. The group's carbon footprint was developed in accordance with the GHG Protocol: Corporate Accounting and Reporting Standard developed by the World Business Council for Sustainable Development and the World Resources Institute.

Many of the data collection challenges faced in the compilation of the 2012 carbon footprint were addressed in 2013 by improving the process, making the reporting of the 2013 carbon footprint more accurate and timely.

The group's total 2013 carbon footprint of 517 150 tCO_2e (excluding non-Kyoto gasses) (2012: 541 918 tCO_2e) represents a reduction of 4,6% on that of the previous year. Energy saving initiatives and improved data collection are responsible for this saving.

The key results of the 2012 and 2013 carbon footprint assessments are as follows:

	2013	2012
Scope 1 (tCO_2e)	**269**	635
Scope 2 (tCO_2e)	**44 129**	50 627
Scope 3 (tCO_2e)	**472 752**	490 656
Non-Kyoto gasses (tCO_2e)	**3 631**	4 092
Retail (tCO_2e/m^2)	**0,216**	0,240
Office (tCO_2e/m^2)	**0,185**	0,195
Industrial (tCO_2e/m^2)	**0,083**	0,082
Total (+ CO_2e/m^2)	**0,164**	0,166

Comments

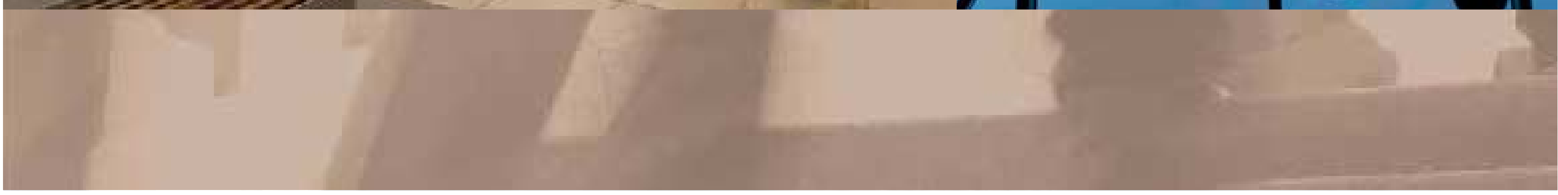
- Represented by the use of refrigerants
- Group offices, vacant space and common areas
- Electricity sold to tenants
- Represented by the use of refrigerants

The chosen intensity metric of tCO_2e per m^2 represents the most accurate comparison for property companies to benchmark against for carbon reporting. From the above, the Redefine portfolio is one of the leading companies for its tCO_2e per m^2.

Carbon disclosure project

The group's 2012 carbon footprint, together with details of its management of risks, opportunities and mitigation opportunities has been submitted to the CDP. Redefine was the top first-time CDP respondent for 2013 with an overall score of 87%.

Redefine is committed to continuous review of its governance processes to remain in line with best practice.



Our commitment

Redefine's board of directors is committed to maintaining the highest standards of corporate governance as we believe that it is pivotal to securing sustainable growth for the benefit of all our stakeholders.

Governance structure

The board of directors

- D Gihwala (Chairman)
- M Wainer (CEO)
- MK Khumalo
- AJ Konig (FD)
- HK Mehta
- B Nackan
- D Perton
- DH Rice (COO)
- RW Rees
- GZ Steffens
- R Robinson
- M Ruttell

Roles and responsibilities:

- Appoint the chief executive officer
- Guard and promote values and ethics of Redefine
- Approve the strategic direction of the company
- Approve and monitor the annual budget
- Monitor executive management in implementing the corporate vision and strategy
- Ensure compliance with the letter and spirit of the law
- Communicate with stakeholders openly and timeously throughout the year

Remuneration and nomination committee

- D Gihwala
- HK Mehta
- B Nackan

Audit and risk committee

- RW Rees
- HK Mehta
- B Nackan

Executive committee

- M Wainer
- AJ Konig
- DH Rice
- G Elliot
- M Ruttell
- P Strydom

Investment committee

- B Nackan
- M Wainer

Social and ethics committee

- D Gihwala
- A Coetzee
- R Coetzee

Roles and responsibilities

- Design, monitor and communicate remuneration policies
- Assess, recruit and nominate new non-executive directors
- Assist the board in setting and administering remuneration policies in the company's long-term interests
- Consider and recommend remuneration policies for all levels of the company
- Ensure 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
- Recommend to the board the fees payable to the non-executive directors
- Guard against unjustified windfalls and gains arising from the operation of share-based and other incentives
- Assess the skill, acumen and experience of potential candidates for directorship
- Coordinate board, members and committees evaluations

- Oversee preparation of integrated reporting
- Review the interim and annual financial statements and integrated report
- Express a formal opinion on the going-concern status
- Ensure a coordinated approach to all assurance activities
- Review the expertise, resources and experience of the finance function, including the financial director
- Oversee the internal audit function
- Play an integral part in the risk management process
- Recommend the external auditors and oversee the external audit process
- Approve the annual budgets and forecasts
- Report to stakeholders and the board on the effectiveness of internal financial controls
- Ensure compliance with statutory requirements

- Develop and maintain the group strategic plan for board approval
- Make recommendations and take decisions on all matters affecting the company's strategy and operations including risk management
- Giving direction on day-to-day activities
- Monitor markets and competitors in order to identify trends
- Define, configure, finance and structure the portfolio of assets
- Approve operating plans and budgets for each division
- Measure and monitor divisional performance
- Managing capital requirements
- Ensure adequate levels of risk management, controls, governance and compliance
- Approve proposals for development, acquisition and disposal of properties within mandated limits

- Review the investment strategy
- Set criteria and targets for investment
- Approve proposals for development, acquisition and disposal of properties within mandated limits
- Approve strategic investments within mandated limits
- Review market valuations by external valuers
- Annually review performance of the property portfolio – especially those recently acquired
- Make recommendations to the board for approval where it is beyond the scope of mandated limits

Perform its statutory duties as detailed in the Companies Act and in particular address the following:
- Social and economic development
- Good corporate citizenship
- The impact of the company's activities on the environment, health and public safety is responsibly managed
- Consumer relationships, including the company's advertising, public relations and compliance with consumer protection laws
- The company's employment relationships, and its contribution toward the educational development of its employees

Please refer to our website for our full board and committee charters.

The board of directors is committed to and subscribes to the values of good corporate governance as contained in King III. The board endorses and accepts the responsibility of achieving the four values underpinning good governance advocated by King III:

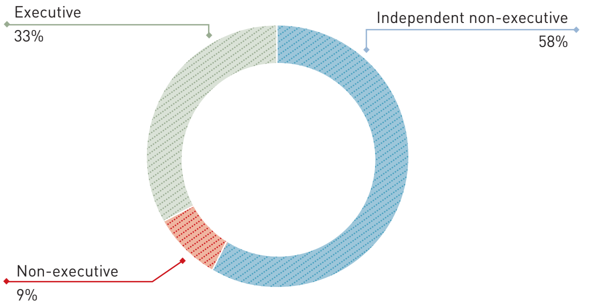
- Fairness;
- Responsibility;
- Transparency; and
- Accountability.

The board committees regularly review the company's governance structures and processes to ensure that the board exercises effective and ethical leadership, conducts its affairs as a good corporate citizen and takes decisions to ensure sustainability. Redefine is committed to achieving high standards of business integrity and ethics. This report aims to provide our stakeholders with an understanding of how we adhered to the principles of King III.

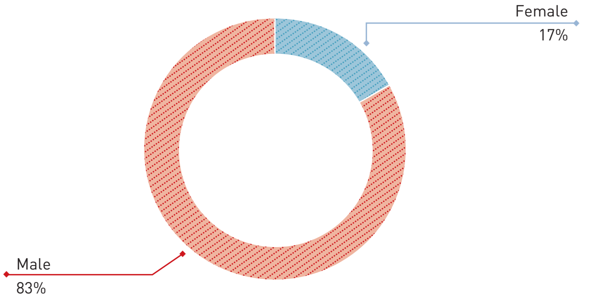
The board of directors

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.

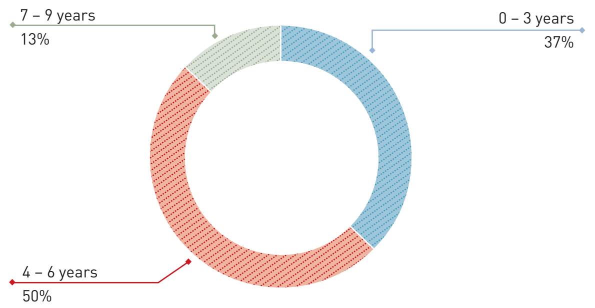
Composition of the board



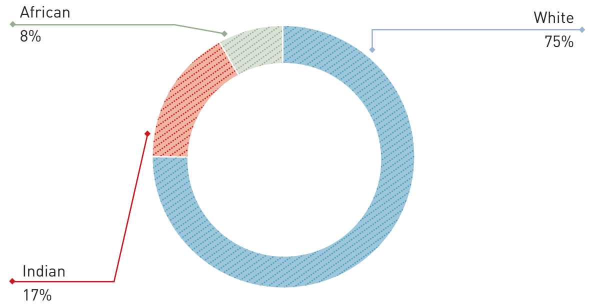
Board split by gender



Length of service of non-executive directors



Board split by race



Length of service of non-executive directors

	Year of appointment	Years of service
Harish Mehta	2009	4
Monica Khumalo	2009	4
Bernard Nackan	2009	4
Dines Gihwala	2007	6
Diana Perton	2004	8
Roger Rees	2012	1
Robert Robinson	2013	*
Günter Steffens	2013	*

** Appointed subsequent to the financial year-end.*

The board currently comprises 12 directors of whom seven are categorised as independent non-executive directors in terms of King III; one is a non-executive director and the balance are 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), Andrew Konig (FD) and Mike Ruttell (Development). Each executive director has defined areas of responsibility. Short biographies of each director can be found on pages 4 and 5. The board currently comprises:

Executive directors	Andrew Konig (FD), David Rice (COO), Mike Ruttell (Development), Marc Wainer (CEO)
Non-executive director	Harish Mehta
Independent non-executive directors	Dines Gihwala (Chairman), Monica Khumalo, Bernard Nackan, Diana Perton, Roger Rees, Robert Robinson, Günter Steffens

Mike Flax resigned from the board on 25 January 2013 to pursue his own interests in the property industry. Greg Heron resigned from the board on 3 May 2013 to avoid possible conflicts of interest which might arise as a result of his assuming an executive role with another organisation.

Mike Ruttell and Günter Steffens were appointed to the board with effect from 1 September 2013 and Robert Robinson with effect from 31 October 2013.

At each meeting of the board, the directors declare their interests 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.

As prescribed by the JSE Listings Requirements, Redefine has a policy prohibiting dealings in linked units by directors, officers and staff for a designated period preceding the announcement of its annual and interim financial results, or any other period considered price sensitive. Dealings in units by directors are strictly monitored and the necessary Stock Exchange News Service announcements are made.

The role of the chairman is separate from that of the CEO. The CEO takes responsibility for the day-to-day operations and provides leadership to the executive team and is also accountable for the effectiveness of governance practices. The chairman leads the board and is responsible for its effectiveness and integrity while facilitating constructive relations between executive and non-executive directors. The chairman holds no other listed company chairman positions. The chairman is an independent non-executive director and as such no lead independent director has been appointed.

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.

The board considers that Diana Perton, Dines Gihwala, Bernard Nackan, Monica Khumalo, Roger Rees, Günter Steffens and Robert Robinson are independent non-executive directors. In its assessment the board considered if each director is independent in character and judgement and if there are any existing relationships or circumstances which could affect the directors' judgement.

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 in the annual financial statements.

Responsibilities

The board regularly reviews the decision-making authority given to management and its subcommittees.

The board has adopted a charter which sets out the practices and processes to be 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 unitholders, 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.
- 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 nomination committee
- Audit and risk committee
- Investment committee
- Social and ethics committee

The committees assist the board of directors in discharging its responsibilities and duties under King III. However, overall responsibility remains with the board.

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.

Board and board committee assessments

During the past year, Redefine's Remco conducted a series of evaluations by board and committee members of their functioning and performance in line with the requirements of King III.

For purposes of this year's evaluations Redefine acquired an internationally recognised online software package called "Thinking Board" from Independent Audit Limited based in the United Kingdom.

The programmes were utilised during the year to facilitate the following evaluation projects:

- **Board evaluation:** An evaluation by Redefine's directors of the functioning and performance of the board. The evaluation encompassed the functioning of board meetings, strategy development, board risks, external perception and support functions.

  Salient aspects arising from the project are as follows: Two of the issues which emerged in the evaluation, were succession planning and board composition. These topics are continually reviewed by Remco and at board level and they felt that there is currently adequate depth of management at the executive director level while board composition is under continuous review.

  In response to comments regarding strategy development, management reviewed and updated the strategic plan which was approved by the board and is included in this report.

  Briefings/updates on topics such as directors' responsibilities and the changing regulatory environment were flagged as items requiring ongoing consideration. Presentations and briefing sessions are provided on these and other relevant topics by external experts/specialists.

  Positive feedback from the evaluation was reinforced by investor relations research conducted during the year under review by independent market researchers.

- **Peer evaluation:** An evaluation by the directors of their peers on the board tested directors' perceptions of their peers' skills and knowledge and their contributions to board deliberations. The peer evaluation supported the positive overall assessment reflected in the board evaluation above. Specific issues emerging from the evaluation are dealt with by the chairman in collaboration with Remco and executive management.

- **Chairman evaluation:** An evaluation by board members of the chairman's role and performance was designed to assess the chairman's effectiveness in his role, his management of board issues and processes, the effectiveness of his relationships with management and the non-executive directors and his contribution in promoting the corporate culture. The assessment was positive in all aspects.

- **Audit and risk committee evaluation:** A board evaluation of the functioning and performance of the audit and risk committee included assessment of committee meetings in terms of the quality of information provided and the effectiveness of meeting procedures, strategy specific to the committee, risk assessment and support functions. The assessment was decidedly positive in all aspects.

In summary this evaluation process established the following:

- The directors believe they have a good understanding of Redefine's strategic plan and key issues.
- Board members generally believe that they constructively contribute to the resolution of issues at meetings and that communication of expectations is clear.
- Information is obtained in an adequate, relevant and timely manner and that meeting attendance and preparation for such meetings is good.
- Redefine's strategy, vision and objectives are understood by members of the board.

- There is a clear understanding of the legal and fiduciary obligations of individual directors and of the board as a whole.
- Issues raised during the evaluation would be taken forward by the chairman.

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 scrutinise properly 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

	31/10/2012	05/02/2013	30/04/2013	01/08/12	30/10/2013
D Gihwala (Chairman)	✓	✓	X	✓	✓
MN Flax[1]	✓	1	1	1	1
GJ Heron[2]	✓	✓	✓	2	2
MK Khumalo	✓	✓	✓	✓	✓
AJ Konig	✓	✓	✓	✓	✓
HK Mehta	✓	✓	X	✓	✓
B Nackan	✓	✓	✓	✓	✓
D Perton	✓	✓	✓	✓	✓
RW Rees	✓	✓	✓	✓	✓
DH Rice	✓	✓	✓	✓	✓
M Wainer	✓	✓	✓	✓	✓
M Ruttell[3]	3	3	3	3	✓
G Steffens[4]	4	4	4	4	✓
R Robinson[5]	5	5	5	5	5

✓ *Present/participated.*
X *Apology.*
[1] *Resigned 31 January 2013.*
[2] *Resigned 3 May 2013.*
[3] *Appointed 1 September 2013.*
[4] *Appointed 1 September 2013.*
[5] *Appointed 31 October 2013.*

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 FD, COO, head of property management, executive director development and the regional manager of the Western Cape. Executive committee members are appointed by the CEO in consultation with the board of directors.

The committee meets weekly and deliberates, takes decisions or makes recommendations on all matters of executing the company's strategy and day-to-day 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.

The investment committee

The investment committee comprises a mixture of executive and 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.

Levels of authority for executive and investment committee

	Acquisitions		Disposals	
	Per property transaction	**Rollup per quarter**	**Per property transaction**	**Rollup per quarter**
Executive committee	R120 million	R500 million	R60 million	R300 million
Investment committee	R500 million	4% of total assets	R500 million	4% of total assets

	Developments		Extension, refurbishments and capex	
	Per property transaction	**Rollup per quarter**	**Per property transaction**	**Rollup per quarter**
Executive committee	R120 million	R400 million	R120 million	R400 million
Investment committee	R400 million	R800 million	R400 million	R800 million

The remuneration and nomination committee

The remuneration and nomination committee comprises two independent non-executive directors and one non-executive director. Due to the combined nature of this committee and in order to ensure compliance with the JSE Listings Requirements and the principles of King III, the chairman of the remuneration component of the committee is Bernie Nackan (an independent non-executive director) while the chairman of the nomination component is Dines Gihwala (the chairman of the board).

The committee's primary responsibility is to monitor the implementation of the remuneration policies of Redefine, specifically in respect of the executive directors. The committee is also responsible for assisting the board in the recruitment of directors and assisting the board to ensure that the appointment procedures are implemented in a formal and transparent manner in accordance with the policy on appointments.

During the year Greg Heron resigned from the committee consequent to his resignation from the board. Probity Business Services Proprietary Limited was appointed as secretary to the committee. Non-executive director, Harish Mehta, was appointed to the committee to replace Greg Heron.

PwC continues to act as standing adviser to the committee on a wide range of remuneration matters, including:

- the remuneration of executive directors and senior executives
- the remuneration of non-executive directors
- local and global market trends and practices in the field of remuneration
- corporate governance issues around executive remuneration
- the implementation of remuneration structures
- the recruitment and appointment of executive staff members

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

Please refer to the detailed remuneration report on pages 90 to 99.

Remuneration and nomination committee meetings and attendance

	30/10/2012	04/02/2013	18/02/2013	29/04/2013	17/07/2013	25/09/2013	29/10/2013
B Nackan (Chairman)	✓	✓	✓	✓	✓	✓	✓
D Gihwala	✓	✓	✓	X	✓	✓	✓
GJ Heron[1]	✓	✓	✓	✓	1	1	1
HK Mehta[2]	2	2	2	2	X	✓	✓
AJ Konig[#]	✓	✓	X	✓	✓	✓	✓
M Wainer[#]	✓	✓	X	✓	✓	✓	✓
DH Rice[#]	✓	✓	X	✓	✓	✓	✓

✓*Present.*
[1]*Resigned 3 May 2013.*
[2]*Appointed 17July 2013.*
[#]*Attended as invitee.*
[X]*Apology.*

The audit and risk committee

Redefine's audit and risk committee is integral to the risk management process and reports top of mind tasks to the board regularly. In addition, it reports to unitholders on the extent to which it carried out its statutory oversight duties and mandate in accordance with its terms of reference, as approved by the board. This is 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 87 and 89.

All members of the committee are non-executive directors of the company in accordance with the Companies Act. During the year Greg Heron resigned from the committee, while Roger Rees and Harish Mehta were appointed to the committee. Although Harish Mehta satisfied the Companies Act criteria for membership of the audit and risk committee as set out in section 94(4)(b) of the Companies Act, he is not categorised as an independent non-executive director in terms of King III. However, due to his qualifications and in-depth knowledge of Redefine, he has been appointed in a temporary capacity while the board recruits a suitable independent non-executive director to replace Harish Mehta on the committee. The CEO, FD, COO, 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. Internal and external auditors have unrestricted access to the audit committee.

Well in advance of meetings, the audit committee receives relevant reports. These include 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.

Audit and risk committee meetings and attendance

	30/10/2013	05/02/2013	29/04/2013	01/08/2013	29/10/2013
R Rees (Chairman)[1]	✓	✓	✓	✓	✓
GJ Heron[2]	✓	✓	✓	2	2
HK Mehta[3]	3	3	3	✓	✓
B Nackan	✓	✓	✓	✓	✓
M Wainer[#]	✓	✓	✓	✓	✓
AJ Konig[#]	✓	✓	✓	✓	✓
DH Rice[#]	✓	✓	✓	✓	✓

✓ Present.
[#] Attended as invitee.
[1] Appointed chairman on 1 July 2013.
[2] Resigned 3 May 2013.
[3] Appointed 1 July 2013.

The social and ethics committee

A social and ethics committee was established on 24 February 2012 in accordance with the new Companies Act. The committee is chaired by Redefine's chairman, who is an independent non-executive director, and two senior managers. All members have the requisite knowledge, skill and experience to discharge the responsibilities of the committee.

Redefine recognises that integrating transformation into business practice is crucial for the sustainability of the company and South Africa. The company supports the Property Transformation Charter and is committed to transformation. Please refer to our website for our detailed social, ethics and sustainability report.

Social and ethics committee meetings and attendance

	24/02/13	10/05/13	30/07/13
D Gihwala (Chairman)	✓	✓	✓
A Phakathi[1, 2]	1	✓	2
R Coetzee	✓	✓	✓
A Coetzee[3]	3	✓	✓

[1] Membership temporarily suspended as a result of secondment. to Fountainhead.
[2] Resigned 30 September 2013.
[3] Appointed on 1 May 2013.

Company secretary

The board is assisted by a suitably qualified company secretary, Neville Toerien (Principal of Probity Business Services Proprietary Limited) who is not a director of the company and who has been empowered to fulfil his duties. The board has reviewed and is satisfied that the company secretary has adequate experience and competence to be the company secretary, and that an arm's length relationship is maintained between the board and the company secretary. The company secretary advises the board on appropriate procedures for management of meetings and ensures that the corporate governance framework is maintained. The directors have unlimited access to the advice and services of the company secretary.

Compliance with King III

Please refer to our website for our detailed King III checklist indicating Redefine's compliance with the principles of King III.

Code of Business Conduct

Integrity is fundamental to Redefine. Our Code of Business Conduct is central to the growth and sustainability of the business and is designed to institute a culture that does not tolerate unethical conduct, fraud and corruption.

The Code of Business Conduct addresses our responsibilities to the company, to each other, suppliers, unitholders and stakeholders. It includes a whistle-blowing policy that offers several avenues for reporting unethical conduct, including an independent whistle-blowing contact number, the sustainability and ethics committee and the CEO's "Red Post Box".

Our Code of Business Conduct is disclosed on our website.

Going concern

Redefine has considerable undrawn debt facilities as well as comfortable headroom against its covenants for secured and unsecured facilities. Redefine has a diverse and secured income stream, which it derives from the value of its underlying properties and their related lease agreements. The board of directors believes that Redefine is well placed to adequately manage its business risks and continue in operational existence for the foreseeable future, therefore the financial statements have been prepared on a going-concern basis.

Enterprise risk management

For Redefine, risk management involves achieving an appropriate balance between realising opportunities for gains while minimising adverse impacts. It is considered an integral part of good management practice and an essential element of good corporate governance. It is an iterative process consisting of steps that, when undertaken in sequence, enable continuous improvement in decision-making and facilitate continuous improvement in performance.

The group is committed to managing risk in a proactive and effective manner with the purpose of remaining a competitive and sustainable business, enhancing its operational effectiveness and continuing to create value for the benefit of employees, shareholders and other stakeholders in pursuance of its long-term strategy and goals.

While the Redefine board has delegated its responsibility for enterprise risk management to the audit and risk committee, it still retains the ultimate accountability for the governance of risk. This committee is responsible for ensuring that the significant risks of Redefine are adequately addressed and that there is a combined assurance model. In this way, the committee provides the board with relevant and timeous reports, based on the combined assurance reports of internal and external assurance providers.

This enables and positions the board to accurately and timeously disclose to Redefine's stakeholders how it has satisfied itself that risk assessments, responses and interventions are effective.

Day-to-day management of risks lies with line, senior and executive management.

Risk management process

Identify	The risks that are fundamental to achieving our strategy are identified using a top-down and bottom-up approach. The ERM framework and policy are utilised to guide the ERM process.
Assess and measure	► Risks are assessed based on their potential impact on the business (tenants, investors, business systems and employees), financial position and reputation including the likelihood of the risk occurring. ► We classify risks as critical, high, medium and low based on the impact and likelihood of them occurring. For example, where a risk has a high likelihood of occurring and a high impact on our business, financial position or reputation, it would be considered critical.
Response and action	In line with the ERM policy, mitigating actions are assigned to each risk. The appropriateness of these responses are overseen by the audit and risk committee. Internal audit, as part of the risk-based audit plan, provides assurance as to the appropriateness and effectiveness of these mitigating actions.
Monitoring and reporting	The risks are managed and reviewed on an ongoing basis. Quarterly risk reports are provided to the audit and risk committee that in turn provides feedback to the board.

ICT governance

As stipulated by King III, Redefine's board is responsible for the governance of ICT risk, which it oversees through the audit and risk committee. Redefine has accordingly established an ICT steering committee that reports back to the audit and risk committee.

This committee comprises Exco members, executive directors, divisional managers and dedicated ICT personnel. This committee is responsible for the ICT governance framework, which is supported by comprehensive ICT policies. Redefine's ICT strategy has been aligned to its goals and objectives.

Internal audits are performed periodically by experienced and independent personnel, with further audits performed by qualified external auditors. The internal audit team does not participate in the planning, implementation or review of any ICT activities and have neither reporting lines nor incentives related to the performance of the ICT activities and are therefore deemed to be independent.

Redefine's ICT structure is periodically audited against the international standards of control objectives for information and related technology.

ICT sustainability

Redefine's ICT system is built upon the principles of scalability, availability and sustainability. To attain these principles, a private "cloud" was established.

The key benefits to Redefine of operating a private cloud are:

- reduced support costs
- reducing travel time, costs and associated emissions
- reduction of investment in decentralised infrastructure
- increased system uptime and availability
- ease of migration to other cloud platforms

Redefine's ICT undertook a number of projects during the course of the year. The most notable of these were:

- Migration to all users to the Virtual Desktop Infrastructure
- First phase implementation of Microsoft Lync
- Upgrade of the underlying server Hypervisor software
- Internal restructuring of the ICT department moving away from a traditional support model (helpdesk receiving calls and attempting first-call resolution with second and third-tier support behind the helpdesk) to an agile model wherein the second and third-tier support directly interact with the users and the helpdesk effectively falls away. This structure has given rise to increased user satisfaction and reduced repair times

Future ICT projects being investigated include:

- Evolution of the current document management system and business process management system into an enterprise content management system. Establishing an enterprise content management system will enable Redefine to control, interact with, change and track information as it flows into, is consumed, and flows out of the organisation and begins alignment of previously unstructured data for use in big data analytics

Redefine's ICT system is designed to enable Redefine to achieve its goals and objectives, through:

- ensuring business continuity through the documentation and automation of business processes
- housing company information in a document management system which leads to increased efficiency in sharing, accessing and maintaining knowledge
- utilising a diverse partner network which ensures a globally aligned skill-set is always available
- facilitating the exploration and realisation of alternative revenue-generating opportunities (within our core business) which can directly benefit from the involvement of ICT

ICT services are provided at three regional offices and in excess of 20 branch offices comprising:

- wide area network and local area network management
- software and business application management
- business process management
- security management
- user support
- software management
- project management
- ICT user training
- ICT corporate governance and risk management
- solutions architecting
- ICT management

Governance and remuneration | Audit and risk committee report

Roger Rees

Audit and risk committee members

Roger Rees (Chairman)
Bernie Nackan
Greg Heron (resigned 3 May 2013)
Harish Mehta (appointed 1 July 2013)

Audit and risk committee invitees

Grant Thornton (Jhb) Inc. – attends as group independent auditor
Probity Business Services – attends as company secretary
Executive directors
Group financial management
Internal audit

Composition of the committee

The audit and risk committee meets at least four times per year in line with quarterly financial reporting deadlines. During the 2013 financial year the committee met on four occasions. Two members of the committee are independent non-executive directors and one is a non-executive director (whose appointment is explained on page 83). All members are financially literate with the requisite levels of expertise and skill. Attendance and dates of the meetings have been disclosed on page 84 of the governance section.

Activities

The committee receives and reviews detailed reports from management, the internal and external auditors. Areas of regular discussion include the following:

Financial reporting

- Approving accounting policies and financial statements
- Reviewing key judgements including the valuations of the investment properties
- Assessing the impact of future financial reporting standards
- Reviewing going-concern assumption
- Reviewing corporate governance
- Approving budgets and forecasts
- Monitoring funding policy
- Ensuring tax compliance

Risk and internal control

- Reviewing key risks facing Redefine, including the risk management programme
- Assessing the effectiveness of the internal controls
- Monitoring fraud risk management, including the whistleblowers facility
- Review of ICT governance
- Monitor compliance and regulatory matters
- Reviewing adequacy of insurance cover
- Monitor compliance of B-BBEE

Internal audit

- Adoption of the internal audit charter
- Assessment of the internal audit effectiveness
- Approval of risk-based internal audit plans
- Review of findings and recommendations made by internal audit and management responses
- Follow up on action plans for unsatisfactory findings

External audit

- Review of the independence of the external auditor including the pre-approval of non-audit services provided
- Approval of the audit budget for the year
- Annual audit planning, conclusions and final opinion reports
- Approval of audit engagement letters
- Review of management report items identifying effectiveness of controls and recommendations for corrective action

External audit

Grant Thornton (Jhb) Inc. are the external auditors of all group companies, with the exception of the Fountainhead and Fountainhead Manco, which are audited by KPMG Inc. During the year Grant Thornton (Jhb) Inc. provided certain non-audit services, including tax reviews and advice, reviews of information technology systems and applications as well as certain agreed upon procedures. The audit and risk committee is satisfied that the non-audit services provided by Grant Thornton (Jhb) Inc. do not bring its independence into question.

Internal audit

The internal audit department has unrestricted access to the chairman and members of the audit and risk committee.

To ensure the independence of internal audit, the department reports directly to the audit and risk committee. 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 and risk 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 and risk committee with a level of assurance for the governance, control and risk management of the group.

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 and risk committee chairman and the executive committee.

The internal audit department formally reports any material findings and matters of significance to the audit and risk 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 quarterly. The annual audit plan is determined after consideration and assessment of all risks facing the group, including coverage of significant operating segments. The audit includes reviews of the ICT general and application controls of the company in order to ensure satisfactory ICT governance and assurance.

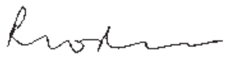
The key duties of the internal audit function include:

- 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;
- Following up on ethics hotline calls; and
- Facilitating of the enterprise-wide risk management process.

Statutory duties

In the conduct of its statutory duties, the committee:

- has satisfied itself that the external auditor is independent of the company in terms of the Companies Act
- has agreed, in consultation with executive management, to the engagement letter, audit plan and budgeted fees for the 2013 year. The actual fees are envisaged to be in line with those agreed in the audit fee budget
- has pre-approved all non-audit service arrangements with Grant Thornton (Jhb) Inc. 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
- is of the opinion that significant internal financial controls are effective, 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
- is satisfied that the internal audit function is adequately resourced and is operating effectively in terms of both the mandate and agreed audit plan
- 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 confirmed that the company's financial director, Andrew Konig, has the necessary expertise and experience to carry out his duties
- recommended the 2013 integrated annual report and annual financial statements to the board for approval, based on processes and assurances obtained
- through its review of the 2014 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
- reviewed the critical risks facing the company on an ongoing basis. The key risk analysis and the company's response to these risks can be found on pages 16 to 19 of this report. The committee is reasonably satisfied adequate compensating controls are in place to mitigate the identified key risks



Roger Rees
Audit and risk committee chairman

Bernie Nackan

This report explains Redefine's Remuneration Policy for non-executive directors, executive directors and prescribed officers. The board recommends the fees for non-executive directors to unitholders for approval at the AGM. The Remco determines the policy for remunerating Redefine employees, but specifically executive and non-executive directors and prescribed officers.

In line with international best practice and emerging local practice, Redefine has segmented this report into two sections, the first section describes the Remuneration Policy for executive directors and prescribed officers, and the second section discloses the implementation of the policy regarding actual payments, accruals and awards for the year ended 31 August 2013. The annual non-binding advisory vote by unitholders at the AGM pertains only to section one.

Section 1: Philosophy and policy

Redefine's Remuneration Philosophy and Strategy support the group strategy in that they govern processes that align predetermined strategic goals with the organisational behaviour required to meet and exceed these goals, thus creating value for unitholders. During the 2013 financial year the company has worked with its independent adviser, PwC, to assist in ensuring that responsible and appropriate remuneration principles are adopted and implemented. A great deal of attention was given to correctly position both the nature and the scale of remuneration relative to national and industry comparator groups and best practice. Steps were also taken to ensure alignment with regulatory and governance requirements, specifically those of King III, IODSA guidelines and the Companies Act, No 71 of 2008, as amended.

Purpose

Redefine's Remuneration Policy sets out the guiding principles around remuneration and presents an implementation policy framework which aligns with the strategic direction and specific value drivers of the business.

The resultant benefits of such an approach include:

- Enhanced internal fairness through consistent decision-making regarding remuneration.
- Appropriate remuneration guidelines that are the basis for all remuneration decisions.
- Enhanced employer of choice profile through the utilisation of a balanced Remuneration Policy.

The objectives of the Remuneration Policy are to provide support for the Remuneration Philosophy and to provide a guiding framework for remuneration that supports the business strategy. The policy sets out the guiding principles which will be applied to all components of remuneration.

Role of Remco

Remco has an independent role, operating as an overseer and provides recommendations to the board for its consideration and final approval. The role of Remco is to oversee the establishment, implementation and approval by the board of the Remuneration Strategy and Policy. It is responsible to assist the board in ensuring that Redefine remunerates directors and prescribed officers fairly and responsibly and that directors' remuneration is disclosed in an accurate, complete and transparent manner. It further takes the responsibility of ensuring that the board has the appropriate composition to execute its duties effectively and when necessary appoint directors through a formal process.

Details of the members of the committee can be found in the corporate governance section on page 82 of the integrated annual report. The majority of the current members of the committee are independent non-executive directors. The committee met seven times during the financial period. The CEO, COO, FD and head of human resources attend the committee meetings by invitation. The company secretary is the secretary of the committee.

The Remco chairman reports to the board after each Remco meeting and attends the AGM to take questions from unitholders on Remco's areas of responsibility.

Remco has the prerogative to make all remuneration decisions, including the approval of mandates for short and LTI schemes, it deems appropriate within an approved framework. Remco may propose amendments to any part of the group's Remuneration Policy as necessitated by changing circumstances. To fulfil the role described above, Remco undertakes the following:

- Oversees the establishment of a Remuneration Policy that promotes the achievement of strategic objectives and encourage individual performance.
- Oversees the setting and administering of remuneration at all levels in the company.

- Ensures that any remuneration policies fairly and responsibly reward executives having regard to the performance of the company, the performance of the executive and prevailing remuneration trends in the market.
- Reviews the outcomes of the implementation of the Remuneration Policy to determine whether the set objectives are being achieved.
- Considers the results of the evaluation of the performance of the CEO and other executive directors, both as directors and as executives in determining remuneration.
- Regularly reviews short and long-term incentive schemes presented by management to ensure continued contribution to shareholder value and that these are administered in terms of the rules.
- Advises and makes recommendations on the remuneration of non-executive directors to the board.
- Identifies and recommends potential candidates to the board for consideration, taking into account the necessary and desired competencies of new board members to ensure the appropriate mix of skills to contribute to the strategic direction of the company.

During 2013 Remco considered the following issues:
- Approval of the remuneration report.
- Mandates for salary increases for all levels of employees.
- Monitoring and approval of short-term bonuses for executive directors and prescribed officers.
- Monitoring and approval of LTI schemes.
- Awards for LTI schemes for qualifying employees.
- Approval of vesting of awards.
- Set performance conditions for long and short-term incentives for 2014.
- Benchmarking of remuneration levels and practices with national and industry groups.
- Review and approval of succession plan for directors, executive and senior managers.
- Review fees of non-executive directors.
- Recruitment and appointment of non-executive directors.
- Facilitated board evaluations.

Remuneration Philosophy and Strategy

Philosophy

The company's primary employment philosophy is to attract self-starting, high-calibre, appropriately skilled employees who subscribe to the values and culture of the company. Employees are recognised as being integral to the achievement of corporate objectives and accordingly are remunerated for the contribution that they deliver. Accordingly, a culture of enterprise and innovation is encouraged and appropriate rewards are linked to this.

Strategy

The manner in which the company remunerates its employees reflects the dynamics of the market and the context in which it operates. Remuneration practices, at all times, are aligned with the strategic direction and specific value drivers of the business. As such, remuneration plays a critical role in attracting and retaining high-performing employees and motivating them to achieve business objectives. Redefine's remuneration practices reinforce, encourage and promote superior performance. Remuneration is not a standalone management process, but rather fully integrated into other management processes aligned to achieving business objectives. The strategic principles included in the Remuneration Strategy are aligned to and in support of the overall business strategy.

The reward strategy is designed to align itself with the company's business strategy and the execution of that strategy. This will maximise the performance and effectiveness of the company, thus increasing stakeholder returns. In order to meet the objectives, the company aspires to be one that:
- attracts the appropriate talent;
- is able to retain key employees over a period of time;
- rewards and motivates employees;
- is regarded as a high-performing company;
- rewards exceptional performance; and
- creates wealth for skilled employees linked to their value add and overall company performance.

By employing the appropriate talent, rewarding them correctly and integrating non-financial rewards such as career growth, training and work life integration, the company attracts and retains employees and grows unitholder value through a culture of high performance.

In order to achieve this, the company is in the process of establishing, developing and managing the most appropriate talent pool and, through a culture of performance, ensuring the right skills are in place to implement and deliver on the company's strategy.

Redefine's total remuneration offering consists of guaranteed remuneration and variable remuneration, the quantum of which is determined based on company and individual performance criteria met.

The alignment of corporate strategy to the remuneration strategy is depicted in the table below.

Alignment of corporate and remuneration strategy

Strategic point	Impact on remuneration	Remuneration strategy in support of organisational strategy
Grow unitholder value	Need to attract and retain talent at certain levels in the organisation	Well-structured guaranteed remuneration – market-related – median and above.
	Need to be preferred employer	Good incentive schemes, short-term and long-term, that have a strong retention element.
	Employees to be incentivised to meet performance targets aligned to strategy	Stable professional working environment. Above industry-specific market median for remuneration. Good, robust long-term and short-term incentive schemes.
Consistent unitholder returns	Attract and retain good talent	Well-structured guaranteed remuneration – market-related – median and above. Good incentive schemes, short-term and long-term, that have a strong retention element and performance elements – both schemes equally important as short-term benefit should not be driven at the expense of long-term gain.

This strategy can be summarised in application to employee groupings as follows:

Application of strategy to employee groupings

Employee grouping	Guaranteed remuneration		Short-term incentive	Long-term incentive
	Fees	TGP	Annual bonus	Share incentive schemes
Non-executive directors	✓			
Executive directors		✓	✓	✓
Prescribed officers		✓	✓	✓
Management and staff		✓	✓	By invitation

Elements of remuneration

The table below summarises the elements of the total remuneration package offered to employees during the 2013 financial year. As indicated on page 96, the LTI component offering applies to executive directors, prescribed officers and other key employees on invitation.

Components	Fixed/variable	Purpose	Performance period and measures	Operation and delivery
Annual cost to company (TGP)	Fixed	Core element that reflects market value of role and individual performance	Reviewed annually based on performance against contracted criteria and market surveys	Benchmarked against national and industry comparator groups and positioned on average between the 50th and the 75th percentile
Benefits (TGP)	Fixed	Retirement and group risk benefits	Reviewed annually	Included in comparator benchmarking
Annual bonus (STI)	Variable	Create a high-performance culture through a cash bonus in relation to performance against predetermined criteria	Annual	Based on predetermined performance criteria for the company and individual performance with stretch targets. Cash settlement capped at 100% of annual cost to company
Long-term incentives (LTI)	Variable	Alignment with unitholder interests	Long-term share incentive schemes.	Annual total unitholder return

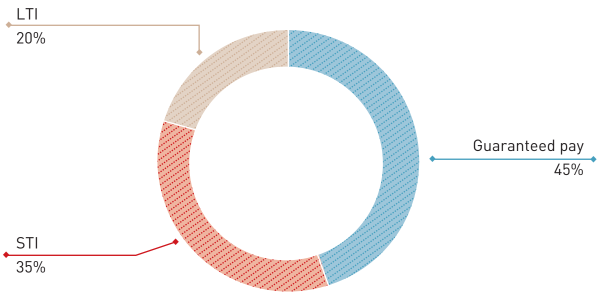
Total remuneration package design for executives and prescribed officers

The variable remuneration will, depending on the role, function and responsibility of the executive director and prescribed officer, constitute between 40% and 60% of the total remuneration.

Redefine aims to reward executive directors and prescribed officers with performance-based variable pay that has both a short-term cash component and long-term remuneration competent.

The average mix between guaranteed and variable remuneration for executive directors and prescribed officers is currently as follows:

Mix of fixed and variable remuneration

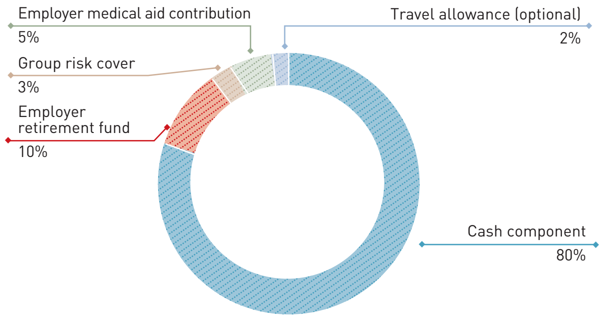


Total remuneration is reviewed on an ongoing basis by Remco to ensure the relative percentage of guaranteed pay and variable pay are market-related and aligned to the attainment of corporate objectives.

Guaranteed remuneration

The company will apply a TGP structure to fixed remuneration. The strategy is that the company will strive to pay on average between the median and upper quartile for all positions. The company will review the policy on an ongoing basis and will remunerate and pay according to prevailing market conditions which will include circumstances where shortages of skills are experienced and during periods of recession. Other factors may be considered. As such, jobs with the same grade can earn different amounts as determined by market factors resulting in a premium being paid for those skills. TGP (which includes benefits) is structured as follows:

Guaranteed remuneration



Benefits

All employees qualify for participation in the company's benefit schemes. These benefit schemes are:

- The retirement scheme.
- Group risk benefits (life and disability insurance).
- The designated medical aid scheme.

Variable remuneration

Variable remuneration refers to the STI scheme (annual) and LTI scheme. The variable remuneration component enables the company to link performance and reward to a performance matrix that will deliver value to unitholders.

Short-term incentive

Every employee participates in the STI scheme which is linked to performance. This scheme is established at all levels within the company to support the achievement of its objectives. These incentives, which are not a condition of employment, but are at management's discretion, will be paid based on company and individual performance against a predetermined set of performance criteria.

STIs are benchmarked to comparable peer companies (market and industry information) applying similar principles as applied for TGP benchmarking. The benchmarking will consider amounts earned as well as amounts that could potentially be earned through meeting different target thresholds.

The STI scheme will seek to enable participants to retain a clear view of their remuneration opportunities by ensuring that there is a clear "line of sight" between required individual or team performance and reward. The STI scheme will:

- pay meaningful bonuses;
- seek to grow profits;
- be structured around company and individual-based objectives;
- include a limited number of meaningful measures;
- be reviewed bi-annually to ensure measures, weighting of measures and split between individual, company and group are still appropriate;
- where appropriate, include non-financial individual measures in the KPIs;
- the measure for the annual bonus will reflect that time period whereas measures for the LTI scheme will be linked to growth and sustainability;
- the weighting of a measure may vary depending on seniority and relevance and ability to influence the outcome;
- the measures will limit the impact of factors outside the control of employees; and
- bonus payments are based upon TGP.

The company will implement appropriate annual incentive schemes applicable to the appropriate category of employees. The schemes are regulated through a performance recognition system and individual performance contracts based on predetermined performance criteria (key performance areas and key performance indicators) that align to company goals, with all employees. The performance period is in line with the company's financial year, ie 1 September to 31 August.

Performance against the set criteria is formally measured using a five-point rating scale to determine performance against criteria. The rating scale is linked to earning potential for the appropriate employee category.

In exceptional cases, the committee has the discretion to make *ex gratia* payments, where considerable value has been added to unitholders.

Key performance areas for the 2013 financial year

Company performance

Factor	Detail
Growth in distributions per unit	Growth in distributions per unit in relation to peer companies
Approved budget	Achievement of budgeted distribution per unit

Individual performance

Determined in terms of the company's performance management framework, over the financial period.

Long-term incentive

The LTI scheme's purpose is to drive performance in line with shareholder value creation and to address retention. The LTI scheme's value is delivered by way of units. The participants in the LTI scheme will be executives, prescribed officers and senior employees as nominated by Remco.

The scheme will:

- use market surveys to assess reward and allocation levels as required;
- have performance criteria aligned to the interest of unitholders with various degrees of stretch;
- have vesting criteria a minimum of three years from allocation; and
- apply to senior employees who have the ability to influence the company's performance.

The participants will be invited on an annual basis to participate. There will be no automatic entitlement. If, for example, an employee has scored poorly on their annual performance evaluation, consideration may be given to exclude him/her from the LTI scheme when the next allocation is made. LTI awards form part of the overall remuneration mix of selected employees.

The purpose of the scheme is to provide selected employees of the company with the opportunity of receiving and owning units in the company.

The LTI scheme for key staff consists of:

- Share appreciation scheme – no additional awards will be made to this scheme and which will run to fruition. The scheme is replaced by the share purchase, matching and restricted share schemes.
- Share purchase scheme.
- Matching scheme.
- Restricted share scheme for executive directors.

Scheme name	Restricted share scheme	Share purchase scheme	Matching share scheme	Share appreciation scheme
Description	Participants will be awarded an approved number of Redefine units, free of consideration	Participants will be awarded the opportunity to acquire Redefine units by way of a market-related interest-bearing loan, on an arm's-length basis, granted by the company	Participants will be invited to utilise a predetermined percentage of their after-tax STI bonus (annual) to acquire Redefine units Participants holding units at the third anniversary of the date of award will be awarded Redefine units free of consideration by the company based on a multiple linked to company and individual performance	Participants have been awarded phantom units based on a multiple of the participants' TGP, grade, performance, retention and attraction requirements The participants share in the appreciation of the unit price over the strike price settled in cash
Rationale	Incentivisation/ retention of key staff	Enhance employee and unitholder alignment through achieving and encouraging direct ownership by employees of Redefine units	Incentivisation/attract and retain key staff	Incentivisation/attract and retain key staff
Vesting conditions	40% of this award will be subject to the participant remaining in the employment of the company 60% of this award will be subject to predetermined performance conditions The award vests annually in four equal tranches, from 30 November 2013	On termination of employment on the 10th anniversary of the date on which the scheme units were awarded, the employee will be required to repay the outstanding scheme debt plus all accrued but unpaid interest	▶ Remain in the employment of the company ▶ Company and individual performance	▶ Remain in the employ of the company ▶ Company and individual performance ▶ Tranche 1 of the SAS vests in four equal tranches ▶ Tranche 2 of the SAS vests in three equal tranches
Participation **Participation in the schemes is based on the Remuneration Policy and Remco approval*	Key staff	Key staff	Key staff	Key staff
References	Refer to the directors report and note 20 in the annual financial statements	Refer to note 9 on the annual financial statements	This scheme will only be applicable from the 2014 financial year as the first purchase of units will occur in December 2013, with first matching units issued in 2016	Refer to the directors' report and note 23 in the annual financial statements The scheme ends in 2015

Please refer to our website for our detailed Remuneration Policy.

Executive director and prescribed officer service contracts

Executive directors and prescribed officers are on standard employment contracts with one-month notice periods. Though normal retirement age is 65 for executive directors and prescribed officers, the company's retirement policy makes provision to extend the working relationship beyond the normal retirement age. Performance contracts aligned to company strategic priorities are in place and executive directors and prescribed officers are currently being measured against the predetermined criteria.

Non-executive directors

Non-executive director fees are reviewed annually, based on market benchmarks and proposed at annual general meetings for approval. The remuneration of non-executive directors is targeted at the median of the comparator group, using the same comparator group which is used to benchmark executive directors' remuneration. The fees comprise an annual fee, as tabulated in part two of this report. In addition, non-executive directors are compensated for travel on official business where necessary.

Non-executive directors do not participate in the company's annual bonus plan, or in any of its LTI plans.

None of the non-executive directors have a contract of employment with the company. Their appointments are made in terms of the company's MoI and are confirmed initially at the first annual general meeting of unitholders following their appointment, and thereafter at three-yearly intervals.

Section 2: Disclosure of the implementation of the policies for the 2013 financial year

Guaranteed pay

In determining the TGP increases for executive directors, Remco considered the relative comparator group market data and also used relevant market data.

The comparator companies for benchmarking were peer property companies. Benchmarks were selected based on a number of factors, including, but not limited to, company size and complexity of comparable listed companies by reference to market capitalisation, turnover, profitability, number of employees and sector.

Short-term incentive outcome

In determining the STI outcome, the following performance criteria were taken into consideration:

Financial performance (weighting = 70%)	Growth in distributions per unit in relation to peer companies (weighting = 35%)
	Achievement of budgeted distribution per unit (weighting = 35%)
Non-financial performance (weighting = 30%)	Achievement of strategic objectives set by board

Executive directors' and prescribed officers' remuneration

The table below provides an analysis of the remuneration of executive directors and prescribed officers for the 2013 financial year. In line with international best practice, the methodology for disclosure of LTIs earned in the year has changed. The value attributable to LTIs that vested in the 2013 financial year in terms of the LTI is disclosed below as a single figure together with all other components of remuneration:

Name	Cash salary	Benefits	STI	LTI vesting 2013	Total remuneration 2013	Total remuneration 2012
AJ Konig	2 696	381	2 203	1 116	**6 396**	4 404
DH Rice	2 537	333	2 030	1 116	**6 016**	4 406
M Wainer	3 410	160	2 600	1 814	**7 984**	5 667
Prescribed officer A	1 732	385	425	0	**2 542**	2 105
Prescribed officer B	1 358	–	500	523	**2 381**	1 742
Prescribed officer C	1 072	173	450	523	**2 218**	1 742
Prescribed officer D	786	193	400	296	**1 675**	1 479

Disclosure of the value of long-term incentives earned

The table below illustrates on an individual executive director and prescribed officer level the value of LTIs allocated, settled, forfeited and the current value of units not yet settled.

Share awards schedule for executive directors and prescribed officers

				Number of units				Value				
	Year granted	Scheme	Opening	Awarded	Settled	Forfeited	Closing	Grant price R	Settled price R	Settle-ment value R'000	Current unit value R	Total estimated value R'000
AJ Konig	2011	SAS	1 600 000	–	400 000	–	1 200 000	6,50	9,29	1 116	9,16	3 192
	2012	SAS	750 000	–	–	–	750 000	7,00	–	–	9,16	1 620
	2013	Restricted	–	720 000	–	–	720 000	*	–	–	9,16	6 595
										1 116		**11 407**
DH Rice	2011	SAS	1 600 000	–	400 000	–	1 200 00	6,50	9,29	1 116	9,16	3 192
	2012	SAS	750 000	–	–	–	750 000	7,00	–	–	9,16	1 620
	2013	Restricted	–	900 000	–	–	900 000	*	–	–	9,16	8 244
										1 116		**13 056**
M Wainer	2011	SAS	2 600 000	–	650 000	–	1 950 00	6,50	9,29	1 814	9,16	5 187
	2012	SAS	600 000	–	–	–	600 000	7,00	–	–	9,16	1 296
	2013	Restricted	–	1 200 000	–	–	1 200 000	*	–	–	9,16	10 992
										1 814		**17 475**
Prescribed officer B	2011	SAS	750 000	–	187 500	–	562 500	6,50	9,29	523	9,16	1 496
	2012	SAS	97 500	–	–	–	97 500	7,00	–	–	9,16	211
										523		**1 707**
Prescribed officer C	2011	SAS	750 000	–	187 500	–	562 500	6,50	9,29	523	9,16	1 496
	2012	SAS	375 000	–	–	–	375 000	7,00	–	–	9,16	810
										523		**2 306**
Prescribed officer D	2011	SAS	425 000	–	106 250	–	318 750	6,50	9,29	296	9,16	848
	2012	SAS	131 250	–	–	–	131 250	7,00	–	–	9,16	284
										296		**1 131**

**In terms of this scheme the directors have a conditional right to a unit, which is awarded subject to performance and vesting conditions. No grant price is applicable as the restricted scheme is settled in units.*

Prescribed officer A was not allocated any LTIs.

Non-executive directors' fees

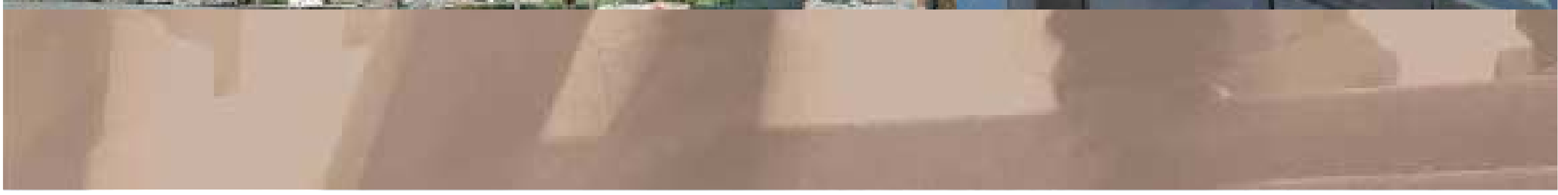
The increases have been made after a period of time to narrow the gap between existing Redefine levels and overall sector trends of non-executive remuneration.

Committee and role	Proposed 2014	**2013**	% increase
Board chairman	R365 000	**R320 000**	14,1
Non-executive director	R295 000	**R260 000**	13,5
Audit and risk committee chairman	R135 000	**R120 000**	12,5
Audit and risk committee member	R115 000	**R100 000**	15,0
Remuneration and nomination committee chairman/member	R55 000	**R50 000**	10,0
Investment committee member	R85 000	**R75 000**	13,3
Social and ethics	R55 000	**R50 000**	10,0

**Special Resolution 6 (AGM: 31 January 2013): Approval of fees payable to non-executive directors. Annual increases not exceeding 15% of the fees payable by the company to the non-executive directors for their services as non-executive directors. The resolution was approved for a period of two years.*

Bernie Nackan
Remuneration committee chairman

The growth in NAV was driven by the improved quality of the property portfolio – Redefine's strengthened balance sheet provides a strong platform to fund growth.



Financial director's report

Highlights

- Distribution growth of 7,3% to 68,7 cents
- NAV up 69,3 cents to 870,7 cents per linked unit
- Average cost of debt reduced by 90 basis points to 8%
- Capital raised of R1,7 billion
- Balance sheet transformed and strengthened

Introduction

Redefine is committed to being the property owner of choice and the company's primary objective is to provide sustained and growing income for 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.

We have built a robust balance sheet and have successfully broadened our sources of funding. The growth in distributions is testament to our strategy of acquiring, developing and managing a balanced premium property asset portfolio.

Financial performance

Redefine has delivered full-year distributable income of R2 013 million (2012: R1 743 million), equal to 68,7 cents per linked unit (2012: 64 cents), which is ahead of market guidance and shows year-on-year growth of 7,3%. In Rand terms, distributable income grew by 15,5%.

The balance sheet, in particular, reflects considerable changes as a result of corporate activity, namely:

- the deemed disposal of RIN which has resulted in the change in accounting treatment of RIN from that of a consolidated subsidiary to an equity-accounted associate;
- the consolidation of Fountainhead from 27 March 2013 following Redefine's acquisition of a controlling interest; and
- the transfer of RIFM to held-for-sale in anticipation of its sale to RI PLC, which in turn would be a precursor for it to convert to a UK REIT.

NOI from the property portfolio grew year-on-year by 10% on an overall basis, with the active portfolio growth in contribution of 7,2% receiving a boost from properties acquired during the current and prior years.

Refers the readers to the financial section for addition information

"A robust balance sheet, combined with improved operating leverage, provide a solid platform to sustain growth."

The benefits of cost containment came through on the active portfolio's NOI line. The retail portfolio performed strongly against last year, growing its contribution to NOI for the year by 10%. Despite the challenging market conditions the office portfolio grew its contribution for the year by 7,5%. The several large vacates negatively impacted the industrial portfolio's performance, limiting the increase on 2012 to 4,8%.

Active portfolio costs were well contained, growing year-on-year by only 0,6%, principally due to a strong focus on improving municipal and electricity recoveries. The large increase in property management costs arose from increasing letting and retail management capacity with management fees rising on the back of outsourcing facilities management. The restructure of the property portfolio to "younger" properties is beginning to impact favourably on repairs and maintenance.

Active property portfolio ratios

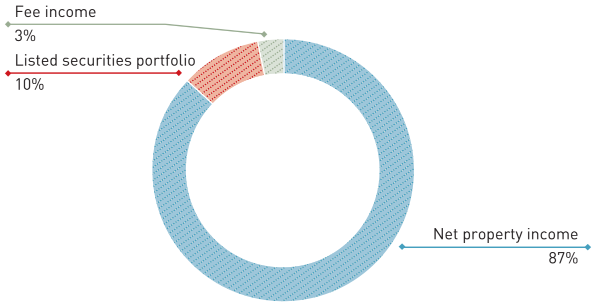
	2013	2012	2011	2010
Operating costs* as a % of active property income	**19,6**	20,7	21,4	21,0
Property management costs as a % of collections**	**3,4**	3,0	3,3	3,6
Municipal recoveries as a % of municipal charges	**71,9**	67,8	63,4	67,9
Electricity recoveries as a % of electricity charges	**96,0**	56,4	49,6	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.*

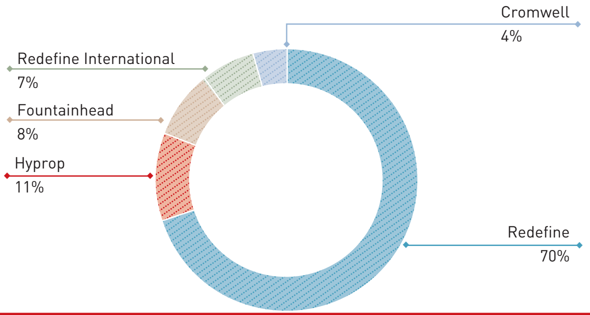
Income from listed securities decreased by 10,8% principally due to the reduced holding in Hyprop, which to some extent was offset by the additional holding acquired in Cromwell. As a result of the deconsolidation of RIN, Redefine's investment in Cromwell is now accounted for as an investment in a listed security and no longer as an interest in associate. During March 2013 and June 2013 Redefine increased its direct shareholding in Cromwell by acquiring a further 84,5 million and 65,4 million stapled securities respectively on the open market. These purchases increased Redefine's direct interest in Cromwell to 12,8%.

Net finance charges, although costing on average 90 basis points less than 2012, rose by 11,3% due to interest-bearing borrowings increasing over the year by R4,7 billion (most of which was raised in the second half of 2013), which to a large extent was offset by antecedent interest (R73 million) recognised on the issue of shares during the year.

Revenue net of property expenses

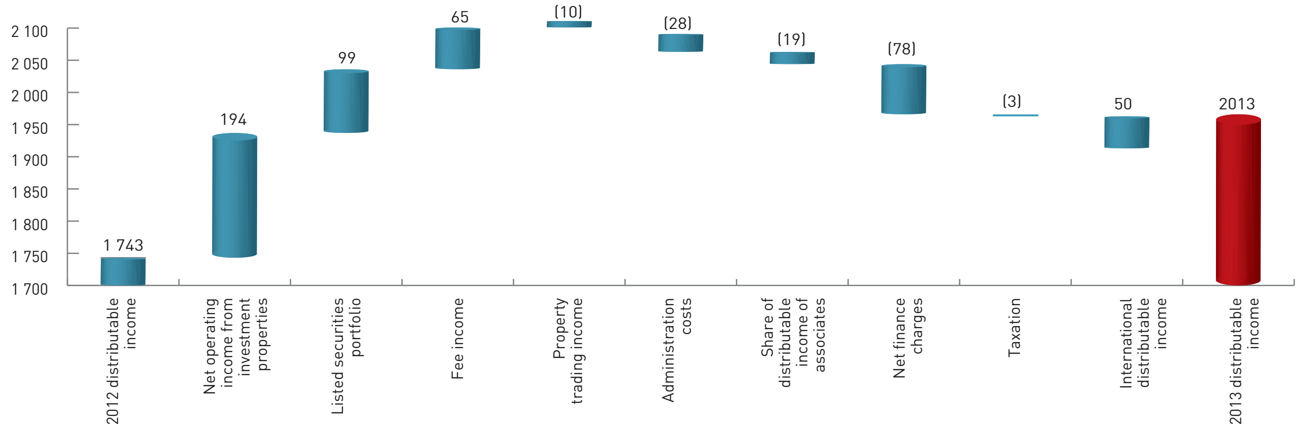


Distribution contributors



There was no reliance on non-recurring fee income to generate the full-year result which is a pleasing feature of the 2013 trading performance. Redefine contributed 70% (47,9 cents) of the total distribution and listed securities on a combined basis contributed 30% (20,8 cents).

Drivers of growth in distributable income (Rm)



Investment property portfolio

At group level, investment properties have increased by R3 billion as a result of the deconsolidation of RIN and the consolidation of Fountainhead.

At a more detailed level, the increase of R3 billion arose from the following:

- Disposal of properties to various third parties valued at R244 million.
- Acquisitions that were transferred during the period of R1,7 billion.
- Acquisition of Fountainhead property portfolio through a business combination of R10,6 billion.
- Deemed disposal of RIN property portfolio of R8,5 billion.
- Fair value adjustment of R 834 million.

Net asset value

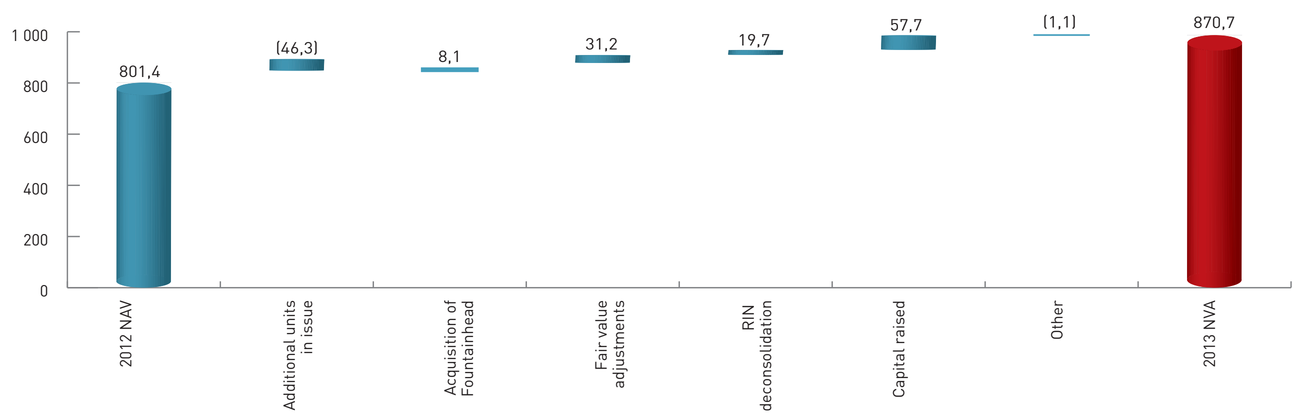
The NAV per unit for the group excluding deferred tax and NCI as at 31 August 2013 was 870,7 cents, representing an 8,6% increase on the NAV at 31 August 2012. The increase in NAV per unit was primarily as a result of the deconsolidation of RIN, an increase in the independent valuation of the investment property portfolio, capital raised and the elimination of deferred capital gains tax, in anticipation of the conversion to a REIT on 1 September 2013.

South African REITs are not subject to CGT on the disposal of investment properties and local REIT securities. Accordingly, at 31 August 2013, Redefine eliminated accumulated deferred CGT applicable to investment properties and local REIT securities. The deferred CGT was eliminated through the statement of comprehensive income and resulted in a material increase in earnings, headline earnings and net asset value per unit.

The closing unit price of 916 cents as at 31 August 2013 represents a 5,2% premium to the year-end NAV, excluding deferred taxation.

This premium supports the goodwill and intangible asset value of R5,3 billion reflected on the statement of financial position.

Net asset value (Rm)



Funding and hedging

Please refer to the financial capital section on pages 34 and 35 for a detailed review of Redefine's funding and hedging activities.

Prospects

A subdued trading environment, disproportionate increases in rates and taxes and continued financial market volatility are recurring themes for the coming year. Notwithstanding these challenges, Redefine is well focused on managing the variables within its control and the restructured property asset base is strongly positioned to absorb continued improvement of the property portfolio without materially diluting income. Accordingly Redefine anticipates growth in distributable income per linked unit for 2014 at a similar rate to that achieved in 2013. The forecast is predicated on the assumption that the current trading conditions will prevail. Forecast rental income is based on contractual terms and anticipated market-related renewals. This forecast has not been reviewed or reported on by the group's independent external auditors.

All future distributions to unitholders will no longer be in the form of debenture interest and will be governed by REIT provisions.

Appreciation

During the year Redefine was privileged to receive the Investment Analyst Society Best Reporting and Communication Award for the best presentation to the society by a company with market capitalisation between R5 billion and R30 billion. This award was made possible by all my financial colleagues. Their dedication and hard work is the backbone of Redefine's regular, comprehensive and transparent disclosure to stakeholders to enable fair assessment of Redefine's investment story in what has become an unpredictable and volatile financial environment.

Andrew Konig
Financial director

Directors' responsibilities and approval

for the year ended 31 August 2013

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 2013 and statements of comprehensive income, changes in equity and cash flows for the year then ended. The financial statements have been prepared under the supervision of Andrew Konig CA(SA), Redefine's financial director. The directors take full responsibility for the preparation of the abridged report and confirm that the financial information has been correctly extracted from the underlying consolidated annual financial statements.

To achieve the highest standards of financial reporting, these financial statements have been drawn up to comply with International Financial Reporting Standards, the SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee and with the Companies Act, No 71 of 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 group at 31 August 2013 and of its financial performance and cash flows for the year to 31 August 2013. The consolidated and company annual financial statements were audited by Grant Thornton (Jhb) Inc., that expressed an unqualified opinion thereon. The audited consolidated and company annual financial statements and the auditors' report thereon are available for inspection at the company's registered office. The summarised financial statements are extracted from audited information, but are not themselves audited.

In addition, the directors have also reviewed the cash flow forecast for the year to 31 August 2014 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 31 October 2013 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 2013, 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 Proprietary Limited
Company secretary

31 October 2013

Summarised consolidated statements of financial position

as at 31 August 2013

	Note	GROUP 2013 R000	GROUP 2012 R000
ASSETS			
Non-current assets		**42 796 057**	43 376 376
Investment property		**32 812 494**	29 735 776
– Fair value of investment property for accounting purposes	2	**30 687 910**	28 754 581
– Straight-line rental income accrual		**1 089 942**	651 223
– Properties under development		**1 034 642**	329 972
Listed securities	3	**2 050 203**	5 341 485
Goodwill		**3 647 251**	2 753 971
Intangible assets		**1 616 871**	1 905 363
Interest in associates and joint ventures	4	**1 654 067**	1 963 050
Loans receivable		**837 742**	1 527 301
Other financial assets		**78 236**	5 349
Guarantee fees receivable		**50 000**	50 000
Property, plant and equipment		**49 193**	94 081
Current assets		**997 895**	1 245 426
Properties held-for-trading		**23 949**	25 833
Trade and other receivables		**453 483**	678 791
Guarantee fees receivable		**–**	21 349
Loans receivable		**113 504**	12 546
Listed security income receivable		**48 051**	155 574
Cash and cash equivalents		**358 908**	351 333
Non-current assets held-for-sale	5.1	**5 087 645**	2 134 453
Total assets		**48 881 597**	46 756 255
EQUITY AND LIABILITIES			
Shareholders' interest		**19 833 320**	15 250 599
Stated capital		**12 979 046**	11 660 936
Reserves		**6 854 274**	3 589 663
Non-current liabilities – debenture capital		**5 085 419**	4 791 714
Linked unitholders' interest		**24 918 739**	20 042 313
Non-controlling interests (NCI)		**4 240 603**	1 301 316
Total unitholders' interest		**29 159 342**	21 343 629
Other non-current liabilities		**13 525 562**	15 259 932
Interest-bearing liabilities	6	**12 873 367**	12 648 732
Interest rate swaps		**10 430**	468 064
Other financial liabilities		**52 241**	62 767
Deferred taxation		**589 524**	2 080 369
Current liabilities		**4 149 445**	8 921 389
Trade and other payables		**948 055**	953 012
Interest-bearing liabilities	6	**2 142 000**	6 793 374
Interest rate swaps		**16 165**	72 046
Other financial liabilities		**11 439**	15 948
Provisions		**–**	161 769
Taxation payable		**6 390**	28 078
Linked unitholders for distribution		**1 025 396**	897 162
Non-current liabilities held-for-sale	5.1	**2 047 248**	1 231 305
Total equity and liabilities		**48 881 597**	46 756 255
Net asset value per linked unit (excluding deferred tax and NCI) (cents)		**870,68**	801,40
Net tangible asset value per linked unit (excluding deferred tax and NCI) (cents)		**691,00**	632,62

Summarised consolidated statements of comprehensive income

for the year ended 31 August 2013

		GROUP	
	Note	2013 R000	2012 R000
Revenue			
Property portfolio		3 220 615	2 448 873
– Contractual rental income		3 152 971	2 491 749
– Straight-line rental income accrual		67 644	(42 876)
Listed security income		311 046	511 036
Fee income		88 886	51 245
Trading income		3 807	12 414
Total revenue		3 624 354	3 023 568
Operating costs		(633 840)	(556 042)
Administration costs		(149 968)	(119 074)
Net operating income		2 840 546	2 348 452
Changes in fair values of properties, listed securities and financial instruments	7	1 369 451	1 772 064
Amortisation of intangibles		(62 856)	(62 856)
Equity-accounted profit	4.2	329 656	–
Income from operations		4 476 797	4 057 660
Net interest		(850 716)	(691 163)
– Interest paid	8	(989 407)	(767 395)
– Interest received		138 691	76 232
Foreign exchange loss		(81 279)	(22 957)
Income before debenture interest		3 544 802	3 343 540
Debenture interest		(2 012 705)	(1 742 715)
Profit before taxation		1 532 097	1 600 825
Taxation	9	1 389 657	(504 968)
Profit for the year from continuing operations		2 921 754	1 095 857
Profit /(loss) from discontinued operations	5.2	935 272	(1 862 708)
Profit/(loss) for the year		3 857 026	(766 851)
– Redefine shareholders		3 619 654	342 079
– Continuing operations		2 693 667	1 099 300
– Discontinued operations		925 987	(757 221)
– Non-controlling interests		237 372	(1 108 930)
– Continuing operations		228 087	(3 442)
– Discontinued operations		9 285	(1 105 488)
Other comprehensive income		(297 087)	451 351
Those items that will be reclassified to profit or loss			
Exchange differences on translation of foreign discontinued operations – subsidiaries		93 449	451 351
Exchange differences on translation of foreign continuing operations – associates		(17 820)	–
Recycling of exchange differences on translation of deemed disposal of foreign subsidiary		(372 716)	–
Total comprehensive income/(loss) for the year		3 559 939	(315 500)
– Redefine shareholders		3 314 344	621 476
– Continuing operations		2 675 847	1 099 300
– Discontinued operations		638 497	(477 824)
– Non-controlling interests		245 595	(936 976)
– Continuing operations		228 087	(3 442)
– Discontinued operations		17 508	(933 534)

Distributable income reconciliation

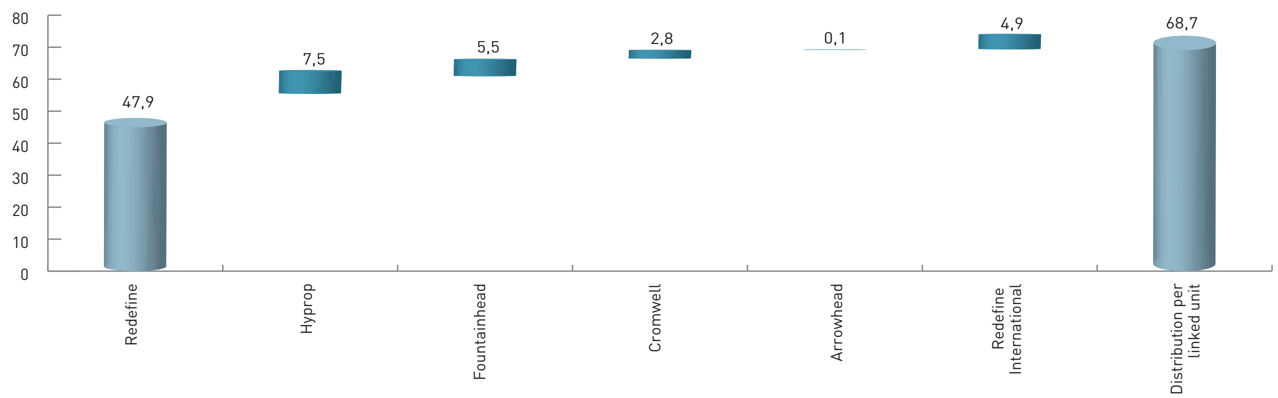
for the year ended 31 August 2013

	2013 R000	2012 R000
Profit for the year attributable to Redefine shareholders	**3 619 654**	342 079
Changes in fair values of properties (net of deferred taxation)	**(2 024 718)**	1 249 136
Profit on deemed disposal of subsidiary	**(898 651)**	–
Capital gains tax	**64 542**	35 206
Headline profit attributable to Redefine shareholders	**760 827**	1 626 421
Debenture interest	**2 012 705**	1 742 715
Headline earnings attributable to Redefine linked unitholders	**2 773 532**	3 369 136
Changes in fair values of listed securities and financial instruments (net of deferred taxation)	**(718 943)**	(985 969)
Fair value interest adjustment	**–**	365 584
Amortisation of intangibles (net of deferred taxation)	**45 256**	83 505
Alignment of consolidated foreign profits with anticipated distributions	**47 589**	8 781
Straight-line rental income accrual	**(67 644)**	42 876
Unrealised foreign exchange	**85 552**	36 656
Fair value adjustment of associates and minorities	**(164 203)**	(1 163 292)
Fee income from foreign subsidiary	**–**	8 312
Capital write offs included in administration costs	**–**	(22 874)
Pre-acquisition income on listed securities	**11 566**	–
Distributable income	**2 012 705**	1 742 715
Six months ended 28 February	**987 309**	845 553
Six months ended 31 August	**1 025 396**	897 162
Total distributions	**2 012 705**	1 742 715
Actual number of linked units in issue (000)*	**2 929 702**	2 760 497
Weighted number of linked units in issue (000)*	**2 824 980**	2 694 914
Earnings and diluted^ per linked unit (cents)	**199,38**	77,36
– Continuing operations per linked unit (cents)	**166,60**	105,46
– Discontinued operations per linked unit (cents)	**32,78**	(28,10)
Headline earnings and diluted^ headline earnings per linked unit (cents)	**98,18**	125,02
– Continuing operations per linked unit (cents)	**97,21**	153,12
– Discontinued operations per linked unit (cents)	**0,97**	(28,10)
Distribution per linked unit (cents)	**68,70**	64,00

* *Excludes 5 876 766 treasury units.*

^ *No dilutionary instruments in issue.*

Distribution contributors by listed security (Cents)



Summarised consolidated statement of changes in equity

for the year ended 31 August 2013

	Share/ stated capital R000	Share premium R000	Non-distributable reserve* R000	Accumulated profit/(loss) R000	Non-controlling interests R000	Total R000
GROUP						
Balance as at 31 August 2011	2 685	11 785 616	4 299 842	(1 303 116)	2 271 224	17 056 251
Shares issued to non-controlling interests	76	499 752	–	–	–	499 828
Unbundling	–	(623 252)	–	–	–	(623 252)
Issue and preliminary expenses written off	–	(3 941)	–	–	–	(3 941)
Profit/(loss) for the year	–	–	–	342 079	(1 108 930)	(766 851)
Transfer to non-distributable reserve	–	–	(4 183 150)	4 183 150	–	–
Foreign currency translation reserve	–	–	279 397	–	171 954	451 351
Transactions with non-controlling interests	–	–	–	(39 176)	63 434	24 258
Dividends paid to non-controlling interests	–	–	–	–	(12 495)	(12 495)
Non-controlling interests on acquisition of subsidiaries	–	–	–	10 637	(83 871)	(73 234)
Balance as at 31 August 2012	**2 761**	**11 658 175**	**396 089**	**3 193 574**	**1 301 316**	**16 551 915**
Issue of ordinary shares	1 318 110	–	–	–	–	1 318 110
Deemed disposal of a subsidiary	–	–	–	–	(1 177 188)	(1 177 188)
Transfer to stated capital	11 658 175	(11 658 175)	–	–	–	–
Changes in ownership interests in subsidiary	–	–	–	(55 555)	(376 413)	(431 968)
Profit for the year	–	–	–	3 619 654	237 372	3 857 026
Foreign currency translation reserve	–	–	61 590	–	14 039	75 629
Share-based payment expense	–	–	5 822	–	–	5 822
Recycling of exchange differences on translation of deemed disposal of foreign subsidiary	–	–	(366 900)	–	(5 815)	(372 715)
Dividends paid to non-controlling interests	–	–	–	–	(153 783)	(153 783)
Non-controlling interests on acquisition of subsidiary	–	–	–	–	4 401 075	4 401 075
Balance as at 31 August 2013	**12 979 046**	**–**	**96 601**	**6 757 673**	**4 240 603**	**24 073 923**

* *The non-distributable reserve consists of R5,8 million for the share-based payment reserve and R90,8 million for the foreign currency translation reserve.*

Summarised consolidated statement of cash flows

for the year ended 31 August 2013

	GROUP	
	2013 R000	2012 R000
Cash inflow from continuing operations	**2 853 684**	2 644 251
Interest paid	**(989 407)**	(767 395)
Interest received	**65 997**	58 331
Distributions paid	**(1 884 471)**	(1 838 742)
Distributions paid to non-controlling interests	**(303 582)**	–
Taxation paid	**(62 923)**	(84 280)
Net cash (outflow)/inflow in operating activities – continuing operations	**(320 702)**	12 165
Net cash inflow/(outflow) in operating activities – discontinued operations	**14 523**	(198 584)
Net cash outflow in operating activities	**(306 179)**	(186 419)
Net cash outflow in investing activities	**(5 209 623)**	(2 590 345)
Net cash outflow in investing activities – continuing operations	**(4 810 258)**	(2 316 928)
Net cash outflow in investing activities – discontinued operations	**(399 365)**	(273 417)
Net cash inflow from financing activities	**5 504 581**	2 393 403
Net cash inflow from financing activities – continuing operations	**5 500 030**	2 300 853
Net cash inflow from financing activities – discontinued operations	**4 551**	92 550
Net movement in cash and cash equivalents	**(11 221)**	(383 361)
Cash and cash equivalents at beginning of year	**351 333**	660 148
Effect of foreign exchange fluctuations	**18 796**	74 546
Cash and cash equivalents at end of year	**358 908**	351 333

Notes to the summarised consolidated financial statements

for the year ended 31 August 2013

1. Accounting policies

1.1 Basis of preparation

These summarised consolidated financial statements have been prepared in accordance with the measurement and recognition requirements of International Financial Reporting Standards, and the presentation and disclosure requirements of IAS 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Companies Act 2008, as amended, and the JSE Listings Requirements. The group's accounting policies as set out in the audited consolidated financial statements for the year ended 31 August 2013 have been consistently applied in the current year compared to the prior year, other than the amendment to IAS 1.

	GROUP	
	2013 R000	2012 R000
2. Investment property		
2.1 Net carrying value		
Cost	**22 546 519**	22 761 632
Fair value surplus	**8 141 391**	5 992 949
Balance at end of year	**30 687 910**	28 754 581

Full details of freehold and leasehold investment properties owned by the group are contained in a register of investment properties which is open for inspection by the unitholders at the registered office of the company or is available on the website.

In terms of the accounting policy, the portfolio is valued annually. For the purposes of the independent valuation at 31 August 2013, 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.

South African valuations were obtained from independent expert valuers who are all registered valuers in terms of section 19 of the Property Valuers Professional Act (Act No 47 of 2000):

	2013 R000	2012 R000
3. Listed securities portfolio		
3.1 At fair value		
Hyprop Investments Limited	**–**	5 287 983
Arrowhead Properties Limited – A units	**9 490**	27 285
Arrowhead Properties Limited – B units	**9 309**	23 772
Fountainhead Property Trust	**–**	2 445
Cromwell Property Group	**2 031 404**	–
Balance at end of year	**2 050 203**	5 341 485

	Stock exchange	% held	Number of units held – 2013	Number of units held – 2012
3.2 Details of listed securities				
Hyprop Investments Limited	JSE	–	**–**	73 937 121
Arrowhead Properties Limited – A units	JSE	0,74	**1 451 151**	4 134 212
Arrowhead Properties Limited – B units	JSE	0,74	**1 451 151**	4 134 212
Fountainhead Property Trust	JSE	–	**–**	291 720
Cromwell Property Group	ASX	12,80	**212 336 234**	–

The group made an offer for the purchase of up to an additional 250 million Fountainhead units in return for 110 Hyprop units for every 1 000 Fountainhead units acquired. As a result of this offer, the remaining shareholding of 11,4% (27,8 million units) in Hyprop with a value of R1,9 billion has been transferred to non-current assets held-for-sale at 31 August 2013.

The fair values of these investments are based on the closing price on the JSE at 31 August 2013, less an accrual for distributions, included separately on the statement of financial position as listed security income receivable.

		GROUP	
		2013 R000	2012 R000
4.	**Investments in associates and joint ventures**		
4.1	**Carrying amount**		
	Associate – Redefine Properties International Limited (note 4.3)	**1 654 067**	–
	– Gross consideration	**1 485 080**	–
	– Dividend received	**(142 849)**	–
	– Share of equity-accounted results	**311 836**	–
	Associate – Cromwell Property Group (note 4.4)	**–**	1 934 135
	– Gross consideration	**–**	1 722 707
	– Dividend received	**–**	(205 889)
	– Share of equity-accounted results	**–**	156 298
	– Translation differences	**–**	261 019
	Joint ventures (note 4.5)	**–**	28 915
	– Gross consideration	**–**	110 067
	– Dividend received	**–**	(5 622)
	– Share of equity-accounted results	**–**	(68 181)
	– Translation differences	**–**	(7 349)
	Balance at end of year	**1 654 067**	1 963 050
4.2	**Movement for the year**		
	Balance at beginning of year	**1 963 050**	1 236 726
	Deemed disposal of a subsidiary	**(1 696 447)**	–
	Transferred to listed securities	**(266 603)**	–
	Acquisitions	**–**	592 616
	Equity-accounted results for the year	**311 836**	105 629
	Equity-accounted results for the year per statement of comprehensive income	**329 656**	105 629
	Share of distributable profit	**142 849**	181 025
	Fair value adjustments (net of deferred tax)	**186 807**	(75 396)
	Other comprehensive loss	**(17 820)**	–
	Deemed disposal on associate becoming a subsidiary	**–**	(1 378)
	Deemed acquisition of an associate	**1 485 080**	–
	Dividend received	**(142 849)**	(156 184)
	Balance at end of year	**1 654 067**	1 963 050

4.3 Redefine Properties International Limited

The successful capital raising by RI PLC through a firm placing and open offer, in October 2012, resulted in RIN's holding in RI PLC decreasing from 71,7% to 65,7%. In order for RIN to follow its rights in the RI PLC offer above, RIN undertook a R1 billion capital raise which was oversubscribed. To broaden the RIN unitholder base, Redefine made available a portion of its new RIN units for placement with third parties. This resulted in Redefine's beneficial interest in RIN decreasing by 4,6% to 49,3%, resulting in RIN being equity-accounted for the year. Redefine's effective interest in RI PLC similarly declined from 38,7% to 32,4%.

4.4 Cromwell Property Group

Redefine's direct investment in Cromwell, a listed Australian property trust, was previously treated as an associate, but following the deconsolidation of RIN is now included in listed securities.

4.5 Joint ventures

The joint ventures are no longer recognised due to the deconsolidation of RIN.

	GROUP	
	2013 R000	2012 R000
5. Non-current assets and liabilities held-for-sale		
5.1 Non-current assets held-for-sale comprise:	**5 087 645**	2 134 453
– Redefine International Fund Managers (note 5.2)	**907 444**	–
– Listed securities	**1 912 567**	174 668
– South African investment property	**2 267 634**	138 201
– International investment property (note 5.2)	**–**	1 821 584
Non-current liabilities held-for-sale comprise:	**(2 047 248)**	(1 231 305)
– Interest-bearing liabilities	**(1 755 789)**	(1 231 305)
– Redefine International Fund Managers (note 5.2)	**(291 459)**	–
Balance at end of year	**3 040 397**	903 148

5.2 RIFM and RIN

RIFM

To provide greater alignment and transparency of the investment management functions and related costs as part of RI PLC's restructuring, which includes the inward listing of RI PLC's shares on the JSE and the conversion of the company to a UK REIT, it has been proposed that the current external management arrangements, currently performed by RIFM, be internalised.

As a result, Redefine has received a firm offer from RI PLC for the purchase of the entire share capital of RIFM, which is subject to shareholder and South African Reserve Bank approvals. RIFM has accordingly been disclosed as held-for-sale and the effect thereof on the statement of financial position and statement of comprehensive income, for the current and prior period, is disclosed below.

	GROUP	
	2013 R000	2012 R000
Non-current assets held-for-sale comprise:		
Intangible assets	**617 162**	
Property, plant and equipment	**67 401**	
Cash and cash equivalents	**105 542**	
Trade and other receivables	**117 339**	
	907 444	
Non-current liabilities held-for-sale comprise:		
Interest-bearing borrowings	**100 164**	
Taxation payable	**20 338**	
Trade and other payables	**170 957**	
	291 459	
Profit from discontinued operations comprises:		
Fee income	**181 279**	111 496
Hotel revenue	**369 088**	286 266
Operating costs	**(375 013)**	(291 858)
Administration costs	**(91 540)**	(46 942)
Equity-accounted profit	**–**	738
Amortisation of intangibles	**(42 869)**	(38 250)
Interest paid	**(4 154)**	(3 612)
Interest received	**151**	21
Foreign exchange gain/(loss)	**16**	(126)
Taxation	**(337)**	(1 314)
	36 621	16 419

	GROUP	
	2013 R000	2012 R000
5. Non-current assets and liabilities held-for-sale continued		
5.2 RIFM and RIN continued		
RIN		
Refer to note 3.		
As a result of the deconsolidation of RIN, the effect thereof on the statement of comprehensive income for the current and prior period is disclosed below.		
Profit from discontinued operations comprises:		
Contractual rental income	–	840 310
Listed security income	–	(150 119)
Fee income	–	(59 369)
Hotel revenue	–	–
Operating costs	–	59 081
Administration costs	–	(66 101)
Changes in fair values of properties, listed securities and financial instruments	–	(1 544 986)
Equity-accounted profit	–	104 892
Interest paid	–	(1 141 312)
Interest received	–	123 084
Foreign exchange gain	–	(13 572)
Taxation	–	(31 035)
Profit on deemed sale of subsidiary	**898 651**	–
	898 651	(1 879 127)
Total profit from discontinued operations		
RIFM	**36 621**	16 419
RIN	**898 651**	(1 879 127)
	935 272	(1 862 708)
6. Interest-bearing borrowings		
Interest-bearing borrowings consist of:		
Bank loans	**12 526 192**	18 461 931
Less: Deferred finance costs	–	(37 513)
Finance leases	–	131 441
Bonds and commercial paper	**2 429 000**	821 000
Non-controlling interest shareholder loans	**60 175**	65 247
Total interest-bearing borrowings	**15 015 367**	19 442 106
Non-current interest-bearing borrowings		
Bank loans	**11 274 192**	11 977 838
Less: Deferred finance costs	–	(25 794)
Finance leases	–	131 441
Bonds and commercial paper	**1 539 000**	500 000
Non-controlling interest shareholder loans	**60 175**	65 247
Total non-current borrowings	**12 873 367**	12 648 732
Current interest-bearing borrowings		
Bank loans	**1 252 000**	6 484 093
Less: Deferred finance costs	–	(11 719)
Finance leases	–	–
Bonds and commercial paper	**890 000**	321 000
Non-controlling interest shareholder loans	–	–
Total current borrowings	**2 142 000**	6 793 374

The average all-in interest rate in respect of total group borrowings is 8,0% (2012: 6,91%).

Total group borrowings represent 40,5% (2012: 50,7%) of the value of property assets and listed securities.

		GROUP	
		2013 R000	2012 R000
7.	**Changes in fair value and gains on disposal of investments**		
	Property portfolio	**834 367**	648 877
	– Realised	**6 959**	(30 412)
	– Unrealised	**827 408**	679 289
	Listed securities	**72 213**	1 270 028
	– Realised	**293 475**	77 769
	– Unrealised	**(221 262)**	1 192 259
	Interest rate swaps – mark to market	**462 871**	(131 762)
	Loss on sale of joint ventures	**–**	(15 312)
	Other	**–**	233
		1 369 451	1 772 064
8.	**Interest paid**		
	Interest paid on interest-bearing borrowings	**(989 407)**	(767 395)
		(989 407)	(767 395)
9.	**Taxation**		
	Normal	**(67 856)**	(35 473)
	– Current	**(52 349)**	(35 268)
	– Adjustment to prior year	**(15 507)**	(205)
	Deferred	**1 457 513**	(469 495)
	– Current	**1 457 513**	(469 495)
		1 389 657	(504 968)

Change in capital gains tax rate

Redefine's application to JSE Limited for REIT status was approved on 5 July 2013, which is effective 1 September 2013.

As such, the group will not be liable for capital gains tax from 1 September 2013 on the disposal of directly held properties and local REIT securities. The restated balance of deferred tax at 1 September 2012 on investment properties and local REIT securities has been reduced to nil as capital gains tax will no longer apply.

In addition, deferred tax is no longer calculated on the straight-line rental income accrual as the rental accrual will form part of the group's distributions in the future. Given the conversion to a REIT, such distributions are fully deductible for tax purposes and hence no tax liability will arise on straight-line rental income accruals.

10. Business combinations

10.1 Fountainhead Property Trust

It was Redefine's stated intention to obtain a meaningful stake in Fountainhead in the event of Redefine's proposal to acquire the assets of Fountainhead not proceeding, to ensure alignment of interest between Redefine and Fountainhead unitholders. As a result of Redefine's withdrawal of its offer to acquire the Fountainhead assets which was announced on 20 March 2013, it accordingly proceeded to acquire an equity stake in Fountainhead. Effective 27 March 2013, Redefine acquired 529 707 447 Fountainhead units, representing 45,6% of Fountainhead units in issue. The Fountainhead units were acquired for an aggregate consideration of R4,582 billion, comprising Hyprop units, cash and Redefine units.

Subsequent to the business combination date Redefine acquired an additional 47 738 143 Fountainhead units for an aggregate consideration of R376 million, settled in cash. The additional Fountainhead units purchased increased Redefine's holding to 49,7% of the Fountainhead units in issue.

The acquired controlling interest contributed revenues of R488 million and net profit after tax of R437 million to the group for five months since acquisition. These amounts have been calculated using the group's accounting policies.

If the controlling interest had been acquired on 1 September 2012, the revenue and profit after tax from this business would have been R541 million and R381 million respectively.

	GROUP 2013 R000
Purchase consideration:	
Cost of shares acquired	4 582 417
Total purchase consideration	4 582 417

The assets and liabilities as at 27 March 2013 arising from the acquisition are as follows:

	Fair value 2013 R000
Investment property including straight-line rental income adjustment	10 972 389
Cash and cash equivalents	342 302
Trade and other receivables**	91 250
Trade and other payables	(144 368)
Interest-bearing liabilities	(2 867 777)
Linked unitholders for distribution	(303 584)
Fair value of net assets	8 090 212
Non-controlling interest acquired	(4 401 075)
Goodwill*	893 280
Total purchase consideration	4 582 417
Purchase consideration:	4 582 417
– Settled in cash	501 645
– Settled in Redefine units	854 430
– Settled in Hyprop units	3 165 013
– Fair value of existing interest in Fountainhead	61 329
Cash and cash equivalents in subsidiary acquired	(342 302)
Cash outflow on acquisition	159 343

**The goodwill arises as a result of the expected synergies from the acquisition.*

***Gross contractual amounts receivable are R100,6 million, the group's best estimate of the contractual cash flow not expected to be collected is R9,4 million.*

10. Business combinations continued

10.2 Electricity recovery business

On 14 April 2013, Redefine acquired an electricity recovery business. The acquired business contributed revenues of R152 million and net profit after tax of R17 million to the group for the four-and-a-half months since the acquisition. These amounts have been calculated using the group's accounting policies. If the business had been acquired on 1 September 2012, the revenue and profit after tax from the business would have been R405 million and R44 million respectively. As the purchase price adjustment account has not yet been finalised, a detailed assessment of the identifiable assets and liabilities acquired and their respective fair values had not yet been completed at year-end. The purchase consideration has been provisionally allocated to intangible assets. Once the detailed assessment is completed, the required adjustments will be processed. The purchase consideration was R270 million, settled in cash.

	GROUP	
	2013 R000	2012 R000
11. Commitments		
11.1 Capital commitments		
Property acquisitions*	**2 431 291**	1 321 934
Property under development	**2 335 717**	494 388
Capital improvements on investment properties	**884 611**	460 505
– Approved and committed	**787 611**	425 275
– Approved and not yet committed	**97 000**	35 230
	5 651 619	2 276 827
**The agreements governing the acquisition of the Nicol Grove Precinct properties from Zenprop remain subject to various regulatory approvals. The long-stop date after transfer of each of the Nicol Grove Precinct properties is 31 January 2014, 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 R815 million.*		
11.2 Operating expense commitments		
Contractual commitments are in respect of general maintenance of lifts, escalators and air-conditioning installations		
– Due within one year	**122 575**	163 859
– Due within two to five years	**118 011**	60 205
– Due beyond five years	**–**	–
	240 586	224 064
11.3 Operating lease commitments		
Commitments due in respect of leases entered into by Redefine on leasehold property		
– Due within one year	**11 572**	12 806
– Due within two to five years	**38 529**	31 839
– Due beyond five years	**253 001**	277 502
	303 102	322 147

12. Subsequent events

On 28 October 2013, 15,4 million Hyprop units were swapped for additional Fountainhead units, decreasing Redefine's holding in Hyprop from 11% (as at 31 August 2013) to 5%. As a consequence, Redefine now holds 61,7% of Fountainhead's units in issue.

RI PLC undertook a capital raise and Redefine acquired 36,5 million RI PLC shares (in terms of a put option), which in both cases resulted in the issue of additional shares. To remove inefficiencies at various levels in the RIN group structure, RIN's unitholders approved at a general meeting on 18 October 2013, the unbundling of the RI PLC shares held by RIN. Following the secondary listing on the JSE on 28 October 2013 of RI PLC, RIN will distribute all of the RI PLC shares it holds. As a consequence RIN will delist from the JSE and will commence the process of winding up. Redefine will now have a direct interest in RI PLC. As a result RIN's holding in RI PLC was reduced to 61,8% and Redefine acquired a direct holding of 3,5%, converting its effective interest in RI PLC to 33%.

Redefine has been granted REIT status with effect from 1 September 2013.

13. Segmental report

In the prior year the group was managed principally in two segments, local and international, with the international segment being an independently managed and listed group entity, which was responsible for all aspects of their business. The international segment was managed by the company's board as a listed security. Following the Fountainhead acquisition the local segment is now divided into the subsectors of office, retail and industrial and the Fountainhead portfolio.

- On the statement of comprehensive income:
  – Contractual rental income
  – Property expenses
- On the statement of financial position:
  – 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 R000	Retail R000	Industrial R000	Foreign R000	Fountain-head R000	Total R000
2013						
Contractual rental income	1 200 156	1 026 981	437 024	–	488 810	3 152 971
Property expenses	(247 058)	(242 101)	(44 994)	–	(99 687)	(633 840)
Net property income	953 098	784 880	392 030	–	389 123	2 519 131

	Redefine R000	Foreign R000	Fountain-head R000	Total R000
2013				
Net property income	2 130 008	–	389 123	2 519 131
Straight-line rental income	86 606	–	(18 962)	67 644
Listed securities portfolio	311 046	–	–	311 046
Fee income	88 886	–	–	88 886
Property trading income	3 807	–	–	3 807
Revenue net of property expenses	2 620 353	–	370 161	2 990 514
Administrations costs	(96 210)	–	(29 987)	(126 197)
Depreciation	(23 771)	–	–	(23 771)
Segment profit from operations	2 500 372	–	340 174	2 840 546
Changes in fair values of properties, listed securities and financial instruments	1 191 592	–	177 859	1 369 451
Amortisation of intangibles	(62 856)	–	–	(62 856)
Interest in associates	–	329 656	–	329 656
Income from operations	3 629 108	329 656	518 033	4 476 797

	Office R000	Retail R000	Industrial R000	Other R000	Foreign R000	Fountain-head R000	Total R000
2013							
Investment properties (excluding development properties)	7 212 356	9 177 965	4 282 406	–	–	11 105 125	31 777 852
Non-current assets held-for-sale	2 167 796	74 000	25 838	1 912 567	907 444		5 087 645
Investment properties and non-current assets held-for-sale	9 380 152	9 251 965	4 308 244	1 912 567	907 444	11 105 125	36 865 497

13. Segmental report continued

	Redefine R000	Foreign R000	Fountain-head R000	Total R000
2013				
Investment properties and non-current assets held-for-sale	24 852 928	907 444	11 105 125	36 865 497
Other assets	9 868 517	1 654 067	493 516	12 016 100
Total assets	**34 721 445**	**2 561 511**	**11 598 641**	**48 881 597**
Total liabilities (including debenture capital)	(24 807 674)	–	–	(24 807 674)
Total liabilities (excluding debenture capital)	**(19 722 255)**	**–**	**–**	**(19 722 255)**

	Office R000	Retail R000	Industrial R000	Total R000
2012				
Contractual rental income	1 220 335	907 009	364 405	2 491 749
Property expenses	(281 556)	(198 374)	(76 112)	(556 042)
Net property income	**938 779**	**708 635**	**288 293**	**1 935 707**

	Total R000
2012	
Net property income	1 935 707
Straight-line rental income	(42 876)
Listed securities portfolio	511 036
Fee income	51 245
Property trading income	12 414
Revenue net of property expenses	**2 467 526**
Administration and corporate costs	(113 642)
Depreciation	(5 432)
Segment profit from operations	**2 348 452**
Changes in fair values of properties, listed securities and financial instruments	1 772 064
Amortisation of intangibles	(62 856)
Income from operations	**4 057 660**

	Office R000	Retail R000	Industrial R000	Foreign R000	Total R000
2012					
Investment properties (excluding development properties)	9 522 696	7 602 649	3 953 621	8 326 838	29 405 804
Non-current assets held-for-sale	211 369	87 000	14 500	1 821 584	2 134 453
Investment properties and non-current assets held-for-sale	**9 734 065**	**7 689 649**	**3 968 121**	**10 148 422**	**31 540 257**

	Local R000	Foreign R000	Total R000
2012			
	21 391 835	10 148 422	31 540 257
Other assets	12 393 012	2 822 986	15 215 998
Total assets	**33 784 847**	**12 971 408**	**46 756 255**
Total liabilities (including debenture capital)	(17 958 704)	(12 245 636)	(30 204 340)
Total liabilities (excluding debenture capital)	**(13 166 990)**	**(12 245 636)**	**(25 412 626)**

Summary of linked unit trading

Traded price (cents per linked unit)

Open	960
Low	867
High	1 188
Close	916

Linked units in issue

	2013	2012
Total linked units in issue	**2 935 578 269**	2 766 373 744
Linked units in issue (net of treasury linked units)	**2 929 701 503**	2 760 496 978
Weighted average number of linked units in issue (net of treasury units in issue)	**2 824 980 402**	2 694 913 598

Trading volumes

	2013	2012
Value traded (R)	**12 507 076 089**	8 275 026 238
Volume traded (units)	**1 276 453 296**	1 019 291 288
Volume traded as % of number of linked units in issue	**43,6**	36,9
Volume traded as % of weighted number of linked units in issue	**45,2**	37,8
Market capitalisation at 31 August (R)	**26 889 896 944**	26 557 187 942
Number of linked unitholders	**25 084**	23 110

Units issued during the year

There were 169 204 525 units issued during the year.

Unissued shares

274 129 247 unissued shares are under the control of the directors. This authority is in force until the next AGM.

Analysis of unitholders

Unitholder profile

	Number of unitholdings	%	Number of units	%
Collective investment schemes	446	1,78	1 232 796 989	42,00
Retirement benefit funds	402	1,60	674 219 182	22,97
Retail linked unitholders	19 673	78,43	269 691 451	9,19
Private companies	421	1,68	213 775 791	7,28
Trusts	3 221	12,84	149 226 881	5,08
Assurance and insurance companies	74	0,30	115 347 200	3,93
Custodians	66	0,26	70 338 514	2,40
Sovereign funds	25	0,10	67 864 963	2,31
Foundations and charitable funds	255	1,02	41 233 174	1,40
Other corporations	215	0,86	38 666 620	1,32
Stockbrokers and nominees	37	0,15	22 897 469	0,78
Treasury	1	0,00	16 745 720	0,57
Scrip lending	17	0,07	13 252 374	0,45
Close corporations	231	0,91	9 521 941	0,32
Total	**25 084**	**100,00**	**2 935 578 269**	**100,00**

Beneficial unitholders holding in excess of 2%

	Number of units	%
Stanlib	190 320 271	6,48
Government Employees Pension Fund	171 400 663	5,84
Investec	148 363 882	5,05
Old Mutual Group	130 002 735	4,43
Investment Solutions	117 979 366	4,02
Clearwater Property Holdings Proprietary Limited	98 984 125	3,37
Eskom Pension and Provident Fund	85 062 857	2,90
Sanlam Group	65 884 822	2,24
Allan Gray	61 998 467	2,11
iShares	61 846 987	2,11
Total	**1 131 844 175**	**38,55**

Unitholder spread

	Number of unitholdings	%	Number of units	%
Non-public unitholders	14	0,06	147 441 994	5,02
Directors of the company	12	0,05	124 819 508	4,25
Own holdings	2	0,01	22 622 486	0,77
Public unitholders	25 070	99,94	2 788 136 275	94,98
Total	**25 084**	**100,00**	**2 935 578 269**	**100,00**

Number of unitholders	Number of unitholdings	%	Number of units	%
1 – 999 units	4 535	18,08	1 220 080	0,04
1 000 – 9 999 units	10 521	41,94	47 118 691	1,61
10 000 – 99 999 units	8 457	33,71	232 956 290	7,94
100 000 – 999 999 units	1 271	5,07	355 550 177	12,11
1 000 000 – 9 999 999 units	247	0,98	774 949 521	26,40
10 000 000 units and over	53	0,22	1 523 783 510	51,90
Total	**25 084**	**100,00**	**2 935 578 269**	**100,00**

Unit prices and performance

Monthly traded prices

Month	High (cents)	Low (cents)	Number of deals	Volume traded	Value (rand)
September 2012	980	900	10 932	67 310 103	634 796 699
October 2012	966	892	10 300	75 947 827	704 827 024
November 2012	956	876	13 170	76 907 234	705 258 218
December 2012	980	928	10 681	71 676 858	684 895 098
January 2013	975	920	12 040	96 790 479	916 077 070
February 2013	1 008	954	10 903	76 243 879	749 085 657
March 2013	998	974	13 364	127 056 060	1 252 534 517
April 2013	1 080	994	11 507	87 630 161	906 481 864
May 2013	1 160	984	23 552	170 104 525	1 840 660 024
June 2013	1 049	911	24 466	168 510 000	1 612 173 456
July 2013	1 049	911	20 226	123 332 898	1 247 306 600
August 2013	994	886	18 685	134 943 272	1 252 979 863

Redefine Properties Limited
(Incorporated in the Republic of South Africa)
(Registration No 1999/018591/06)
JSE share code: RDF ISIN: ZAE000143178
(Approved as a REIT by the JSE)
("Redefine" or "the company")

Notice of annual general meeting of shareholders and debenture holders

Notice is hereby given that the annual general meeting of shareholders of Redefine ("shareholders") and debenture holders of Redefine ("debenture holders") will be held at Redefine Place, 2 Arnold Road, Rosebank, Johannesburg, on Thursday, 30 January 2014 at 10:00 (the "annual general meeting" or "AGM") for the purposes of:

A receiving, considering and adopting the directors' report, the annual financial statements, the audit and risk committee report of the company for the year ended 31 August 2013 and the social and ethics committee report;

B transacting any other business as may be transacted at an annual general meeting of shareholders of a company including the reappointment of the auditors and re-election of retiring directors; and

C considering and, if deemed fit, adopting, with or without modification, the shareholder special and ordinary resolutions set out below.

Important dates to note:

	Date
Record date for receipt of notice purposes	**Friday, 20 December 2013**
Integrated annual report posted on	**Monday, 30 December 2013**
Last day to trade in order to be eligible to participate in and vote at the annual general meeting	**Friday 17 January 2014**
Record date for voting purposes ("voting record date")	**Friday, 24 January 2014**
Last day to lodge forms of proxy for the annual general meeting	**Tuesday, 28 January 2014**
Annual general meeting (at 10:00)	**Thursday, 30 January 2014**
Results of annual general meeting released on SENS	**Thursday, 30 January 2014**

Due to the expanded meaning of "shareholder" in section 57(1) of the Companies Act, 71 of 2008, as amended (the "**Companies Act**" or "**Act**"), the company has expanded its notice to shareholders and debenture holders for a "combined" annual general meeting. Due to Redefine's linked unit structure, its shareholders are also its debenture holders and the matters to be voted on at the annual general meeting are matters on which shareholders, and not debenture holders, are entitled to vote. As a result, a proxy form has only been included for shareholders.

In terms of section 62(3)(e) of the Companies Act:

- a shareholder who is entitled to attend and vote at the annual general meeting is entitled to appoint a proxy or two or more proxies to attend, participate in and vote at the meeting in the place of the shareholder;
- a debenture holder who is entitled to attend the annual general meeting is entitled to appoint a proxy or two or more proxies to attend and participate (but not vote) in the meeting in the place of the debenture holder; and
- a proxy need not be a shareholder or debenture holder of the company.

Kindly note that meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in a meeting. In this regard, all shareholders and debenture holders recorded in the registers of the company on the voting record date will be required to provide identification satisfactory to the chairman of the annual general meeting. Forms of identification include valid identity documents, driver's licences and passports.

Ordinary resolution 1: Adoption of annual financial statements

"Resolved that the annual financial statements of the company for the year ended 31 August 2013, including the directors' report and the report of the audit and risk committee, be and are hereby received and adopted."

In order for ordinary resolution 1 to be adopted, the support of more than 50% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

Ordinary resolution 2: Confirmation of appointment of GZ Steffens as director

"Resolved that the appointment of GZ Steffens as a director of the company be confirmed."

A brief *curriculum vitae* is set out on page 5 of the integrated annual report of which this notice forms part.

In order for ordinary resolution 2 to be adopted, the support of more than 50% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

Ordinary resolution 3: Confirmation of appointment of M Ruttell as director

"Resolved that the appointment of M Ruttell as a director of the company be confirmed."

A brief *curriculum vitae* is set out on page 4 of the integrated annual report of which this notice forms part.

In order for ordinary resolution 3 to be adopted, the support of more than 50% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

Ordinary resolution 4: Confirmation of appointment of R Robinson as director

"Resolved that the appointment of R Robinson as a director of the company be confirmed."

A brief *curriculum vitae* is set out on page 5 of the integrated annual report of which this notice forms part.

In order for ordinary resolution 4 to be adopted, the support of more than 50% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

Ordinary resolution 5: Re-election of D Gihwala as director

"Resolved that D Gihwala who retires in terms of the company's Memorandum of Incorporation and who, being eligible, offers himself for re-election, be re-elected as a director of the company."

A brief *curriculum vitae* is set out on page 4 of the integrated annual report of which this notice forms part.

In order for ordinary resolution 5 to be adopted, the support of more than 50% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

Ordinary resolution 6: Re-election of HK Mehta as director

"Resolved that HK Mehta who retires in terms of the company's Memorandum of Incorporation and who, being eligible, offers himself for re-election, be re-elected as a director of the company."

A brief *curriculum vitae* is set out on page 4 of the integrated annual report of which this notice forms part.

In order for ordinary resolution 6 to be adopted, the support of more than 50% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

Ordinary resolution 7: Vacancy created by retirement not filled

"Resolved that in accordance with clause 26.10.6 of the company's Memorandum of Incorporation, the vacancy created by the retirement of D Perton, who retires at this AGM in terms of the company's Memorandum of Incorporation and although eligible for re-election has elected to not offer herself for re-election, not be filled."

In order for ordinary resolution 7 to be adopted, the support of more than 50% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

Ordinary resolution 8: Reappointment of members of the audit and risk committee

"Resolved that the members of the company's audit and risk committee set out below be and are hereby reappointed with effect from the end of this annual general meeting in terms of section 94(2) of the Companies Act. The membership as proposed by the remuneration and nomination committee is as follows:

8.1 RW Rees (Chairman);

8.2 B Nackan; and

8.3 HK Mehta.

A brief *curriculum vitae* of each of the above audit and risk committee members is set out on pages 4 and 5 of the integrated annual report of which this notice forms part. As further set out on page 83 of the integrated annual report, the appointment of HK Mehta as a member of the audit and risk committee, although eligible in terms of the Companies Act, is on a temporary basis until a suitable independent non-executive director is appointed to the board of directors.

In order for ordinary resolutions 8.1, 8.2 and 8.3 to be adopted, the support of more than 50% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass each resolution.

Ordinary resolution 9: Reappointment of auditors

"Resolved that Grant Thornton (Jhb) Inc., together with G Chaitowitz as individual registered auditor for the company, be and are hereby reappointed as the auditors of the company from the conclusion of this annual general meeting until the conclusion of the next AGM."

The audit and risk committee has nominated for appointment Grant Thornton (Jhb) Inc. as auditors of the company under section 90 of the Companies Act.

In order for ordinary resolution 9 to be adopted, the support of more than 50% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

Ordinary resolution 10: Unissued linked units

"Resolved that, subject to the Companies Act and the JSE Listings Requirements, up to 10% of the authorised but unissued linked units of the company be and are hereby 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 to fund the acquisition of property assets, provided that the maximum discount at which linked units may be issued in terms of this authority is 5% of the weighted average traded price of such linked units measured over the 30 business days prior to the date that the price of the issue is agreed between the company and the party subscribing for the linked units."

In order for ordinary resolution 10 to be adopted, the support of more than 50% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

Ordinary resolution 11: General authority to issue securities for cash

"Resolved that, subject to the restrictions set out below and subject to the provisions of the Companies Act and the JSE Listings Requirements, 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 securities of the company for cash on the following basis:

a) The securities 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 shares or rights as are convertible into a class already in issue.
b) The allotment and issue of securities for cash shall be made only to persons qualifying as "public shareholders", as defined in the JSE Listings Requirements, and not to "related parties".
c) The total aggregate number of securities which may be issued for cash in terms of this authority may not exceed 153 548 913 securities, being 5% of the company's issued linked units as at the date of notice of this annual general meeting. Accordingly, any securities issued under this authority prior to this authority lapsing shall be deducted from the 153 548 913 securities the company is authorised to issue in terms of this authority for the purpose of determining the remaining number of securities that may be issued in terms of this authority.
d) In the event of a subdivision or consolidation of securities prior to this authority lapsing, the existing authority shall be adjusted accordingly to represent the same allocation ratio.
e) The maximum discount at which securities may be issued is 5% of the weighted average traded price of such securities measured over the 30 business days prior to the date that the price of the issue is agreed between the company and the party subscribing for the securities.

f) After the company has issued securities for cash which represent, on a cumulative basis, within the period that this authority is valid, 5% or more of the number of securities in issue prior to that issue, the company shall publish an announcement containing full details of the issue, including the number of securities issued, the average discount to the weighted average trade price of the securities over the 30 days prior to the date that the issue is agreed in writing and the effect of the issue on net asset value per linked unit, net tangible asset value per linked unit, earnings per linked unit, headline earnings per linked unit, and, if applicable, diluted earnings per linked unit and diluted headline earnings per linked unit."

In terms of the JSE Listings Requirements, in order for ordinary resolution 11 to be adopted, the support of at least 75% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

Ordinary resolution 12: Approval of remuneration policy

"Resolved that, through a non-binding advisory vote, the company's remuneration policy and its implementation, as set out in the remuneration policy included in the integrated annual report, be and is hereby approved."

In order for ordinary resolution 12 to be adopted, the support of more than 50% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

Ordinary resolution 13: Specific authority to issue linked units pursuant to a reinvestment option

"Resolved that, subject to the provisions of the Companies Act, the company's Memorandum of Incorporation and the JSE Listings Requirements, the directors be and are hereby authorised by way of a specific standing authority to issue ordinary shares of no par value each linked to an unsecured variable rate subordinated debenture with a nominal value of 173,58 cents each ("new linked units"), as and when they deem appropriate, for the exclusive purpose of affording shareholders opportunities from time to time to elect to reinvest their distributions in new linked units of the company pursuant to a reinvestment option."

In order for ordinary resolution 13 to be adopted, the support of more than 50% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this ordinary resolution number 13.

Special resolution 1: Financial assistance under the Redefine Executive Incentive Schemes

"Resolved that, to the extent required by sections 44 and 45 of the Companies Act and to the extent applicable, the board of directors of the company may, subject to compliance with the requirements of the company's Memorandum of Incorporation, the Companies Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time, authorise the company to provide:

a) financial assistance, as contemplated in section 44 of the Companies Act to any person for the purpose of or in connection with the subscription of any option or any securities, issued or to be issued by the company or related or inter-related company; and
b) financial assistance, as contemplated in section 45 of the Companies Act, to directors, future directors, prescribed officers and future prescribed officers of the company and any company within its group of companies,

identified by the remuneration and nomination committee of the board of directors of the company, as constituted from time to time to participants of the purchase scheme, the matching scheme and the restricted unit scheme ("the Redefine Executive Incentive Schemes"), for the issue of linked units to any such person, director, future director, prescribed officer and future prescribed officer in accordance with the rules of the Redefine Executive Incentive Schemes.

At the time of providing the financial assistance, as defined in the Companies Act, to participants, as defined under the Redefine Executive Incentive Schemes, the board of directors of the company shall satisfy itself that immediately after providing the financial assistance, as contemplated in the Companies Act, the company would satisfy the solvency and liquidity test, as contemplated in the Companies Act, and that the terms under which the financial assistance, as defined in the Companies Act, is given are fair and reasonable to the company.

Such authority to endure for two years after the adoption of this special resolution 1."

In order for special resolution 1 to be adopted, the support of at least 75% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

Reason for special resolution 1

The company, to the extent applicable, would like the ability to provide financial assistance to employees and/or directors as participants under the Redefine Executive Incentive Schemes.

Special resolution 2: Linked unit repurchases

"Resolved that the company or any of its subsidiaries be and are hereby authorised by way of a general approval to acquire ordinary shares and debentures issued as linked units by the company, in terms of sections 46 and 48 of the Companies Act, and in terms of the JSE Listings Requirements being that:

a) any acquisition of linked units shall be implemented through the order book of the JSE and without prior arrangement;
b) this general authority shall be valid until the company's next annual general meeting, provided that it shall not extend beyond 15 months from the date of passing this special resolution;
c) the company (or any subsidiary) is duly authorised by its Memorandum of Incorporation to do so;
d) acquisitions of linked units in the aggregate in any one financial year may not exceed 20% (or 10% where the acquisitions are effected by a subsidiary) of the company's issued ordinary share capital as at the date of passing this special resolution;
e) in determining the price at which linked units issued by the company are acquired by it or any of its subsidiaries in terms of this general authority, the maximum premium at which such linked units may be acquired will be 10% of the weighted average of the market value on the JSE over the five business days immediately preceding the repurchase of such linked units;
f) at any point in time the company (or any subsidiary) may appoint only one agent to effect repurchases on its behalf;
g) repurchases may not take place during a prohibited period (as defined in paragraph 3.67 of the JSE Listings Requirements) unless a repurchase programme is in place (where the dates and quantities of linked units to be repurchased during the prohibited period are fixed) and full details thereof announced on SENS prior to commencement of the prohibited period;
h) an announcement will be published as soon as the company or any of its subsidiaries have acquired linked units constituting, on a cumulative basis, 3% of the number of linked units in issue prior to the acquisition pursuant to which the aforesaid threshold is reached, and for each 3% in aggregate acquired thereafter, containing full details of such acquisitions;
i) the board of directors of the company must resolve that the repurchase is authorised, the company and its subsidiaries have passed the solvency and liquidity test, as set out in section 4 of the Companies Act, and since that test was performed, there have been no material changes to the financial position of the group; and
j) the company's sponsor will confirm the adequacy of the company's working capital, for the purpose of undertaking the repurchase, in writing prior to the repurchase of any shares."

In accordance with the JSE Listings Requirements the directors record that although there is no immediate intention to effect a repurchase of the linked units of the company, the directors will utilise this general authority to repurchase linked units as and when suitable opportunities present themselves, which may require expeditious and 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 repurchase general authority, for a period of 12 months after the date of notice 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 exceed the consolidated liabilities of the company and the group, fairly valued in accordance with International Financial Reporting Standards; 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 integrated annual report of which this notice forms part, is provided in terms of paragraph 11.26 of the JSE Listings Requirements for purposes of this general authority:

- Directors and management – pages 4 to 6.
- Major beneficial unitholders – pages 122 and 123.
- Directors' interests in linked units – page 5 of the AFS.
- Capital structure of the company – pages 34 and 35.

Litigation statement

In terms of section 11.26 of the JSE Listings Requirements, the directors, whose names appear on pages 4 and 5 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 Redefine's financial position.

Directors' responsibility statement

The directors whose names appear on pages 4 and 5 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 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 and the JSE Listings Requirements.

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 2013 and up to the date of this notice.

In order for special resolution 2 to be adopted, the support of at least 75% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

Reason for and effect of special resolution 2

The reason for special resolution 2 is to afford the directors of the company (or a subsidiary of the company) general authority to effect a repurchase 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 JSE Listings Requirements and the Companies Act, to effect acquisitions of the company's linked units on the JSE.

Special resolution 3: Financial assistance to related and inter-related parties

"Resolved that to the extent required by section 45 the Companies Act, the board of directors of the company may, subject to compliance with the requirements of the company's Memorandum of Incorporation, 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 as contemplated in section 45 of the Companies Act by way of loans, guarantees, the provision 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 for two years after the adoption of this special resolution 3 or until its renewal, whichever is the earliest, and further provided that inasmuch as the company's provision of financial assistance to its subsidiaries will at any and all times be in excess of one-tenth of 1% of the company's net worth, the company hereby provides notice to its shareholders of that fact."

In order for special resolution 3 to be adopted, the support of at least 75% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

Reasons for and effect of special resolution 3

The company would like the ability to provide financial assistance in appropriate circumstances and if the need arises, in accordance with section 45 of the Companies Act. This authority is necessary for the company 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 is 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 3. Therefore, the reason for, and effect of, special resolution 3 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 3 above.

Notice in terms of section 45(5) of the Companies Act in respect of special resolution 3

Notice is hereby given to shareholders of the company in terms of section 45(5) of the Companies Act of a resolution adopted by the board authorising the company to provide such direct or indirect financial assistance as specified in the special resolution above:

a) By the time that this notice of annual general meeting is delivered to shareholders of the company, the board will have adopted a resolution ("section 45 board resolution") authorising the company to provide, at any time and from time to time during the period of 2 (two) years commencing on the date on which the special resolution is adopted, any direct or indirect financial assistance as contemplated in section 45 of the Companies Act to any 1 (one) or more related or inter-related companies or corporations of the company and/or to any 1 (one) or more members of any such related or inter-related company or corporation and/or to any 1 (one) or more persons related to any such company or corporation.

b) The section 45 board resolution will be effective only if and to the extent that special resolution 3 is adopted by the shareholders of the company, and the provision of any such direct or indirect financial assistance by the company, pursuant to any such resolution, will always be subject to the board being satisfied that (i) immediately after providing such financial assistance, the company will satisfy the solvency and liquidity test as referred to in section 45(3)(b)(i) of the Companies Act, and that (ii) the terms under which such financial assistance is to be given are fair and reasonable to the company as referred to in section 45(3)(b)(ii) of the Companies Act.

c) In as much as the section 45 board resolution contemplates that such financial assistance will in the aggregate exceed one-tenth of one percent of the company's net worth at the date of adoption of such resolution, the company hereby provides notice of the section 45 board resolution to shareholders of the company.

Ordinary resolution 14: Signature of documentation

"Resolved that any 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 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12 and 13 and special resolutions 1, 2 and 3 which are passed by the shareholders with and subject to the terms thereof."

In order for ordinary resolution 14 to be adopted, the support of more than 50% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

Quorum

A quorum for the purposes of considering the resolutions above shall consist of three shareholders of the company personally present (and if the shareholder is a body corporate, it must be represented) and entitled to vote at the AGM. In addition, a quorum shall comprise 25% of all the voting rights that are entitled to be exercised by Redefine shareholders in respect of each matter to be decided at the AGM.

The date on which shareholders must be recorded as such in the register maintained by the transfer secretaries, Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown 2107), for the purposes of being entitled to attend, participate in and vote at the annual general meeting is Friday, 24 January 2014.

The date on which debenture holders must be recorded as such in the register maintained by the transfer secretaries, Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown 2107), for the purposes of being entitled to attend and participate in the AGM is Friday, 24 January 2014.

Shareholders

General instructions

Shareholders are encouraged to attend, speak and vote at the AGM.

Electronic participation

The company has made provision for Redefine shareholders or their proxies to participate electronically in the AGM by way of telephone conferencing. Should you wish to participate in the AGM by telephone conference call as aforesaid, you, or your proxy, will be required to advise the company thereof by no later than 10:00 on Monday, 20 January 2014 by submitting by email to the company secretary at pbs@probitysecretaries.co.za or by fax to be faxed to +2711 327 7149, for the attention of Neville Toerien, relevant contact details, including an email address, cellular number and landline as well as full details of the Redefine shareholder's title to securities issued by the company and proof of identity, in the form of copies of identity documents and share certificates (in the case of materialised Redefine shares) and (in the case of dematerialised Redefine shares) written confirmation from the Redefine shareholder's CSDP confirming the Redefine shareholder's title to the dematerialised Redefine shares. Upon receipt of the required information, the Redefine shareholder concerned will be provided with a secure code and instructions to access the electronic communication during the AGM. Redefine shareholders must note that access to the electronic communication will be at the expense of the Redefine shareholders who wish to utilise the facility.

Redefine shareholders and their appointed proxies attending by conference call will not be able to cast their votes at the AGM through this medium.

Proxies and authority for representatives to act

A form of proxy is attached for the convenience of any Redefine shareholder holding certificated shares, who cannot attend the AGM but wishes to be represented thereat.

The attached form of proxy is only to be completed by those shareholders who are:

- holding shares in certificated form; or
- recorded on the company's subregister in dematerialised electronic form with "own name" registration.

All other beneficial owners who have dematerialised their shares through a Central Securities Depository Participant (CSDP) or broker and wish to attend the AGM, must instruct their CSDP or broker to provide them with the necessary letter of representation, or they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. These shareholders must not use a form of proxy.

Forms of proxy must be deposited at the transfer secretaries, Computershare Investor Services Proprietary Limited at 70 Marshall Street, Johannesburg, or by fax on +27 11 688 6238 to be received no later than 10:00 on Tuesday, 28 January 2014. Any shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend, speak and vote in person at the AGM should the shareholder decide to do so.

A company that is a shareholder, wishing to attend and participate at the AGM, should ensure that a resolution authorising a representative to so attend and participate at the AGM on its behalf is passed by its directors. Resolutions authorising representatives in terms of section 57(5) of the Companies Act must be lodged with the company's transfer secretaries prior to the AGM.

Redefine does not accept responsibility and will not be held liable for any failure on the part of the CSDP or broker of a dematerialised shareholder to notify such shareholder of the AGM or any business to be conducted thereat.

Debenture holders

General instructions

Debenture holders are encouraged to attend and speak at the AGM.

Electronic participation

The company has made provision for its debenture holders or their proxies to participate electronically in the AGM by way of telephone conferencing. Should you wish to participate in the AGM by telephone conference call as aforesaid, you, or your proxy, will be required to advise the company thereof by no later than 10:00 on Monday, 20 January 2014 by submitting by email to the company secretary at pbs@probitysecretaries.co.za or by fax to be faxed to +2711 327 7149, for the attention of Neville Toerien, relevant contact details, including an email address, cellular number and landline as well as full details of the debenture holder's title to securities issued by the company and proof of identity, in the form of copies of identity documents and debenture certificates (in the case of materialised debentures) and (in the case of dematerialised debentures) written confirmation from the debenture holder's CSDP confirming the debenture holder's title to the dematerialised debentures. Upon receipt of the required information, the debenture holder concerned will be provided with a secure code and instructions to access the electronic communication during the AGM. Debenture holders must note that access to the electronic communication will be at the expense of the debenture holder who wishes to utilise the facility.

Proxies and authority for representatives to act

Due to Redefine's linked unit structure, its shareholders are also its debenture holders and the matters to be voted on at the annual general meeting are matters on which shareholders and not debenture holders are entitled to vote. As a result, a proxy form has only been included for shareholders.

Debenture holders wishing to appoint a proxy or two or more proxies to attend and participate (but not vote) in the AGM, may contact the company secretary pbs@probitysecretaries.co.za or by fax on +27 11 327 7149, to obtain such form of proxy.

Redefine does not accept responsibility and will not be held liable for any failure on the part of the CSDP or broker of a dematerialised debenture holder to notify such debenture holder of the AGM or any business to be conducted thereat.

By order of the board

Probity Business Services Proprietary Limited
Company secretary

Registered office
3rd Floor
Redefine Place
2 Arnold Road
Rosebank
2196

Transfer secretaries
Computershare Investor Services Proprietary Limited
Ground Floor
70 Marshall Street
Johannesburg
2001

Form of proxy for Redefine shareholders

Redefine Properties Limited
(Incorporated in the Republic of South Africa)
(Registration No 1999/018591/06)
JSE share code: RDF ISIN: ZAE000143178
(Approved as a REIT by the JSE)
("**Redefine**" or "**the company**")

This form of proxy is only for use by:

- registered shareholders who have not yet dematerialised their Redefine linked units; and
- registered shareholders who have already dematerialised their Redefine linked units and which units are registered in their own names in the company's subregister.

For completion by the aforesaid registered shareholders of Redefine who are unable to attend the annual general meeting of the company to be held at the offices of the company at 2 Arnold Road, Rosebank, 2196, at 10:00 on **Thursday, 30 January 2014** (the **"annual general meeting"**).

If you are a dematerialised shareholder, other than with "own name" registration, do not use this form. Dematerialised shareholders, other than with "own name" registration, should provide instructions to their appointed Central Securities Depository Participant (**CSDP**) or broker in the form as stipulated in the agreement entered into between the shareholder and the CSDP or broker.

I/We (BLOCK LETTERS PLEASE)

of (ADDRESS)

being the holder/s of Redefine shares hereby appoint:

1. or failing him/her,

2. of failing him/her,

3. the chairman of the annual general meeting,

as my/our proxy to attend and speak and to vote for me/us and on my/our behalf at the annual general meeting and at any adjournment or postponement thereof, for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed at the annual general meeting, and to vote on the resolutions in respect of the ordinary shares registered in my/our name(s):

Please indicate with an "X" in the appropriate spaces below 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
Ordinary resolution 1:	Adoption of annual financial statements			
Ordinary resolution 2:	Confirmation of appointment of GZ Steffens as director			
Ordinary resolution 3:	Confirmation of appointment of M Ruttell as director			
Ordinary resolution 4:	Confirmation of appointment of R Robinson as director			
Ordinary resolution 5:	Re-election of D Gihwala as director			
Ordinary resolution 6:	Re-election of HK Mehta as director			
Ordinary resolution 7:	Vacancy created by the retirement of a director not filled			
Ordinary resolution 8.1:	Reappointment of RW Rees as a member of the audit and risk committee			
Ordinary resolution 8.2:	Reappointment of B Nackan as a member of the audit and risk committee			
Ordinary resolution 8.3:	Reappointment of HK Mehta as a member of the audit and risk committee			
Ordinary resolution 9:	Reappointment of auditors			
Ordinary resolution 10:	Unissued linked units			
Ordinary resolution 11:	General authority to issue securities for cash			
Ordinary resolution 12:	Approval of remuneration policy			
Ordinary resolution 13:	Specific authority to issue linked units under a reinvestment option			
Special resolution 1:	Financial assistance under the Redefine Executive Incentive Schemes			
Special resolution 2:	Linked unit repurchases			
Special resolution 3:	Financial assistance to related and inter-related parties			
Ordinary resolution 14:	Signature of documentation			

**One vote per share held by Redefine shareholders recorded in the register on the voting record date.*

Unless otherwise instructed, my/our proxy may vote or abstain from voting as he/she thinks fit.

Signed this day of 20

Signature

Assisted by me (where applicable)

(State capacity and full name)

A shareholder entitled to attend and vote at the annual general meeting is entitled to appoint a proxy to attend, vote and speak in his/her stead. A proxy need not be a member of the company. Each shareholder is entitled to appoint one or more proxies to attend, speak and, on a poll, vote in place of that shareholder at the annual general meeting.

Forms of proxy must be deposited at Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg, or posted to PO Box 61051, Marshalltown 2107, so as to arrive by no later than 10:00 on Tuesday, 28 January 2014.

Please read the notes on the reverse side hereof

Notes to the form of proxy

1. Only shareholders who are registered in the register of the company under their own name on the date on which shareholders must be recorded as such in the register maintained by the transfer secretaries, Computershare Investor Services Proprietary Limited, being Friday, 24 January 2014 (the "voting record date"), may complete a form of proxy or attend the annual general meeting. This includes shareholders who have not dematerialised their shares or who have dematerialised their shares with "own name" registration. 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. A proxy need not be a shareholder of the company.
2. Certificated shareholders wishing to attend the annual general meeting have to ensure beforehand with the transfer secretaries of the company (being Computershare Investor Services Proprietary Limited) that their shares are registered in their own name.
3. Beneficial shareholders whose shares are not registered in their "own name", but in the name of another, for example, a nominee, may not complete a proxy form, unless a form of proxy is issued to them by a registered shareholder and they should contact the registered shareholder for assistance in issuing instruction on voting their shares, or obtaining a proxy to attend, speak and, on a poll, vote at the annual general meeting.
4. Dematerialised shareholders who have not elected "own name" registration in the register 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.
5. Dematerialised shareholders who have not elected "own name" registration in the 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 shareholder and the CSDP or broker.
6. A shareholder may insert the name of a proxy or the names of two or more alternative proxies of the shareholder's choice in the space, with or without deleting "the chairman of the annual general meeting". 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.
7. The completion and lodging of this form will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed, should such shareholder wish to do so. In addition to the aforegoing, 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.
8. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the relevant shareholder as of the later of the date:
   8.1 stated in the revocation instrument, if any; or
   8.2 upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Companies Act, No 71 of 2008, as amended ("the Companies Act").
9. Should the instrument appointing a proxy or proxies have been delivered to the company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the company's Memorandum of Incorporation to be delivered by the company to the shareholder must be delivered by the company to –
   9.1 the shareholder; or
   9.2 the proxy or proxies if the shareholder has in writing directed the relevant company to do so and has paid any reasonable fee charged by the company for doing so.
10. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the Memorandum of Incorporation of the company or the instrument appointing the proxy provides otherwise.
11. If the 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:
   11.1 such invitation must be sent to every shareholder who is entitled to receive notice of the meeting at which the proxy is intended to be exercised;
   11.2 the company must not require that the proxy appointment be made irrevocable; and
   11.3 the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act.
12. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies. A deletion of any printed matter and the completion of any blank space(s) need not be signed or initialled.
13. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form unless previously recorded by the transfer secretaries of the company or waived by the chairman of the annual general meeting.
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 the transfer secretaries.
15. A company holding shares in the company that wishes to attend and participate at the annual general meeting should ensure that a resolution authorising a representative to act is passed by its directors. Resolutions authorising representatives in terms of section 57(5) of the Companies Act must be lodged with the company's transfer secretaries prior to the annual general meeting.
16. Where there are joint holders of shares any one of such persons may vote at any meeting in respect of such shares as if he/she were solely entitled thereto; but if more than one of such joint holders be present or represented at the meeting, that one of the said persons whose name appears first in the register of shareholders of such shares or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof.
17. On a show of hands, every shareholder of the company present in person or represented by proxy shall have one vote only. On a poll a shareholder who is present in person or represented by a proxy shall be entitled to that proportion of the total votes in the company which the aggregate amount of the nominal value of the shares held by him/her bears to the aggregate amount of the nominal value of all the shares of the relevant class issued by the company.
18. The chairman of the annual general meeting may reject or accept any proxy which is completed and/or received other than in accordance with the instructions, provided that he/she shall not accept a proxy unless he/she is satisfied as to the matter in which a shareholder wishes to vote.
19. A proxy may not delegate his/her authority to act on behalf of the shareholder to another person.
20. A shareholder's instruction to the proxy must be indicated by the insertion of the relevant number of shares to be voted on behalf of that shareholder in the appropriate space provided. Failure to comply with the above will be deemed to authorise the chairperson of the annual general meeting, if the chairperson is the authorised proxy, to vote in favour of the resolutions at the annual general meeting or other proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit, in respect of the shares concerned. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholder or the proxy, but the total of votes cast in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.
21. It is requested that this form of proxy be lodged or posted or faxed to the transfer secretaries, Computershare Investor Services Proprietary Limited at 70 Marshall Street, Johannesburg, or by fax on +27 11 688 6238, to be received by the company no later than 10:00 on Tuesday, 28 January 2014. A quorum for the purposes of considering the ordinary resolutions shall comprise 25% of all the voting rights that are entitled to be exercised by shareholders in respect of each matter to be decided at the annual general meeting. In addition, a quorum shall consist of three shareholders of the company personally present or represented by proxy (and if the shareholder is a body corporate, it must be represented) and entitled to vote at the annual general meeting.
22. 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 shareholder.
23. The aforegoing notes contain a summary of the relevant provisions of section 58 of the Companies Act, as required in terms of that section.

Administration

Redefine Properties Limited
(Incorporated in the Republic of South Africa)
(Registration No 1999/018591/06)
(JSE share code: RDF   ISIN: ZAE000143178)

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

Email: enquiries@redefine.co.za
www.redefine.co.za

Independent auditors
Grant Thornton (Jhb) Inc.
42 Wierda Road West, Wierda Valley 2196
Telephone: +27 11 384 8000

Company secretary
Probity Business Services Proprietary Limited
3rd Floor, 11 Cradock Avenue, Rosebank 2196
Telephone: +27 11 327 7146

Transfer secretaries
Computershare Investor Services Proprietary Limited
70 Marshall Street, Johannesburg 2001
Telephone: +27 11 370 5000

Corporate adviser
Java Capital Proprietary Limited
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 send an email to enquiries@redefine.co.za

Sponsor
Java Capital Trustees and Sponsor Proprietary Limited
Redefine Place, 2 Arnold Road, Rosebank 2196
Telephone: +27 11 283 0042

Unitholders' diary

Financial year-end	31 August
Integrated annual report to be posted to unitholders	30 December 2013
Annual general meeting	30 January 2014

Interest distribution timetable for the 2014 financial year		
Distribution number	50	51
Six months ended	28 February 2014	31 August 2014
Declaration date	8 May 2014	6 November 2014
Payment date	2 June 2014	1 December 2014

BASTION GRAPHICS

REDEFINE PROPERTIES

Group Annual Financial Statements for the year ended 31 August 2013

We're not landlords. We're people.

Redefine's Annual Report 2013 consists of two books:

Annual Financial Statements
The statutory annual financial statements prepared in accordance with International Financial Reporting Standards (IFRS), JSE Listings Requirements and the requirements of the Companies Act 2008.

Integrated Annual Report
Incorporating an overview of Redefine's organisation, key operational matters, strategic intent, performance reviews including reports from the chairman, chief executive officer and financial director, sector reviews, corporate responsibility and corporate governance and risk management.

The integrated annual report should be read together with the annual financial statements which, combined, provide a complete overview of Redefine's performance and prospects.

Financial director *Andrew Konig*

"Skilled asset management, strict cost control, and prudent management of funding underpin the quality of our earnings."

Contents

Directors' responsibility and approval

for the year ended 31 August 2013

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 2013 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 IFRS and with the Companies Act, No 71 of 2008 (the Companies Act), 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 company and the group at 31 August 2013 and of its financial performance and cash flows for the year to 31 August 2013. 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 Grant Thornton (Jhb) Inc. is presented on page 3.

In addition, the directors have also reviewed the cash flow forecast for the year to 31 August 2014 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 31 October 2013 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, No 71 of 2008, as amended (the Companies Act), we declare that to the best of our knowledge, for the year ended 31 August 2013, 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 Proprietary Limited
Company secretary

31 October 2013

Summarised report of the audit and risk committee

The activities of the audit and risk committee (the committee) are determined by its terms of reference, as approved by the board of directors. The committee considers that it has adequately performed its functions in terms of its mandate, the King Code of Governance Principles for South Africa 2009, and the Companies Act.

The committee carried out its duties by reviewing the following, on a quarterly basis:

- Internal audit reports
- Financial management reports
- Annual returns and tax status reports
- External audit reports, if any
- Information technology reports

The aforementioned information, together with the interactions with persons attending the meetings in an *ex officio* capacity, collectively enabled the committee to conclude that the systems of internal financial control had been designed effectively and were operating effectively during the financial period under review.

The committee is satisfied

- with the independence of the external auditor, including the provision of non-audit services and compliance with the company policy in this regard. The external auditor attends all meetings of the committee by invitation
- with the terms, nature, scope and proposed fee of the external auditor for the year ended 31 August 2013
- with the financial statements and the accounting practices utilised in the preparation thereof
- with the company's continuing viability as a going concern
- that the financial director has the necessary expertise and experience to carry out his duties.

RW Rees
Chairman
Audit and risk committee

31 October 2013
Rosebank

Independent auditors' report

To the unitholders of Redefine Properties Limited

We have audited the consolidated and separate financial statements of Redefine Properties Limited set out on pages 12 to 75, which comprise the statements of financial position as at 31 August 2013, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated and separate 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 consolidated and separate 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 auditors consider 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 management, 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 consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Redefine Properties Limited as at 31 August 2013, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 31 August 2013, we have read the directors' report, audit and risk committee report and company secretary's certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Grant Thornton (Jhb) Inc

Grant Thornton (Jhb) Inc
Chartered Accountants (SA)
Registered Auditors
Registration No: 1994/001166/21

GM Chaitowitz
Director
Chartered Accountant (SA)
Registered Auditor

31 October 2013

42 Wierda Road West
Wierda Valley
2196

Directors' report
for the year ended 31 August 2013

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 2013.

Corporate overview
Redefine is a listed property company. It derives rental income from investments in office, retail and industrial properties, distributions from listed security investments and earns fee income from rendering property and asset management services.

Nature of the business
The nature of business and operations are commented on in detail in the company overview section of the integrated annual report.

Financial results
The financial results for the year ended 31 August 2013 are set out in detail on pages 12 to 75 of these annual financial statements.

International financial reporting standards
The financial statements are prepared in terms of IFRS.

Year under review
The year under review is covered fully in the chairman's, chief executive's and financial director's reviews of the integrated annual report.

Share and debenture capital
The company's authorised unit capital consists of 6 500 000 000 ordinary shares of no par value. Each share is indivisibly linked to a debenture of 173,58 (2012: 173,58) cents. This linkage means that each share may only be traded as a linked unit together with the debenture with which it is linked.

Pursuant to the general authority granted at the AGM in January 2013, the following additional linked units were issued during the year:

- 26 892 541 linked units were issued at an issue price of R9,88 per unit on 19 March 2013
- 63 880 611 linked units were issued at an issue price of R9,77 per unit on 4 April 2013
- 78 431 373 linked units were issued at an issue price of R10,20 per unit on 3 May 2013

At 31 August 2013 there were 2 935 578 269 linked units in issue (including 5 876 766 treasury linked units).

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 its variable interest rate debentures. All future distributions to unitholders will no longer be in the form of debenture interest and will be governed by the Real Estate Investment Trust (REIT) provisions.

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

- Distribution number 48 of 33,7 cents for the six months ended 28 February 2013 paid on 27 May 2013
- Distribution number 49 of 35 cents for the six months ended 31 August 2013 which will be paid on 25 November 2013

Directorate
The directors of the company at the date of this report were:

D Gihwala (Chairman) – Independent non-executive
MK Khumalo – Independent non-executive
AJ Konig* – Financial director
HK Mehta – Non-executive
B Nackan – Independent non-executive
DJ Perton‡ – Independent non-executive
RW Rees‡ – Independent non-executive
DH Rice*‡ – Chief operating officer
R Robinson – Independent non-executive
MJ Ruttell*∆ – Executive
GZ Steffens# – Independent non-executive
M Wainer* – Chief executive officer

* *Executive*
‡ *British*
\# *German*
∆ *Irish*

Details of each director's CV can be found in the integrated annual report.

D Gihwala and HK Mehta retire at the forthcoming annual general meeting and are eligible for re-election. Confirmation of the appointment of GZ Steffens, MJ Ruttell and R Robinson as directors of the company will also be voted on at the forthcoming annual general meeting.

DJ Perton, who also retires by rotation at the forthcoming annual general meeting, will be retiring from the board on 30 January 2014 and will, accordingly, not be available for re-election.

The following changes to the directorate took place during the year:
MN Flax resigned on 25 January 2013 to focus on his personal property interests;
GJ Heron resigned on 3 May 2013 to avoid possible conflicts of interest which might arise as a result of his assuming an executive role with another organisation;
GZ Steffens was appointed on 1 September 2013;
MJ Ruttell was appointed on 1 September 2013; and
R Robinson was appointed on 31 October 2013.

Directors' interests

The interests of the directors in the linked units of Redefine at 31 August 2013 were as follows:

	Beneficial			
	Direct	Indirect	Associate	Total
D Gihwala	–	561 064	–	561 064
MK Khumalo	–	534 347	–	534 347
AJ Konig	2 139 142	–	–	2 139 142
HK Mehta	107 345	31 434 972	67 689 153	99 231 470
B Nackan	9 000	–	–	9 000
D Perton	22 008	–	–	22 008
RW Rees	–	–	–	–
DH Rice	2 134 367	–	–	2 134 367
M Wainer	7 384 740	12 793 427	9 943	20 188 110
	11 796 602	45 323 810	67 699 096	124 819 508

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

At 31 August 2012, the interests of the directors in the linked units of Redefine were as follows:

	Beneficial			
	Direct	Indirect	Associate	Total
MN Flax	–	7 361 105	661 456	8 022 561
D Gihwala	–	4 200 000	–	4 200 000
GJ Heron	–	90 000	–	90 000
MK Khumalo	–	1 400 000	–	1 400 000
AJ Konig	–	–	–	–
GGL Leissner	–	35 000	–	35 000
HK Mehta	197 345	28 811 639	–	29 008 984
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	54 953 405	851 399	61 148 146

Fees earned for services as non-executive directors

	2013 R000	2012 R000
MN Flax	**84**	240
D Gihwala (Chairman)	**440**	260
GJ Heron	**337**	370
MK Khumalo	**260**	200
GGL Leissner	**–**	148
HK Mehta	**285**	200
B Nackan	**410**	315
D Perton	**260**	200
RW Rees	**365**	–
	2 441	1 933

Executive directors' remuneration

	Salary and allowances R000	Bonuses and performance-related payments R000	Other benefits and payments R000	Retirement benefits R000	Total R000
2013					
AJ Konig	**2 696**	**3 319**	**75**	**306**	**6 396**
DH Rice	**2 537**	**3 146**	**107**	**226**	**6 016**
M Wainer	**3 410**	**4 414**	**160**	**–**	**7 984**
	8 643	**10 879**	**342**	**532**	**20 396**
2012					
AJ Konig	2 505	1 500	111	288	4 404
DH Rice	2 257	1 800	143	206	4 406
M Wainer	3 112	2 400	155	–	5 667
	7 874	5 700	409	494	14 477

Prescribed officers' remuneration

	Salary and allowances R000	Bonuses and performance-related payments R000	Other benefits and payments R000	Retirement benefits R000	Total R000
2013					
Prescribed officer A	**1 732**	**425**	**175**	**210**	**2 542**
Prescribed officer B	**1 358**	**1 023**	**–**	**–**	**2 381**
Prescribed officer C	**1 072**	**973**	**53**	**120**	**2 218**
Prescribed officer D	**786**	**696**	**97**	**96**	**1 675**
	4 948	**3 117**	**325**	**426**	**8 816**
2012					
Prescribed officer A	1 667	136	115	187	2 105
Prescribed officer B	1 242	500	–	–	1 742
Prescribed officer C	1 143	450	35	114	1 742
Prescribed officer D	899	400	91	89	1 479
	4 951	1 486	241	390	7 068

Details of share appreciation rights awarded to the executive directors

	Opening		Awarded		Vested		Closing	
	Strike price (R)	Number of units	Strike price (R)	Number of units	VWAP* (R)	Number of units	Strike price (R)	Number of units
2013								
AJ Konig	**6,50**	**1 600 000**	**–**	**–**	**9,29**	**(400 000)**	**6,50**	**1 200 000**
	7,00	**750 000**	**–**	**–**			**7,00**	**750 000**
DH Rice	**6,50**	**1 600 000**	**–**	**–**	**9,29**	**(400 000)**	**6,50**	**1 200 000**
	7,00	**750 000**	**–**	**–**			**7,00**	**750 000**
M Wainer	**6,50**	**2 600 000**	**–**	**–**	**9,29**	**(650 000)**	**6,50**	**1 950 000**
	7,00	**600 000**	**–**	**–**			**7,00**	**600 000**
		7 900 000				**1 450 000**		**6 450 000**
2012								
AJ Konig	7,00	1 600 000			–	–	6,50	1 600 000
			7,50	750 000	–	–	7,00	750 000
DH Rice	7,00	1 600 000			–	–	6,50	1 600 000
			7,50	750 000	–	–	7,00	750 000
M Wainer	7,00	2 600 000			–	–	6,50	2 600 000
			7,50	600 000	–	–	7,00	600 000
		5 800 000		2 100 000		–		7 900 000

* *Volume weighted average price.*

No share appreciation rights were forfeited.

The R6,50 appreciation rights vest in equal tranches of 25% on the following dates:
- 3 September 2012
- 4 September 2013
- 1 September 2014
- 1 September 2015

The R7,00 appreciation rights vest in equal tranches of 33,3% on the following dates:
- 4 September 2013
- 1 September 2014
- 1 September 2015

On 3 September 2012, the first 25% tranche vested. The 10-day VWAP for the share price was R9,29.

On 4 September 2013, the second 25% tranche and first 33,3% tranche vested. The 10-day VWAP for the share price was R9,12.

Details of the executive directors' restricted unit scheme

The first grant of the restricted unit scheme took place during the current financial year.

	Restricted units 2013 Number
AJ Konig	720 000
DH Rice	900 000
M Wainer	1 200 000
	2 820 000

In terms of this scheme the directors have a conditional right to a unit, which is awarded subject to performance and vesting conditions. Refer to note 20 of the annual financial statements.

Fees earned for services as executive directors of Fountainhead Property Trust Management Limited (a subsidiary company)

Director	Fees (Rands)
AJ Konig (remitted to Redefine Properties Limited)	199 749
DH Rice (remitted to Redefine Properties Limited)	42 674
M Wainer (remitted to Redefine Properties Limited)	42 674

Service contracts

Executive directors retire from their positions and from the board (as executive directors) at the age of 65. Though normal retirement age is 65 years for executive directors, the company's retirement policy makes provision to extend the working relationship beyond the normal retirement age. The executive directors are subject to one calendar month's written notice under their current 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 2% of the units in issue are detailed in the integrated annual report.

Interest in subsidiaries

Details of Redefine's interest in subsidiaries at 31 August 2013 are as follows:

Name of subsidiary	Country of incorpo-ration	Issued share capital R000	Net profit/ (loss) R000	Indebted-ness R000	Shares at cost R000	31 August 2013 Total R000
Madison Property Fund Managers Holdings Limited and subsidiaries	South Africa	–	13 063	313 789	80 399	**394 188**
Freedom Square Proprietary Limited	Namibia	205	15 303	–	439	**439**
Redefine Retail Proprietary Limited	South Africa	4	(388 794)	5 386 575	1 429 001	**6 815 576**
Redefine Pacific Proprietary Limited	Mauritius	45	(54)	111 715	45	**111 760**
Evening Star 768 Proprietary Limited	South Africa	–	7 086	296 466	235 031	**531 497**
Fountainhead Property Trust Management Limited	South Africa	1 000	8 315	–	128 080	**128 080**
Total			(345 081)	6 108 545	1 872 995	**7 981 540**

Details of Redefine's indirect interest in material subsidiaries at 31 August 2013 are as follows:

Name of subsidiary	Country of incorpo-ration		Net profit/ (loss) R000	Indebted-ness R000	Shares at cost R000	31 August 2013 Total R000
Fountainhead Property Trust	South Africa		436 666	–	4 955 809	**4 955 809**

Subsequent events

On 28 October 2013, 15,4 million Hyprop Investments Limited (Hyprop) units were swapped for additional Fountainhead Property Trust (Fountainhead) units, decreasing Redefine's holding in Hyprop from 11% (as at 31 August 2013) to 5%. As a consequence, Redefine now holds 61,7% of Fountainhead's units in issue.

Redefine International Plc (RI PLC) undertook a capital raise and Redefine acquired 36,5 million RI PLC shares (in terms of a put option). As a result Redefine Properties International Limited's (RIN) holding in RI PLC was reduced to 61,8% and Redefine acquired a direct holding of 3,5%. To remove inefficiencies at various levels in the RIN group structure, RIN's unitholders approved at a general meeting on 18 October 2013, the unbundling of the RI PLC shares held by RIN. Following the secondary listing on the JSE on 28 October 2013 of RI PLC, RIN will distribute all of the RI PLC shares it holds. As a consequence RIN will delist from the JSE and will commence the process of winding up. Redefine will now have a direct interest in RI PLC of 33%.

Redefine has been granted REIT status with effect from 1 September 2013.

Secretary

Probity Business Services Proprietary Limited will continue to render company secretarial services to the company.

Special resolutions

The following special resolutions were passed by Redefine Properties Limited and its subsidiaries, up to the date of this report:

Company	Nature of special resolution	Date passed	Date registered
Redefine Properties Limited			
Shareholder special resolutions	Approval of non-executive directors' remuneration for their services as directors as required by section 66 of the Companies Act	31 January 2013	Not required to be registered
	Approval of financial assistance to BEE shareholders in connection with the refinancing/restructuring of the Cape Gannet transaction, 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 requirements contemplated in the Act	31 January 2013	Not required to be registered
	Approval of financial assistance to participants (including directors, future directors, prescribed officers, future prescribed officers) in the Redefine Executive Incentive Schemes, in terms of sections 44 and 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 requirements contemplated in the Act	31 January 2013	Not required to be registered
	Approval for the allotment and issue of linked units in the company to directors, future directors, prescribed officers and future prescribed officers pursuant to the Redefine Executive Incentive Schemes, as required by section 41 of the Companies Act	31 January 2013	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 requirements contemplated in the Act to endure until the annual general meeting of the company to be held in 2014	31 January 2013	Not required to be registered
	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 JSE Limited and sections 46 and 48 of the Companies Act	31 January 2013	Not required to be registered
	Approval for conversion of existing authorised and issued share capital of ordinary shares of 0,1 cent each into ordinary shares of no par value	31 January 2013	26 February 2013
	Approval for increase in the authorised share capital from 3 500 000 000 ordinary shares of no par value to 6 500 000 000 ordinary shares of no par value	31 January 2013	12 March 2013
	Approval for the adoption of a new Memorandum of Incorporation for the company	31 January 2013	12 March 2013

Consolidated statements of financial position

as at 31 August 2013

	Note	GROUP 2013 R000	GROUP 2012 R000	COMPANY 2013 R000	COMPANY 2012 R000
ASSETS					
Non-current assets		**42 796 057**	43 376 376	**33 014 197**	29 159 994
Investment properties		**32 812 494**	29 735 776	**20 296 800**	21 157 731
– Fair value of investment properties for accounting purposes	2	**30 687 910**	28 754 581	**18 715 845**	20 304 440
– Straight-line rental income accrual	3	**1 089 942**	651 223	**731 280**	651 223
– Properties under development	4	**1 034 642**	329 972	**849 675**	202 068
Listed securities	5	**2 050 203**	5 341 485	**2 050 203**	3 810 174
Goodwill	6	**3 647 251**	2 753 971	**–**	–
Intangible assets	7	**1 616 871**	1 905 363	**270 325**	–
Interest in associates and joint ventures	8	**1 654 067**	1 963 050	**1 526 098**	–
Loans receivable	9	**837 742**	1 527 301	**791 360**	168 015
Other financial assets	10	**78 236**	5 349	**–**	–
Guarantee fees receivable	11	**50 000**	50 000	**50 000**	50 000
Property, plant and equipment	12	**49 193**	94 081	**47 871**	48 145
Interest in subsidiaries	13	**–**	–	**7 981 540**	3 925 929
Current assets		**997 895**	1 245 426	**514 563**	656 370
Properties held-for-trading	14	**23 949**	25 833	**23 949**	25 833
Trade and other receivables	15	**453 483**	678 791	**334 101**	386 704
Guarantee fees receivable	11	**–**	21 349	**–**	21 349
Loans receivable	9	**113 504**	12 546	**113 504**	12 546
Listed security income receivable		**48 051**	155 574	**24 240**	174 075
Cash and cash equivalents	16	**358 908**	351 333	**18 769**	35 863
Non-current assets held-for-sale	17	**5 087 645**	2 134 453	**3 038 003**	312 869
Total assets		**48 881 597**	46 756 255	**36 566 763**	30 129 233
EQUITY AND LIABILITIES					
Shareholders' interest		**19 833 320**	15 250 599	**16 804 279**	12 530 179
– Stated capital	18	**12 979 046**	11 660 936	**12 983 189**	11 665 079
– Reserves		**6 854 274**	3 589 663	**3 821 090**	865 100
Non-current liabilities – debenture capital	19	**5 085 419**	4 791 714	**5 095 620**	4 801 915
Linked unitholders' interest		**24 918 739**	20 042 313	**21 899 899**	17 332 094
Non-controlling interests (NCI)		**4 240 603**	1 301 316	**–**	–
Total unitholders' interest		**29 159 342**	21 343 629	**21 899 899**	17 332 094
Other non-current liabilities		**13 525 562**	15 259 932	**10 362 794**	9 884 034
Interest-bearing liabilities	21	**12 873 367**	12 648 732	**10 077 632**	7 665 458
Interest rate swaps	22	**10 430**	468 064	**10 430**	411 231
Other financial liabilities	23	**52 241**	62 767	**52 241**	62 767
Deferred taxation	25	**589 524**	2 080 369	**222 491**	1 744 578
Current liabilities		**4 149 445**	8 921 389	**2 548 281**	2 913 105
Trade and other payables	26	**948 055**	953 012	**596 850**	568 035
Interest-bearing liabilities	21	**2 142 000**	6 793 374	**890 000**	1 430 051
Interest rate swaps	22	**16 165**	72 046	**16 165**	–
Other financial liabilities	23	**11 439**	15 948	**11 439**	15 948
Provisions	24	**–**	161 769	**–**	–
Taxation payable		**6 390**	28 078	**6 374**	–
Linked unitholders for distribution	36	**1 025 396**	897 162	**1 027 453**	899 071
Non-current liabilities held-for-sale	17	**2 047 248**	1 231 305	**1 755 789**	–
Total equity and liabilities		**48 881 597**	46 756 255	**36 566 763**	30 129 233
Number of linked units in issue		**2 929 702***	2 760 497*	**2 935 578**	2 766 374
Net asset value per linked unit (excluding deferred tax and NCI) (cents)		**870,68**	801,40	**753,60**	689,59
Net tangible asset value per linked unit (excluding deferred tax and NCI) (cents)		**691,00**	632,62	**744,39**	689,59

* *Net of treasury units.*

Consolidated statements of comprehensive income

for the year ended 31 August 2013

	Note	GROUP 2013 R000	GROUP 2012 R000	COMPANY 2013 R000	COMPANY 2012 R000
Revenue					
Property portfolio		**3 220 615**	2 448 873	**2 708 028**	2 392 772
– Contractual rental income		**3 152 971**	2 491 749	**2 627 971**	2 435 648
– Straight-line rental income accrual		**67 644**	(42 876)	**80 057**	(42 876)
Listed security income		**311 046**	511 036	**202 061**	511 000
Fee income		**88 886**	51 245	**62 860**	39 946
Trading income		**3 807**	12 414	**3 807**	8 605
Total revenue		**3 624 354**	3 023 568	**2 976 756**	2 952 323
Operating costs		**(633 840)**	(556 042)	**(530 530)**	(532 546)
Administration costs		**(149 968)**	(119 074)	**(129 780)**	(118 180)
Net operating income	27	**2 840 546**	2 348 452	**2 316 446**	2 301 597
Changes in fair values of properties, listed securities and financial instruments	28	**1 369 451**	1 772 064	**1 308 632**	1 732 301
Amortisation of intangible assets		**(62 856)**	(62 856)	**–**	–
Impairment of financial assets	29	**–**	–	**–**	(38 666)
Equity accounted profit	8.2	**329 656**	–	**–**	–
Income from operations		**4 476 797**	4 057 660	**3 625 078**	3 995 232
Net interest		**(850 716)**	(691 163)	**(36 138)**	(644 724)
– Interest paid	30	**(989 407)**	(767 395)	**(866 665)**	(767 395)
– Interest received	31	**138 691**	76 232	**830 527**	122 671
Foreign exchange loss	32	**(81 279)**	(22 957)	**(87 944)**	(22 957)
Income before debenture interest		**3 544 802**	3 343 540	**3 500 996**	3 327 551
Debenture interest	34	**(2 012 705)**	(1 742 715)	**(2 016 742)**	(1 746 476)
Profit before taxation		**1 532 097**	1 600 825	**1 484 254**	1 581 075
Taxation	33	**1 389 657**	(504 968)	**1 465 914**	(538 057)
Profit for the year from continuing operations		**2 921 754**	1 095 857	**2 950 168**	1 043 018
Profit/(loss) from discontinued operations	17	**935 272**	(1 862 708)	**–**	–
Profit/(loss) for the year		**3 857 026**	(766 851)	**2 950 168**	1 043 018
– Redefine shareholders		**3 619 654**	342 079	**2 950 168**	1 043 018
– Continuing operations		**2 693 667**	1 099 300	**–**	–
– Discontinued operations		**925 987**	(757 221)	**–**	–
– Non-controlling interests		**237 372**	(1 108 930)	**–**	–
– Continuing operations		**228 087**	(3 442)	**–**	–
– Discontinued operations		**9 285**	(1 105 488)	**–**	–
Other comprehensive income		**(297 087)**	451 351	**–**	–
Those items that will be reclassified to profit or loss					
Exchange differences on translation of foreign discontinued operations – subsidiaries		**93 449**	451 351	**–**	–
Exchange differences on translation of foreign continuing operations – associates		**(17 820)**	–	**–**	–
Recycling of exchange differences on translation of deemed disposal of a foreign subsidiary		**(372 716)**	–	**–**	–
Total comprehensive income/(loss) for the year		**3 559 939**	(315 500)	**2 950 168**	1 043 018
– Redefine shareholders		**3 314 344**	621 476	**2 950 168**	1 043 018
– Continuing operations		**2 675 847**	1 099 300	**–**	–
– Discontinued operations		**638 497**	(477 824)	**–**	–
– Non-controlling interests		**245 595**	(936 976)	**–**	–
– Continuing operations		**228 087**	(3 442)	**–**	–
– Discontinued operations		**17 508**	(933 534)	**–**	–
– Actual number of linked units in issue (000)		**2 929 702***	2 760 497*	**2 935 578**	2 766 374
– Weighted number of linked units in issue (000)		**2 824 980**	2 694 914	**2 830 857**	2 700 790
Earnings and diluted earnings per linked unit (cents)		**199,38**	77,36		
– Continuing operations per linked units (cents)		**166,60**	105,46		
– Discontinued operations per linked units (cents)		**32,78**	(28,10)		
Headline earnings and diluted headline earnings per linked unit (cents)		**98,18**	125,02		
– Continuing operations per linked units (cents)		**97,21**	153,12		
– Discontinued operations per linked units (cents)		**0,97**	(28,10)		
Distribution per linked units (cents)		**68,70**	64,00		

* *Net of 5 876 766 treasury shares.*

The reconciliation between earnings and headline earnings and distributable earnings is disclosed in note 34.

Consolidated statements of changes in equity

for the year ended 31 August 2013

	Share/ stated capital R000	Share premium R000	Non-distribut-able reserve R000	Accu-mulated profit R000	Non-controlling interests R000	Total R000
GROUP						
Balance as at 31 August 2011	2 685	11 785 616	4 299 842	(1 303 116)	2 271 224	17 056 251
Issue of ordinary shares	76	499 752	–	–	–	499 828
Unbundling	–	(623 252)	–	–	–	(623 252)
Issue and preliminary expenses written off	–	(3 941)	–	–	–	(3 941)
Profit/(loss) for the year	–	–	–	342 079	(1 108 930)	(766 851)
Transfer from non-distributable reserve (net of deferred tax)*	–	–	(4 183 150)	4 183 150	–	–
Foreign currency translation reserve	–	–	279 397	–	171 954	451 351
Transactions with non-controlling interests	–	–	–	(39 176)	63 434	24 258
Dividends paid to non-controlling interests	–	–	–	–	(12 495)	(12 495)
Non-controlling interests on acquisition of subsidiary	–	–	–	10 637	(83 871)	(73 234)
Balance as at 31 August 2012	**2 761**	**11 658 175**	**396 089**	**3 193 574**	**1 301 316**	**16 551 915**
Issue of ordinary shares	**1 318 110**	**–**	**–**	**–**	**–**	**1 318 110**
Deemed disposal of a subsidiary	**–**	**–**	**–**	**–**	**(1 177 188)**	**(1 177 188)**
Transfer to stated capital	**11 658 175**	**(11 658 175)**	**–**	**–**	**–**	**–**
Changes in ownership interests of a subsidiary	**–**	**–**	**–**	**(55 555)**	**(376 413)**	**(431 968)**
Profit for the year	**–**	**–**	**–**	**3 619 654**	**237 372**	**3 857 026**
Foreign currency translation reserve	**–**	**–**	**61 590**	**–**	**14 039**	**75 629**
Share-based payment expense	**–**	**–**	**5 822**	**–**	**–**	**5 822**
Recycling of exchange differences on translation of deemed disposal of a foreign subsidiary	**–**	**–**	**(366 900)**	**–**	**(5 815)**	**(372 715)**
Dividends paid to non-controlling interests	**–**	**–**	**–**	**–**	**(153 783)**	**(153 783)**
Non-controlling interests on acquisition of a subsidiary	**–**	**–**	**–**	**–**	**4 401 075**	**4 401 075**
Balance as at 31 August 2013	**12 979 046**	**–**	**96 601**	**6 757 673**	**4 240 603**	**24 073 923**

* *In the prior year the directors took the decision to transfer all non-distributable earnings back to retained earnings other than the foreign currency translation reserve.*

** *In the current year the non-distributable reserve consists of R5,8 million for the share-based payment reserve and R90,8 million (2012: R396 million) for the foreign currency translation reserve.*

Consolidated statements of changes in equity continued

for the year ended 31 August 2013

	Share/ stated capital R000	Share premium R000	Non-distributable reserve R000	Accumulated profit R000	Non-controlling interests R000	Total R000
COMPANY						
Balance as at 31 August 2011	2 690	11 790 022	504 037	(681 955)	–	11 614 794
Issue of ordinary shares	76	499 752	–	–	–	499 828
Unbundling	–	(623 520)	–	–	–	(623 520)
Issue and preliminary expenses written off	–	(3 941)	–	–	–	(3 941)
Profit for the year				1 043 018		1 043 018
Transfer to non-distributable reserve (net of deferred tax)*	–	–	(504 037)	504 037	–	–
Balance as at 31 August 2012	**2 766**	**11 662 313**	**–**	**865 100**	**–**	**12 530 179**
Issue of ordinary shares	1 318 110	–	–	–	–	1 318 110
Transfer to stated capital	11 662 313	(11 662 313)	–	–	–	–
Profit for the year	–	–	–	2 950 168	–	2 950 168
Share-based payment expense	–	–	5 822	–	–	5 822
Balance as at 31 August 2013	**12 983 189**	**–**	**5 822**	**3 815 268**	**–**	**16 804 279**

* *In the prior year the directors took the decision to transfer all the non-distributable earnings back to retained earnings.*
** *In the current year the non-distributable reserve consists of the share-based payment reserve of R5,8 million.*

Consolidated statements of cash flows

for the year ended 31 August 2013

	Note	GROUP 2013 R000	GROUP 2012 R000	COMPANY 2013 R000	COMPANY 2012 R000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from continuing operations	35	**2 853 684**	2 644 251	**2 564 620**	2 659 686
Interest paid	30	**(989 407)**	(767 395)	**(866 665)**	(767 395)
Interest received		**65 997**	58 331	**757 833**	104 770
Distributions paid	36	**(1 884 471)**	(1 838 742)	**(1 888 361)**	(1 842 768)
Distributions paid to non-controlling interests		**(303 582)**	–	**–**	–
Taxation paid		**(62 923)**	(84 280)	**(49 799)**	(84 231)
Net cash generated from/(utilised in) operating activities – discontinued operations		**14 523**	(198 584)	**–**	–
Net cash (utilised)/generated in operating activities		**(306 179)**	(186 419)	**517 628**	70 062
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition and development of investment properties		**(2 230 890)**	(3 289 669)	**(887 883)**	(3 289 668)
Acquisition of listed securities		**(4 097 903)**	(434 611)	**(1 501 602)**	(436 569)
Acquisition of property, plant and equipment		**(15 647)**	(13 175)	**(14 244)**	(13 175)
Acquisition of additional interest in subsidiaries		**(779 816)**	–	**(1 836 970)**	–
Acquisition of subsidiaries in terms of a business combination	37	**(159 343)**	(666 339)	**–**	(684 500)
Net loans advanced to subsidiaries		**–**	–	**(2 890 309)**	–
Proceeds on disposal of investment properties		**314 376**	1 641 275	**274 464**	1 641 275
Proceeds on disposal of listed securities		**3 125 141**	574 135	**2 931 153**	574 135
Proceeds on the disposal of property, plant and equipment		**–**	23	**–**	23
Advances to related parties		**(838 700)**	(128 467)	**(724 304)**	(143 015)
Dividend received from associates	8	**142 849**	–	**–**	–
Acquisition of electricity recovery business	37	**(270 325)**	–	**(270 325)**	–
Net cash utilised in investing activities – discontinued operations		**(399 365)**	(273 417)	**–**	–
Net cash utilised in investing activities		**(5 209 623)**	(2 590 345)	**(4 920 020)**	(2 351 494)
CASH FLOWS FROM FINANCING ACTIVITIES					
Linked units issued		**757 386**	426 888	**757 386**	650 000
Linked units issued to non-controlling interests		**–**	223 112	**–**	–
Issue expenses		**–**	(3 941)	**–**	(3 941)
Increase in interest-bearing borrowings		**4 742 644**	1 654 794	**3 627 912**	1 653 267
Net cash generated from financing activities – discontinued operations		**4 551**	92 550	**–**	–
Net cash generated from financing activities		**5 504 581**	2 393 403	**4 385 298**	2 299 326
Net (decrease)/increase in cash and cash equivalents		**(11 221)**	(383 361)	**(17 094)**	17 894
Cash and cash equivalents at beginning of year		**351 333**	660 148	**35 863**	17 969
Effect of foreign exchange fluctuations		**18 796**	74 546	**–**	–
Cash and cash equivalents at end of year	16	**358 908**	351 333	**18 769**	35 863

1. Accounting policies

Redefine Properties Limited was incorporated on 26 August 1999 under the laws of the Republic of South Africa. The consolidated financial statements for the year ended 31 August 2013 comprise the company and its subsidiaries (together referred to as the group) and the group's interest in associates and jointly controlled entities. The preparation of the financial statements was supervised by Andrew Konig CA(SA), the group's financial director.

The financial statements and group financial statements have been prepared in accordance with IFRS, SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the JSE listings requirements and the Companies Act and the regulations thereto.

The financial statements are prepared on the historical cost basis except for investment properties, listed securities, non-current assets held-for-sale 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. The amendment to IAS 1 *Presentation of Financial Statements*, to group together items within Other Comprehensive Income that may be reclassified to the profit or loss section of the statement of comprehensive income, was adopted during the current year and did not have a significant impact on the financial statements.

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.

(a) 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 or loss from the date of acquisition or up to the date of disposal. Intercompany transactions, balances and unrealised profits or losses between group companies are eliminated on consolidation.

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.

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. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

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.

1. Accounting policies continued

(a) Subsidiaries continued

Where the excess is negative this is immediately recognised in profit or loss as a gain on a bargain purchase.

A "business" is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants.

A "business combination" is defined as a transaction or other event in which an acquirer obtains control of one or more businesses.

If a business combination results in the termination of pre-existing relationships between the group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and 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.

Costs associated with the issue of debt or equity securities are recorded directly in the statement of changes in equity.

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.

Transactions with non-controlling interest holders
The group applies a policy of treating transactions with non-controlling interest holders as transactions with equity holders of the group. Disposals to non-controlling interest holders that do not result in the loss of control, result in gains and losses for the group that are recorded directly in the statement of changes in equity. The difference between any consideration paid and the relevant share of the net asset value acquired from non-controlling interests is recorded directly in the statement of changes in equity.

(b) 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.

Where the group acquires an additional shareholding or where it obtains significant influence such that an investment which was previously accounted for as an investment under IAS 39 is now deemed to be an associate undertaking, the group's previously held interest is remeasured to fair value through profit or loss for the period. The cost of the associate is determined as the fair value of the original investment plus the fair value of any additional consideration given to achieve significant influence.

Goodwill arising on acquisition is included in the carrying amount of the investment and is treated in accordance with the group's accounting policy for goodwill.

Dividends from associates and joint ventures are deducted from the carrying value of the investment. Where the group's share of losses of associates and joint ventures exceeds the carrying amount of the group's net investment in the associate and joint venture the investment is carried at nil.

Additional losses are only recognised to the extent that the group has incurred obligations or made payments on behalf of the associate or joint venture.

1. Accounting policies continued

(b) Associates and joint ventures continued

Unrealised gains arising from transactions with associates and joint ventures are eliminated to the extent of the group's interest in these enterprises. Unrealised losses are eliminated in the same way except that they are only eliminated to the extent that there is no evidence of impairment.

(c) Jointly controlled assets

In respect of its interest in jointly controlled assets, the group recognises in its financial statements:

- its share of the jointly controlled assets, classified according to the nature of the assets;
- any liabilities that it has incurred;
- its share of any liabilities incurred jointly with the other ventures in relation to the jointly controlled asset;
- any income from the sale or use of its share of the output of the jointly controlled asset, together with its share of any expenses incurred by the jointly controlled asset; and
- any expenses that it has incurred in respect of its interest in the jointly controlled asset.

1.2 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. Any gains or losses on these instruments do not affect distributable earnings.

The group derecognises 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 group is recognised as a separate asset or liability. Regular way purchases and sales of financial assets are accounted for at trade date, ie the date that the group commits itself to purchase or sell the asset.

The group derecognises a financial liability when the group's obligations specified in the contract expire or are discharged or cancelled.

Financial assets and liabilities are initially measured at fair value including transaction costs (other than financial instruments classified as fair value through profit or loss where the transaction costs incurred are immediately expensed in profit or loss). Subsequent to initial recognition, these instruments are measured as follows:

Financial assets

- Listed securities are measured at fair value through profit or loss, less the accrual for distributions receivable which is included in current assets.
- Listed security income receivables are measured at amortised cost using the effective interest rate method less accumulated impairments.
- Loans receivable are measured at amortised cost using the effective interest rate method less any accumulated impairments.
- Other financial assets are measured at fair value through profit or loss.
- Trade and other receivables are stated at amortised cost using the effective interest rate method less any accumulated impairments.
- Cash and cash equivalents are measured at amortised cost using the effective interest rate method.
- Guarantee fees receivable are measured at amortised cost using the effective interest rate method less any accumulated impairments.

Financial liabilities

- Debenture capital is considered as a financial liability and is recognised at amortised cost using the effective interest rate method (see linked units below).
- Interest-bearing borrowings are recognised at amortised cost using the effective interest rate method.
- Interest rate swaps are held-for-trading financial instruments measured at fair value through profit or loss (see derivative financial instruments below).
- Financial guarantee contracts are measured at the higher of fair value or the amount initially recognised less accumulated amounts recorded as income to date.
- Trade and other payables are stated at amortised cost using the effective interest rate method.
- Linked unitholders for distribution are measured at amortised cost using the effective interest rate method.

1. Accounting policies continued

1.2 Financial instruments continued

Linked units

Each and every ordinary share issued is irrevocably linked to a debenture. The debentures are redeemable at the option of the holder and accrue interest half-yearly. As a result of this contractual obligation to deliver cash the group classifies the debentures issued as a liability, and the interest that accrues as an interest expense through profit or loss. The debentures issued are initially recognised at fair value. As mentioned above, debenture capital is subsequently carried at amortised cost using the effective interest rate method.

For all financial instruments carried at amortised cost using the effective interest rate method, where the effects of discounting are not considered to be material, these instruments are not discounted as their carrying values approximate their amortised cost values.

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the group has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The group assesses all receivables held at amortised cost for impairment at each financial year-end. An impairment loss is calculated as the difference between the asset's carrying value and the present value of the estimated future cash inflows discounted at the asset's original effective interest rate. Impairment losses are recognised in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of the impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

1.3 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 arising on acquisition. Subsequent expenditure to add to or to replace a part of the property is capitalised at cost. The carrying amount of any replaced part is written off to profit or loss when replaced.

Leasehold properties that are leased out to tenants under operating leases are classified as investment properties as appropriate, and included in the statement of financial position at fair value. Land interests held under an operating lease are classified and accounted for as investment property on a property-by-property basis when they are held to earn rentals or for capital appreciation on both the land and the property. Any such property interest under an operating lease classified as investment property is carried at fair value.

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

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

The portfolio is valued annually. For the purposes of the independent valuation at 31 August 2013, 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.

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 excluded from the calculation of distributable earnings.

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.

1.4 Properties under development

Properties under development comprise the cost of the land and development and is stated at fair value. If the fair value cannot be reasonably determined it is stated at cost and is not depreciated. Investment property that requires development is transferred from investment properties to properties under development when development commences. On completion of the development these properties become part of investment property.

1. Accounting policies continued

1.5 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.

1.6 Intangible assets

Intangible assets with an indefinite useful life are stated at cost less accumulated impairment losses. These intangible assets are tested for impairment annually by comparing the recoverable amount with its carrying amount. Useful life is reviewed at each year-end 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. Assets are amortised to their residual values. The amortisation methods, residual values as well as useful lives are reviewed at each period-end and adjusted if necessary.

The estimated useful lives of the right to manage property assets are 15 years.

1.7 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.

The useful lives, depreciation methods and residual values are assessed at each financial period-end and adjusted accordingly.

Subsequent expenditure is capitalised when it is probable that future economic benefits will flow to the group and its cost can be reliably measured. All other expenditure is recognised as an expense in the period in which it is incurred.

Gains and losses on the disposal of property, plant and equipment are recognised in profit or loss and are calculated as the difference between the sales price and the carrying value of the item of property, plant and equipment sold.

1.8 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. Where it is not possible to estimate the recoverable amount for an individual asset, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing the value in use, the estimated cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, goodwill is allocated to the cash-generating unit expected to benefit from the synergies of the business combination.

Impairment losses and the reversal of impairment losses are recognised in profit or loss other than those relating to revalued assets, in which case the impairment or reversal of impairment is accounted for as a revaluation decrease or increase respectively. In the case of a cash-generating unit,

1. Accounting policies continued

1.8 Impairment of non-financial assets continued

an impairment is first allocated to goodwill and then to the other assets in the cash-generating unit on a pro rata basis. Impairments to goodwill are not subsequently reversed. An impairment loss is only reversed if there is an indication that the impairment loss no longer exists and the recoverable amount increases as a result of a change in estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior years.

1.9 Properties held-for-trading

Properties held-for-trading comprise properties acquired as well as properties developed with the intention of disposing for a profit, and 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.

1.10 Non-current assets held-for-sale and disposal groups

A non-current asset or a disposal group comprising assets and liabilities is classified as held-for-sale if it is expected that its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and the sale is highly probable to occur within one year. For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset or disposal group.

Where the group is committed to a sale plan involving the loss of control of a subsidiary it classifies all the assets and liabilities of that subsidiary as held-for-sale when the criteria set out above and detailed in IFRS 5 *Non-current Assets Held-for-Sale and Discontinued Operations* are met, regardless of whether the group will retain a non-controlling interest in its former subsidiary after the sale.

On initial classification as held-for-sale, generally, non-current assets and disposal groups are measured at the lower of the previous carrying amount and fair value less costs to sell, with any adjustments taken to profit or loss (or other comprehensive income in the case of a revalued asset). The same applies to gains and losses on subsequent remeasurement. However, certain items, such as financial assets within the scope of IAS 39 and investment property within the scope of IAS 40, continue to be measured in accordance with those standards.

Impairment losses subsequent to classification of assets as held-for-sale are recognised in profit or loss. Increases in fair value less costs to sell assets that have been classified as held-for-sale are recognised in profit or loss to the extent that the increase is not in excess of any cumulative impairment loss previously recognised in respect of the asset. Assets classified as held-for-sale are not depreciated.

Gains and losses on remeasurement and impairment losses subsequent to classification as disposal groups and non-current assets held-for-sale are shown within continuing operations in profit or loss, unless they qualify as discontinued operations.

Disposal groups and non-current assets held-for-sale are presented separately from other assets and liabilities on the statement of financial position. Prior periods are not reclassified.

1.11 Stated capital

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares are shown as a deduction from equity.

1.12 Treasury linked units

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.

1.13 Provisions

Provisions are recognised when there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Such provisions are calculated on a discounted basis where the effect

1. Accounting policies continued

1.13 Provisions continued

is material to the original undiscounted provision. The rate applied is a market-related rate adjusted for the risks associated with the obligation. The carrying amount of the provision increases in each period to reflect the passage of time and the unwinding of the discount and the movement is recognised in profit or loss within interest costs. Provisions are not recognised for future operating losses; however, provisions are recognised for onerous contracts where a contract is expected to be loss-making (and not merely less profitable than expected).

1.14 Revenue recognition

1.14.1 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. Premiums to terminate leases are recognised in profit or loss as they arise.

1.14.2 Listed security income

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

1.14.3 Trading income

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.

1.14.4 Interest received

Interest earned on cash invested with financial institutions is recognised on an accrual basis using the effective interest rate method. Where the group issues linked units at a market price that includes accrued interest, the accrued interest portion of the price is included in interest received as antecedent divestiture of distribution.

1.14.5 Fee income

Fee income is recognised on an accrual basis in accordance with the substance of the relevant agreements and measured at fair value of the consideration receivable.

1.15 Employee benefits

1.15.1 Short-term benefits

The cost of the short-term employee benefits is recognised during the period in which the employees render 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.

1.15.2 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the group 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.

1.15.3 Share appreciation scheme

The group operates a cash-settled share appreciation scheme which is recognised at fair value in the statement of financial position over the vesting period up to and including settlement date with a corresponding charge to profit or loss. The liability is remeasured at each reporting date, using the Black Scholes model to reflect the revised fair value adjusted for changes in assumptions. Changes in the fair value are recognised in profit or loss.

1.15.4 Share-based payments

In terms of the restricted unit scheme, a conditional right to units is awarded to employees subject to performance and vesting conditions. The scheme is accounted for as an equity-settled share-based payment. The fair value of services received in return for the restricted units has been determined as follows: the number of units expected to vest multiplied by the unit price at the date of award less discounted future anticipated distributions.

1. Accounting policies continued

1.15 Employee benefits continued

1.15.4 Share-based payments continued

The cost of the scheme is recognised over the vesting period and the cost is adjusted for changes in management's estimate of the number of units expected to vest. The cost is recognised in profit or loss and a corresponding adjustment in equity.

1.16 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 capitalisation rate is arrived at by reference to the actual rate payable on borrowings for development purposes; or with regard to that part of the development cost financed out of general funds, to the average rate.

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

1.17 Foreign currency

1.17.1 Foreign currency transactions

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 profit or loss. 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.

1.17.2 Foreign operations

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 profit or loss 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 other comprehensive income.

1.18 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case it is recognised in equity or other comprehensive income respectively.

The charge for current tax is based on the results for the period as adjusted for items which are non-assessable or disallowed and any tax payable in respect of previous years. It is calculated using rates that have been enacted or substantially enacted by the reporting date.

Deferred income tax is provided 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 the initial recognition of goodwill in a business combination; or
- from the initial recognition of other assets and liabilities in a transaction which is not a business combination and affects neither accounting profit nor taxable income; or
- differences related to investments in subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future.

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 adjustments are recognised in profit or loss.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities and they relate to income tax levied by the same authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

1. Accounting policies continued

1.19 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 discrete financial information is available.

1.20 Leases

1.20.1 Group as a lessee

Where the group leases property and has substantially all the risks and rewards of ownership, the leases are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in interest-bearing liabilities. The interest element of the finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The properties acquired under finance leases are recognised at fair value in terms of IAS 40 and are not depreciated.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

1.20.2 Group as a lessor

Properties leased to third parties under operating leases are included in investment property in the statement of financial position. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term. This does not affect distributable earnings.

1.21 Earnings, headline earnings and distributable earnings per share

Earnings per share is calculated on the weighted average number of shares in issue, net of treasury shares, in respect of the year and is based on profit attributable to unitholders. Headline earnings per share are calculated in terms of the requirements set out in Circular 2/2013 issued by SAICA.

1.22 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:

- Fair value of financial instruments – All financial instruments, regardless of their IAS 39 categorisation, are initially recorded at fair value (adjusted for transaction costs for all those financial instruments other than those classified as at fair value through profit or loss). The fair value of a financial instrument on initial recognition is normally the transaction price, that is the fair value of the consideration paid or received. Subsequent to initial recognition, the fair values of financial instruments measured at fair value that are quoted in active markets are based on bid prices for the assets. When quoted prices are not available, fair values are determined by using valuation techniques that refer as far as possible to observable market data. These include comparison with similar instruments where market observable prices exist. The carrying values of all financial instruments approximate their fair values. In the case of short-term and trade receivables, the impact of discounting is not material and the carrying amount therefore approximates fair value. The judgement as to whether a market is active may include, for example,

1. Accounting policies continued

1.22 Key estimates and assumptions continued

consideration of factors such as the magnitude and frequency of trading activity, the availability of prices and the size of bid/offer spreads. In inactive markets, obtaining assurance that the transaction price provides evidence of fair value or determining the adjustments to transaction prices that are necessary to measure the fair value of the asset or liability requires additional work during the valuation process. The majority of valuation techniques employ only observable market data, and so the reliability of the fair value measurement is high. However, certain financial assets and liabilities are valued on the basis of valuation techniques that feature one or more significant market inputs that are unobservable and, for them, the derivation of fair value is more judgemental. A financial asset or liability in its entirety is classified as valued using significant unobservable inputs if a significant proportion of that asset or liability's carrying amount is driven by unobservable inputs. In this context, "unobservable" means that there is little or no current market data available for which to determine the price at which an arm's length transaction is likely to occur. It generally does not mean that there is no market data available at all upon which to base a determination of fair value. Furthermore, in some cases the majority of the fair value derived from a valuation technique with significant unobservable inputs may be attributable to observable inputs. For more information refer to note 41.4.

- Goodwill – Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires the group to estimate the future cash flows expected to arise from the cash-generating unit at a suitable discount rate in order to calculate the present value – refer to note 6 for further information.
- Investment properties – The portfolio is valued annually. For the purposes of the independent valuation at 31 August 2013, 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. By obtaining external valuations from accredited valuators for the majority of the portfolio, management is of the opinion that the risk relating to estimation uncertainty has been mitigated. Refer to notes 1.3 and note 2 for further information.
- Property, plant and equipment – The determination of the useful life and residual values of property, plant and equipment is subject to management estimation. The group regularly reviews all of its depreciation rates and residual values to take account of any changes in circumstances, and any changes that could affect prospective depreciation charges and asset carrying values. Refer to note 12 for more information.
- Trade and other receivables – Allowance for doubtful debts – The group assesses its doubtful debt allowance at each reporting date. Key assumptions applied are the estimated recovery rates and future market conditions that could affect recovery. For more detail on the allowance please see note 41.1, credit risk.
- Deferred taxation – Deferred tax assets are raised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. Assessment of future taxable profit is performed at every reporting date, in the form of future cash flows using a suitable growth rate. Refer to note 25 for more detail on deferred taxation.
- Taxation – note 33. The group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which the determination is made.
- Business combinations – On the acquisition of a company or a business, a determination of the fair value and useful life of intangible assets acquired is performed, which requires the application of management judgement. Future events could cause the assumptions used by the group to change which would have a significant impact on the results and net position of the group. Refer to note 7 for more detail on intangible assets.

1. Accounting policies continued

1.22 Key estimates and assumptions continued

- Business combination versus asset acquisition – The directors have assessed the properties acquired and have concluded that in their view these acquisitions are property acquisitions in terms of IAS 40 and are therefore accounted for in terms of that standard. In the opinion of the directors these properties did not constitute a business as defined in terms of IFRS 3, as there were not adequate processes identified within these properties to warrant classification as businesses.

1.23 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.

Amendments to IAS 1 *Annual Improvements 2009 – 2011 Cycle*

The amendments to IAS 1 clarify the requirements for comparative information including minimum and additional comparative information required. The amendment will be adopted by the group for the first time for its financial reporting period ending 31 August 2014 and will be applied retrospectively.

IAS 27 *Consolidated and Separate Financial Statements*

The amendments to IAS 27 are consequential amendments resulting from the issue of IFRS 10, 11 and 12. The amendments will be adopted by the group for the first time for its financial reporting period ending 31 August 2014 and will be applied retrospectively.

The amendment to IAS 27 for the requirement to account for interests in investment entities at fair value under IFRS 9 *Financial Instruments* or IAS 39 *Financial Instruments: Recognition and Measurement*, in the separate financial statements of the parent. The amendment will be adopted by the group for the first time for its financial reporting period ending 31 August 2015 and will be applied retrospectively.

IAS 28 *Investments in associates and joint ventures*

IAS 28 (amended) has no impact on the group's financial statements. The standard will be adopted by the group for the first time for its financial reporting period ending 31 August 2014.

IAS 28 (2011) supersedes IAS 28 (2008) and carries forward the existing accounting and disclosure requirements with limited amendments. The main changes include:

- IFRS 5 *Non-current Assets Held-for-Sale and Discontinued Operations* is applicable to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held-for-sale.
- On cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture or vice versa, the company does not remeasure the retained interest.

IAS 32 *Financial Instruments – Presentation (amendments)*

IAS 32 (amended) will be adopted by the group for the first time for its financial reporting period ending 31 August 2014. The amendment will be applied retrospectively.

The amendments clarify that an entity currently has a legally enforceable right to set-off if that right is not contingent on a future event, and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. The amendments further clarify that gross settlement is equivalent to net settlement if, and only if, the gross settlement mechanism has features that eliminate or result in insignificant credit and liquidity risk, and process receivables and payables in a single settlement process or cycle.

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

IAS 36 *Impairment of Assets*

The amendment to IAS 36 clarifies the required disclosures of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendment will be adopted by the group for the first time for its financial reporting period ending 31 August 2015 and will be applied retrospectively.

1. Accounting policies continued

1.23 Standards and Interpretations applicable, not yet effective continued

IFRS 7 Financial Instruments – Disclosures (amendments)

IFRS 7 (amended) will be adopted by the group for the first time for its financial reporting period ending 31 August 2014. The amendment will be applied retrospectively.

The amendments include minimum disclosure requirements related to financial assets and financial liabilities that are offset in the statement of financial position, or subject to enforceable master netting arrangements or similar agreements. They include a tabular reconciliation of gross and net amounts of financial assets and financial liabilities, separately showing amounts offset and not offset in the statement of financial position.

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

IFRS 9 *Financial Instruments*

IFRS 9 will be adopted by the group for the first time for its financial reporting period ending 31 August 2016. The standard will be applied retrospectively, subject to transitional provisions.

IFRS 9 addresses the following and will replace the relevant sections of IAS 39:

- The classification and measurement of financial assets
- The classification and measurement of financial liabilities
- The derecognition of financial assets and liabilities.

Under IFRS 9 there are two options in respect of the classification of financial assets, namely, 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.

IFRS 9 has retained in general the requirements of IAS 39 for financial liabilities, except for the following two aspects:

- Fair value changes for financial liabilities (other than financial guarantees and loan commitments) designated at fair value through profit or loss, that are attributable to the changes in the credit risk of the liability, will be presented in other comprehensive income. The remaining amount of the fair value change is recognised in profit or loss. However, if this requirement creates or enlarges an accounting mismatch in profit or loss, then the whole fair value change is presented in profit or loss. The determination as to whether such presentation would create or enlarge an accounting mismatch is made on initial recognition and is not subsequently reassessed.
- Derivative liabilities that are linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured, are measured at fair value.

IFRS 9 incorporates the guidance in IAS 39 dealing with fair value measurement and accounting for derivatives embedded in a host contract that is not a financial asset, as well as the requirements of IFRIC 9 *Reassessment of Embedded Derivatives*.

The impact on the financial statements for the group has not yet been determined as the standard is not yet finalised.

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 control for all investees. The standard will replace the current guidance in IAS 27 *Consolidated and Separate Financial Statements* and SIC 12 *Consolidation – Special Purpose Entities*.

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.

1. Accounting policies continued

1.23 Standards and Interpretations applicable, not yet effective continued

IFRS 10 *Consolidated Financial Statements* continued

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.

IFRS 10 includes an exception to the principle that all subsidiaries must be consolidated. Entities that meet the definition of an investment entity must be accounted for at fair value under IFRS 9 *Financial Instruments* or IAS 39 *Financial Instruments: Recognition and Measurement*. This amendment to IFRS 10 is only effective for the reporting period ending 31 August 2015.

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

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 has not yet been determined.

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 and the new disclosure amendment to IFRS 12 required for investment entities (as defined in IFRS 10) is only effective for the reporting period ending 31 August 2015. The standard will be applied retrospectively, subject to transitional provisions.

IFRS 12 introduces a single standard for disclosure 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 determined.

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 determined.

		GROUP		COMPANY	
		2013 R000	2012 R000	**2013 R000**	2012 R000
2.	**Investment properties**				
2.1	**Net carrying value**				
	Cost	**22 546 519**	22 761 632	**10 691 468**	13 073 645
	Fair value surplus	**8 141 391**	5 992 949	**8 024 377**	7 230 795
	Balance at end of year	**30 687 910**	28 754 581	**18 715 845**	20 304 440
2.2	**Movement for the year**				
	Investment properties at beginning of year	**28 754 581**	27 775 325	**20 304 440**	16 488 631
	Arising on business combination	**10 587 590**	–	**–**	–
	Additions at cost	**1 667 058**	3 084 457	**516 170**	3 021 416
	Deemed disposal of a subsidiary	**(8 326 838)**	–	**–**	–
	Disposals at fair value	**(244 382)**	(846 021)	**(214 650)**	(248 346)
	Change in fair value	**895 052**	(869 369)	**793 581**	636 413
	Tenant installations and lease commissions	**3 955**	(46 577)	**(1 904)**	(46 577)
	– Capitalised	**66 653**	14 457	**59 506**	14 457
	– Amortised	**(62 698)**	(61 034)	**(61 410)**	(61 034)
	Transferred (to)/from property under development (note 4)	**(335 400)**	202 286	**(335 400)**	202 286
	Transfer from non-current assets held-for-sale (note 17)	**1 299**	332 843	**1 299**	332 843
	Transfer to non-current assets held-for-sale (note 17)	**(2 267 634)**	(2 411 049)	**(2 267 634)**	(125 102)
	Straight-line rental income adjustment	**(47 371)**	42 876	**(80 057)**	42 876
	Translation differences	**–**	1 489 810	**–**	–
	Balance at end of year	**30 687 910**	28 754 581	**18 715 845**	20 304 440
2.3	**Reconciliation to independent valuations**				
	Investment properties at valuation at end of year	**30 687 910**	28 754 581	**18 715 845**	20 304 440
	Straight-line rental income accrual (note 3)	**1 089 942**	651 223	**731 280**	651 223
	Independent valuations at 31 August	**31 777 852**	29 405 804	**19 447 125**	20 955 663

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 unitholders at the registered office of the company or is available on the website.

In terms of the accounting policy, the portfolio is valued annually. For the purposes of the independent valuation at 31 August 2013, 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.

2. Investment properties continued

2.3 Reconciliation to independent valuations continued

South African valuations were obtained from the following valuers who are all registered valuers in terms of section 19 of the Property Valuers Professional Act (Act No 47 of 2000):

- Asset Valuation Services
- African Corporate Real Estate Solutions (Acres)
- Mills Fitchet Gauteng
- Mills Fitchet KZN
- Mills Fitchet Magnus Penny
- Eris Property Group
- Old Mutual Properties
- Glenross
- Alternative Real Estate

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 R48,2 million (2012: R17,8 million) were capitalised to investment property using the average weighted cost of debt for the company.

First mortgage bonds have been registered over South African investment property (which includes investment property reclassified as held-for-sale), with a fair value of R24,4 billion (2012: R16,4 billion) as security for secured interest-bearing liabilities of R14 billion (2012: R8 billion).

	2013	2012
External valuations – DCF ranges		
Retail sector		
Discount rate	10,0% – 18,5%	11,0% – 19,0%
Exit cap rate	8,0% – 15,7%	8,0% – 15,3%
Office sector		
Discount rate	10,0% – 18,5%	10,3% – 19,0%
Exit cap rate	8,5% – 12,5%	7,5% – 13,0%
Industrial sector		
Discount rate	10,5% – 18,5%	11,0% – 19,0%
Exit cap rate	9,0% – 13,5%	9,3% – 13,5%

Valuation methodology

All external valuations were completed using the discounted cash flow (DCF) method of valuation.

Discount and exit cap rates

The discount and exit capitalisation rates assumed in the DCFs are determined by reference to comparable sales, appropriate surveys prepared by IPD/SAPOA and benchmarking against other comparable valuations. The discount and capitalisation rates are dependent on a number of factors, such as location, the condition of the improvements, current market conditions, the lease covenant and the risk inherent in the property.

		GROUP		COMPANY	
		2013 R000	2012 R000	2013 R000	2012 R000
3.	**Straight-line rental income accrual**				
	Balance at beginning of year	**651 223**	694 099	**651 223**	694 099
	Arising on business combination	**371 075**	–	**–**	–
	Arising during the year	**67 644**	(42 876)	**80 057**	(42 876)
	Balance at end of year	**1 089 942**	651 223	**731 280**	651 223
4.	**Properties under development**				
	At cost				
	At beginning of year	**329 972**	378 559	**202 068**	180 971
	Development costs	**497 174**	223 631	**312 207**	223 383
	Change in fair value	**–**	(95 908)	**–**	–
	Transferred from/(to) investment properties (note 2)	**335 400**	(202 286)	**335 400**	(202 286)
	Deemed disposal of a subsidiary	**(127 904)**	–	**–**	–
	Translation differences	**–**	25 976	**–**	–
	Balance at end of year	**1 034 642**	329 972	**849 675**	202 068
5.	**Listed securities**				
5.1	**At fair value**				
	Hyprop Investments Limited	**–**	5 287 983	**–**	3 460 556
	Arrowhead Properties Limited – A units	**9 490**	27 285	**9 490**	27 285
	Arrowhead Properties Limited – B units	**9 309**	23 772	**9 309**	23 772
	Fountainhead Property Trust	**–**	2 445	**–**	–
	Cromwell Property Group	**2 031 404**	–	**2 031 404**	298 561
	Balance at end of year	**2 050 203**	5 341 485	**2 050 203**	3 810 174
5.2	**Movement for the year**				
	Balance at beginning of year	**5 341 485**	4 664 346	**3 810 174**	4 664 346
	Additions	**4 097 903**	48 448	**1 501 602**	304 190
	Disposals	**(4 461 809)**	(447 768)	**(1 211 619)**	(1 252 703)
	Arising on business combination	**–**	2 322	**–**	–
	Transfer from investment in associates (note 8)	**266 603**	–	**–**	–
	Changes in fair values	**(1 281 412)**	1 248 160	**(1 279 585)**	252 112
	Transfer to non-current assets held-for-sale (note 17)	**(1 912 567)**	(174 668)	**(770 369)**	(174 668)
	Unbundling	**–**	645	**–**	–
	Translation differences	**–**		**–**	16 897
	Balance at end of year	**2 050 203**	5 341 485	**2 050 203**	3 810 174

		Stock exchange	% held	Number of units held 2013	2012
5.	**Listed securities** continued				
5.3	**Details of listed securities**				
	Hyprop Investments Limited	JSE	–	**–**	73 937 121
	Arrowhead Properties Limited – A units	JSE	0,74	**1 451 151**	4 134 212
	– B units	JSE	0,74	**1 451 151**	4 134 212
	Fountainhead Property Trust	JSE	–	**–**	291 720
	Cromwell Property Group	ASX	12,80	**212 336 234**	–

The group made an offer for the purchase of up to an additional 250 million Fountainhead units in return for 110 Hyprop units for every 1 000 Fountainhead units acquired. As a result of this offer, the remaining shareholding of 11,4% (27,8 million units) in Hyprop with a value of R1,9 billion has been transferred to non-current assets held-for-sale at 31 August 2013.

Redefine's investment in Cromwell is held through an asset swap agreement with Investec.

In the prior year, Hyprop was not treated as an investment in associate even though Redefine held more than 20% of the voting rights. In assessing all the relevant factors that determined whether an entity has significant influence over another, management concluded that it did not have significant influence over the entity and consequently Hyprop was accounted for as an equity investment held at fair value though profit or loss.

The factors considered included the fact that the group's investments in property loan stock companies could be considered to be similar to a mutual fund or unit trust arrangement and that any representation on the board of directors is considered to be in a protective as opposed to a participative role.

The fair values of these investments are based on the closing price on the JSE at 31 August 2013, less an accrual for distributions, included separately on the statement of financial position as listed security income receivable.

Listed securities to the value of R1,1 billion have been encumbered as set out in note 21.

		GROUP 2013 R000	2012 R000
6.	**Goodwill**		
	Movement for the year		
	Balance at beginning of year	**2 753 971**	2 570 534
	Arising on business combinations (note 37)	**893 280**	183 437
	Balance at end of year	**3 647 251**	2 753 971

For the purpose of impairment testing, goodwill acquired has been allocated to the group as a whole, as management believes that the group as a whole will benefit from the synergies of the business combinations undertaken.

Discounted cash flow valuations, used for the purpose of impairment testing, are based on the cash flow forecasts in respect of the continuing use of the cash-generating unit for a period of five years, discounted at the 30-day yield of 7,0% (2012: 7,5%).

The following key assumptions were used in calculating the cash flow forecasts used in the impairment test:
- all profits will be distributed and thus no normal tax is payable;
- growth rate of between 6,0% and 7,0% which is in line with industry expectations; and
- a yield of 7,0%.

		GROUP		COMPANY	
		2013 R000	2012 R000	**2013 R000**	2012 R000
7.	**Intangibles**				
7.1	**Carrying amount**				
	The right to manage property – Redefine	**691 413**	754 268	**–**	–
	– Cost	**942 835**	942 835	**–**	–
	– Amortisation	**(251 422)**	(188 567)	**–**	–
	The right to manage property – Fountainhead	**655 133**	655 133	**–**	–
	Management contract – Redefine International PLC	**–**	495 962	**–**	–
	– Cost	**–**	615 683	**–**	–
	– Amortisation	**–**	(119 721)	**–**	–
	Electricity recovery business	**270 325**	–	**270 325**	–
	Balance at end of year	**1 616 871**	1 905 363	**270 325**	–
7.2	**Movement for the year**				
	Balance at beginning of year	**1 905 363**	1 279 075	**–**	–
	Amortisation	**(62 856)**	(101 105)	**–**	–
	Arising on business combination	**270 325**	655 133	**270 325**	–
	Amortisation included in discontinued operations	**(42 869)**	–	**–**	–
	Transferred to non-current assets held-for-sale (note 17)	**(617 162)**	–	**–**	–
	Translation differences	**164 070**	72 260	**–**	–
	Balance at end of year	**1 616 871**	1 905 363	**270 325**	–

The group tests intangibles with an indefinite useful life annually for impairments.

"The right to manage property – Redefine" arose on the business combination of ApexHi, Ambit and Madison on 1 July 2009. The remaining amortisation period is 130 months (2012: 142 months).

"The right to manage property – Fountainhead" arose on the business combination of Fountainhead ManCo and Evening Star on 1 August 2012 (refer to note 37). In terms of the Fountainhead Property Trust debenture trust deed, this results in a perpetual right to manage the Fountainhead property portfolio and as such this has not been amortised.

The following key assumptions were used in calculating the value in use of "the right to manage property – Fountainhead":

- asset management fees will increase by an average annual amount of 4% based on Fountainhead Property Trust's enterprise value;
- operating expenses will increase by 6%;
- a discount rate of 12% applies;
- all profits will be distributed and thus no normal tax is payable; and
- the value in use was calculated over a period of five years.

The management contract for Redefine International PLC arose on the business combination of Redefine International Fund Managers on 1 October 2009. The remaining amortisation period is 134 months (2012: 146 months). The intangible asset relating to the management contract, of R617 million has been transferred to non-current assets held-for-sale (refer to note 17).

The electricity recovery business was acquired in terms of a business combination on 14 April 2013 (refer to note 37).

The following key assumptions were used in calculating the value in use of the electricity recovery business:

- electricity recovered from tenants will increase by 6%;
- operating expenses will increase by 6%;
- all profits will be distributed and thus no normal tax is payable;
- a discount rate of 12% applies; and
- the value in use was calculated over a period of five years.

	GROUP		COMPANY	
	2013 R000	2012 R000	**2013 R000**	2012 R000
8. Investments in associates and joint ventures				
8.1 Carrying amount				
Associate – Redefine Properties International Limited (note 8.4)	**1 654 067**	–	**1 526 098**	–
– Gross consideration	**1 485 080**	–	**1 526 098**	–
– Distribution received	**(142 849)**	–	**–**	–
– Share of equity-accounted results	**311 836**	–	**–**	–
Associate – Cromwell Property Group (note 8.5)	**–**	1 934 135	**–**	–
– Gross consideration	**–**	1 722 707	**–**	–
– Distribution received	**–**	(205 889)	**–**	–
– Share of equity-accounted results	**–**	156 298	**–**	–
– Translation differences	**–**	261 019	**–**	–
Joint ventures (note 8.7)	**–**	28 915	**–**	–
– Gross consideration	**–**	110 067	**–**	–
– Dividend received	**–**	(5 622)	**–**	–
– Share of equity-accounted results	**–**	(68 181)	**–**	–
– Translation differences	**–**	(7 349)	**–**	–
Balance at end of year	**1 654 067**	1 963 050	**1 526 098**	–
8.2 Movement for the year				
Balance at beginning of year	**1 963 050**	1 236 726	**–**	–
Deemed disposal of a subsidiary	**(1 696 447)**	–	**–**	–
Transferred to listed securities (note 5)	**(266 603)**	–	**–**	–
Acquisitions	**–**	592 616	**–**	–
Equity-accounted results for the year	**311 836**	105 629	**–**	–
Equity-accounted results for the year per statement of comprehensive income	**329 656**	105 629	**–**	–
Share of distributable profit	**142 849**	181 025	**–**	–
Fair value adjustments (net of deferred tax)	**186 807**	(75 396)	**–**	–
Other comprehensive loss	**(17 820)**	–	**–**	–
Translation differences	**–**	185 641	**–**	–
Deemed disposal on an associate becoming a subsidiary	**–**	(1 378)	**–**	–
Deemed acquisition of an associate	**1 485 080**	–	**1 526 098**	–
Dividend received	**(142 849)**	(156 184)	**–**	–
Balance at end of year	**1 654 067**	1 963 050	**1 526 098**	–

	GROUP 2013 R000	GROUP 2012 R000	COMPANY 2013 R000	COMPANY 2012 R000
8. Investments in associates and joint ventures continued				
8.3 Group's share of post-acquisition reserves				
Fair valuation reserves				
Share of reserves at beginning of year	**(75 396)**	–		
Share of profit/(loss) for the year	**186 807**	(75 396)		
Deemed disposal of an associate	**75 396**	–		
Share of reserves at end of year	**186 807**	(75 396)		
Accumulated profit				
Share of reserves at beginning of year	**163 513**	(16 134)		
Share of profit and other comprehensive income for the year	**125 029**	181 025		
Deemed disposal of an associate	**(163 513)**	–		
Deemed disposal on an associate becoming a subsidiary	**–**	(1 378)		
Share of reserves at end of year	**125 029**	163 513		
Total post-acquisition reserves	**311 836**	88 117		

8.4 Redefine Properties International Limited (RIN)

The successful capital raising by RI PLC through a firm placing and open offer, in October 2012, resulted in RIN's holding in RI PLC decreasing from 71,7% to 65,7%. In order for RIN to follow its rights in the RI PLC offer above, RIN undertook a R1 billion capital raise which was oversubscribed. To broaden the RIN unitholder base, Redefine made available a portion of its new RIN units for placement with third parties. This resulted in Redefine's beneficial interest in RIN decreasing by 4,6% to 49,3%, resulting in RIN being equity accounted for the year. Redefine's effective interest in RI PLC similarly declined from 38,7% to 32,4%.

RIN is a property loan stock company listed on the JSE Securities Exchange (JSE). Redefine held 312 648 471 (49,34%) of the issued linked units at 31 August 2013. The closing price of RIN on 31 August 2013 was R7,40. An impairment test was performed using the fair value as quoted on the JSE (less the distribution receivable). The fair value exceeds the carrying value and no impairment was necessary. There are no restrictions on the ability of RIN to transfer funds to its unitholders in the form of cash and distributions.

8.5 Cromwell Property Group

Redefine's direct investment in Cromwell, a listed Australian property trust, was previously treated as an associate, but following the deconsolidation of RIN is now included in listed securities (refer to note 5).

8.6 Deemed disposal on an associate becoming a subsidiary

In the previous year Redefine International Fund Managers (RIFM) increased its shareholding in Redefine Retail Management Limited from 50% to 100% with effect from 1 March 2012.

8.7 Joint ventures

The group's investments in joint ventures in the prior year consisted of the following:

- 50% in Pearl House Swansea Limited, a joint venture with Sandgate Properties Limited.
- 50% in Swansea Estates Limited, a joint venture with Sandgate Properties Limited.
- 50% in Ciref NEPI Holdings Limited, a joint venture with New Europe Property Investments.
- 50% in 26 The Esplanade No 1 Limited, a joint venture with Rimstone Limited.
- 50% in Ciref Crawley Limited, a joint venture with Graymont Limited.
- 50% in Redefine Wigan Limited, a joint venture with Sandgate Properties Limited.
- 50% in CIREF Coventry Limited, a joint venture with Sandgate Properties Limited.
- 50,5% interest in RI Menora German Holdings S.a.r.l., a joint venture with Menora Mivtachim.

The joint ventures are no longer recognised due to the deconsolidation of RIN.

8. Investments in associates and joint ventures continued

8.8 Summarised financial statements

The following are the summarised statements of financial position and statements of profit or loss of the associates and joint ventures:

	Assets R000	Liabilities R000	Revenues R000	Profit/loss R000
2013				
Redefine Properties International Limited	**17 021 539**	**15 188 117**	**805 205**	**163 689**
	17 021 539	**15 188 117**	**805 205**	**163 689**
2012				
Cromwell Property Group	16 022 902	9 143 335	1 531 821	189 135
Joint ventures	2 595 449	3 838 730	240 409	(288 032)
	18 618 351	12 982 065	1 772 230	(98 897)

	GROUP		COMPANY	
	2013 R000	2012 R000	**2013 R000**	2012 R000
9. Loans receivable				
Corovest Mezzanine Capital Limited The loans were secured and bore interest at rates between 10% and 12% per annum. In the prior year maturity was between one and three years; however, repayment was not expected within the next 12 months. Derecognised on the deemed disposal of RIN.	**–**	1 425 183	**–**	–
Pearl House Swansea Limited The loan was unsecured and bore interest at rates between 0% and 7% per annum. In the prior year the loan was repayable on demand but the expectation was that the term would be greater than 12 months. Derecognised on the deemed disposal of RIN.	**–**	992	**–**	–
Swish Property Sixteen Proprietary Limited* The loan bears interest at 1,5% below prime per annum up to 24 May 2013 and thereafter at 3,5% above prime. The loan is repayable on 25 May 2014. Secured by a second mortgage bond over investment property.	**13 504**	12 546	**13 504**	12 546

**Disclosed as current.*

	GROUP		COMPANY	
	2013 R000	2012 R000	**2013 R000**	2012 R000
9. Loans receivable continued				
Arrowcreek Investments 227 Proprietary Limited* The loan bears interest at prime rate plus 1,25% per annum. The loan is repayable as follows: R80 million on 29 June 2014 and R20 million on 28 August 2014. Secured by second mortgage bond over investment properties and by a first mortgage bond over the Double Tree by Hilton Hotel.	**100 000**	100 000	**100 000**	100 000
ITB FMZ Waldkraiburg B.V. The loan was unsecured and bore interest at rates between 0% and 7% per annum. The loan was repayable on demand but the expectation was that the term would be greater than 12 months. Derecognised on the deemed disposal of RIN.	**–**	1 126	**–**	–
Ma Afrika Tikkun Endowment Trust The loan bears interest at 1% above prime per annum. The loan is repayable on 22 February 2015. Secured by 47,5 million Redefine units.	**536 044**	–	**536 044**	–
Bondi Beachside, Bondi Beachside Holdings and Bondi Beachside Rebel Proprietary Limited The interest returned on the loan is calculated based on achieving an internal rate of return of 16% per annum at the end of the project with a share of the total profits capped at a total return of 26% per annum. Repayment of the loan is anticipated on completion of the project, anticipated for September 2015 but not later than the termination date. Secured by a second ranking security over the underlying assets including a fixed and floating charge over the borrowers.	**111 678**	–	**–**	–
Redefine Share Purchase Scheme The loan bears interest at the three-month JIBAR plus 2% per annum. The loan is repayable on the earlier of termination of employment or 14 May 2023. Secured by 16,7 million Redefine units.	**190 020**	–	**190 020**	–
Freedom Square Proprietary Limited The loan is unsecured and bears interest at the Namibian prime rate (currently 9,75%) per annum. The loan is repayable on demand but the expectation is that the term will be greater than 12 months.	**–**	–	**65 296**	68 015
Total loans receivable	**951 246**	1 539 847	**904 864**	180 561
Current portion	**113 504**	12 546	**113 504**	12 546
Non-current portion	**837 742**	1 527 301	**791 360**	168 015

** Disclosed as current.*

	GROUP 2013 R000	GROUP 2012 R000	COMPANY 2013 R000	COMPANY 2012 R000
10. Other financial assets				
Consist of:				
Unlisted investments	–	2 972	–	–
Derivative financial assets (interest rate swaps/caps)	78 236	2 377*	–	–
	78 236	5 349	–	-
Interest rate swap agreements — **Nominal value R000** / **Maturity** / **Rate**				
500 000 / 22 May 2018 / 5,87%	32 548	–	–	–
350 000 / 22 May 2018 / 6,47%	15 847	–	–	–
500 000 / 22 May 2018 / 7,06%	29 841	–	–	–
The interest rate swap agreements above have not been included in note 22 as they relate to Fountainhead and there is no right of set off against the Redefine interest rate swap agreements.				
**The prior year figure relates to interest rate cap agreements held by RIN.*				
11. Guarantee fees receivable				
Receivable from BEE participants	50 000	71 349	50 000	71 349
Current portion	–	(21 349)	–	(21 349)
Non-current asset portion	50 000	50 000	50 000	50 000
The guarantee fees are payable by BEE participants on 31 May 2017 as a result of the group's undertaking to guarantee repayment of their loans to banks for the funding of Redefine and Dipula B-linked units acquired by BEE participants.				
12. Property, plant and equipment				
Computer equipment	47 027	44 895	45 716	43 951
– Cost	77 723	65 526	75 254	60 087
– Accumulated depreciation	(30 696)	(20 631)	(29 538)	(16 136)
Furniture and fittings	435	47 312	425	2 320
– Cost	5 587	60 550	5 196	6 054
– Accumulated depreciation	(5 152)	(13 238)	(4 771)	(3 734)
Motor vehicles	49	108	48	108
– Cost	648	647	520	520
– Accumulated depreciation	(599)	(539)	(472)	(412)
Buildings	1 554	1 553	1 554	1 553
Office equipment	128	213	128	213
– Cost	130	267	130	267
– Accumulated depreciation	(2)	(54)	(2)	(54)
Balance at end of year	49 193	94 081	47 871	48 145
12.1 Movement for the year				
Balance at beginning of year	94 081	80 468	48 145	40 370
Transfer to non-current assets held-for-sale (note 17)	(67 401)	–	–	–
– Computer equipment	(348)	–	–	–
– Furniture and fittings	(67 053)	–	–	–
Acquisitions	38 333	18 708	14 244	13 175
– Computer equipment	15 194	13 696	13 791	12 892
– Furniture and fittings	23 067	5 012	381	283
– Office equipment	72	–	72	–
Disposals	–	(22)	–	(22)
– Computer equipment	–	(22)	–	(22)
Depreciation	(23 770)	(11 205)	(14 518)	(5 378)
– Computer equipment	(14 266)	(5 093)	(13 479)	(4 518)
– Furniture and fittings	(9 442)	(6 042)	(977)	(790)
– Motor vehicles	(60)	(70)	(60)	(70)
– Office equipment	(2)	–	(2)	–
Translation differences	7 950	6 132	–	–
Balance at end of year	49 193	94 081	47 871	48 145

		GROUP		COMPANY	
		2013 R000	2012 R000	**2013 R000**	2012 R000
13.	**Interest in subsidiaries**				
	Shares at cost (note 13.1)			**1 872 995**	1 562 123
	Costs incurred less impairment			**1 886 968**	1 576 095
	Less: Pre-acquisition distributions			**(13 973)**	(13 972)
	Loans to subsidiaries			**6 108 545**	2 363 806
				7 981 540	3 925 929
13.1	**Movement in shares at cost net of impairment**				
	Opening balance			**1 562 123**	1 123 382
	Acquisitions net of pre-acquisition distributions (note 13.2)			**1 972 220**	477 407
	Disposals			**(135 250)**	–
	Transfer to investment in associate (note 8.1)			**(1 526 098)**	–
	Impairment (note 13.3)			**–**	(38 666)
	Closing balance			**1 872 995**	1 562 123
13.2	**Acquisitions during the year include:**				
	Redefine Pacific Proprietary Limited			**45**	–
	Redefine Retail Proprietary Limited			**1 429 001**	–
	Evening Star Trading 768 Proprietary Limited*			**1 230**	233 800
	Fountainhead Property Trust Management Limited*			**270**	127 810
	Redefine Properties International Limited*			**541 674**	115 797
				1 972 220	477 407
	The investment in Fountainhead Property Trust is held by Redefine Retail Proprietary Limited. As such the acquisition referred to in note 37.1 is not reflected in this note.				
	* *Additional investments made during the year.*				
13.3	**Impairment**				
	The impairment relates to the write-down of RIN in the prior year.				
14.	**Properties held-for-trading**				
	Properties acquired and developed for sale	**23 949**	25 833	**23 949**	25 833

	GROUP		COMPANY	
	2013 R000	2012 R000	**2013 R000**	2012 R000
15. Trade and other receivables				
Trade receivables	**63 763**	67 164	**41 284**	39 319
Less: Provision for doubtful debts	**(30 049)**	(19 693)	**(21 177)**	(14 097)
	33 714	47 471	**20 107**	25 222
Deposits and prepayments	**62 553**	44 205	**37 028**	36 041
Loans receivable	**–**	10 119	**–**	–
Municipal recoveries	**120 342**	26 748	**79 362**	26 748
Debtors for properties sold	**1 500**	1 500	**1 500**	1 500
Rates clearances	**52 479**	80 773	**52 479**	80 773
Consideration receivable on disposal of subsidiaries	**–**	69 903	**–**	–
Service charge recoverable from tenants	**7 355**	23 026	**–**	–
Asset management fees receivable	**87 192**	5 831	**78 506**	–
Amount receivable in respect of disposal of listed securities	**–**	157 383	**–**	157 383
Net receivables – Corovest Mezzanine Capital Limited	**–**	80 216	**–**	–
Interest receivable	**–**	6 611	**–**	–
Tax receivable	**1 289**	–	**–**	–
Other receivables	**87 059**	125 005	**65 119**	59 037
	453 483	678 791	**334 101**	386 704
16. Cash and cash equivalents				
For the purpose of the cash flow statement, cash and cash equivalents comprise:				
Unrestricted cash balances	**358 908**	190 308	**18 769**	35 863
Restricted cash balances	**–**	161 025	**–**	–
	358 908	351 333	**18 769**	35 863
Material bank balances are with Standard Bank which has a Moody's credit rating of A3. In the prior year restricted cash balances related to amounts held on deposit with solicitors in respect of potential future transactions.				

	GROUP		COMPANY	
	2013 R000	2012 R000	**2013 R000**	2012 R000
17. Non-current assets and liabilities held-for-sale				
17.1 Non-current assets held-for-sale comprise:				
	5 087 645	2 134 453	**3 038 003**	312 869
– Redefine International Fund Managers (note 17.3)	**907 444**	–	**–**	–
– Listed securities	**1 912 567**	174 668	**770 369**	174 668
– Local investment property (note 17.4)	**2 267 634**	138 201	**2 267 634**	138 201
– International investment property (note 17.5)	**–**	1 821 584	**–**	–
Non-current liabilities held-for-sale comprise:				
	(2 047 248)	(1 231 305)	**(1 755 789)**	–
– Interest-bearing liabilities	**(1 755 789)**	(1 231 305)	**(1 755 789)**	–
– Redefine International Fund Managers (note 17.3)	**(291 459)**	–	**–**	–
Balance at end of year	**3 040 397**	903 148	**1 282 214**	312 869
17.2 Movement for the year				
At beginning of year	**903 148**	2 558 822	**312 869**	2 550 368
Disposals	**(311 570)**	(2 606 344)	**(311 570)**	(2 204 426)
Transferred to investment properties (note 2)	**(1 299)**	(332 843)	**(1 299)**	(332 843)
Transfer from investment properties (note 2)	**2 267 634**	2 411 049	**2 267 634**	125 102
Transfer from listed securities (note 5)	**1 912 567**	174 668	**770 369**	174 668
Transfer from interest-bearing liabilities	**(1 755 789)**	(1 231 305)	**(1 755 789)**	–
Deemed disposal of a subsidiary	**(590 280)**	–	**–**	–
Fair value adjustments	**–**	4 809	**–**	–
Translation differences	**–**	(75 708)	**–**	–
Transfer of Redefine International Fund Managers net assets	**615 986**	–	**–**	–
Balance at end of year	**3 040 397**	903 148	**1 282 214**	312 869

Non-current assets and liabilities held-for-sale consist of investment property, listed securities and RIFM that will be recovered through sale rather than through use.

17.3 RIFM and RIN

RIFM

To provide greater alignment and transparency of the investment management functions and related costs as part of RI PLC's restructuring, which includes the inward listing of RI PLC's shares on the JSE and the conversion of the company to a UK REIT, it has been proposed that the current external management arrangements, currently performed by RIFM, be internalised.

As a result, Redefine has received a firm offer from RI PLC for the purchase of the entire share capital of RIFM, which is subject to shareholder and South African Reserve Bank approvals.

17. Non-current assets and liabilities held-for-sale continued

17.3 RIFM and RIN continued

RIFM continued

RIFM has accordingly been disclosed as held-for-sale and the effect thereof on the statement of financial position and statement of comprehensive income, for the current and prior year has been disclosed below:

	GROUP		COMPANY	
	2013 R000	2012 R000	**2013 R000**	2012 R000
Non-current assets held-for-sale comprise:				
Intangible assets	**617 162**			
Property, plant and equipment	**67 401**			
Cash and cash equivalents	**105 542**			
Trade and other receivables	**117 339**			
	907 444			
Non-current liabilities held-for-sale comprise:				
Interest-bearing borrowings	**100 164**			
Taxation payable	**20 338**			
Trade and other payables	**170 957**			
	291 459			
Profit from discontinued operations comprises:				
Fee income	**181 279**	111 496		
Hotel revenue	**369 088**	286 266		
Operating costs	**(375 013)**	(291 858)		
Administration costs	**(91 540)**	(46 942)		
Equity-accounted profit	**–**	738		
Amortisation of intangibles	**(42 869)**	(38 250)		
Interest paid	**(4 154)**	(3 612)		
Interest received	**151**	21		
Foreign exchange gain/(loss)	**16**	(126)		
Taxation	**(337)**	(1 314)		
	36 621	16 419		

RIN

The successful capital raising by RI PLC through a firm placing and open offer, in October 2012, resulted in RIN's holding in RI PLC decreasing from 71,7% to 65,7%.

In order for RIN to follow its rights in the RI PLC offer above, RIN undertook a R1 billion capital raise which was oversubscribed.

To broaden the RIN unitholder base, Redefine made available a portion of its new RIN units for placement with third parties.

This resulted in Redefine's beneficial interest in RIN decreasing by 4,6% to 49,3%, resulting in RIN being equity accounted for the period. Redefine's effective interest in RI PLC similarly declined from 38,7% to 32,4%.

17. Non-current assets and liabilities held-for-sale continued

17.3 RIFM and RIN continued

RIN continued

As a result of the above RIN was deconsolidated and the effect thereof on the statement of comprehensive income for the current and prior period is disclosed below:

	GROUP		COMPANY	
	2013 R000	2012 R000	**2013 R000**	2012 R000
Profit from discontinued operations comprises:				
Contractual rental income	**–**	840 310		
Listed security income	**–**	(150 119)		
Fee income	**–**	(59 369)		
Operating costs	**–**	59 081		
Administration costs	**–**	(66 101)		
Changes in fair values of properties, listed securities and financial instruments	**–**	(1 544 986)		
Equity-accounted profit	**–**	104 892		
Interest paid	**–**	(1 141 312)		
Interest received	**–**	123 084		
Foreign exchange loss	**–**	(13 572)		
Taxation	**–**	(31 035)		
Profit on deemed sale of subsidiary	**898 651**	–		
	898 651	(1 879 127)		
Total profit from discontinued operations				
RIFM	**36 621**	16 419		
RIN	**898 651**	(1 879 127)		
	935 272	(1 862 708)		

17.4 Local investment property

Negotiations are at an advanced stage for the disposal of 26 government-tenanted office properties valued at R2,2 billion and related interest-bearing debt of R1,8 billion through a new listing.

In the prior period sale agreements had been entered into for the sale of six retail, two office and one industrial properties.

Nine (2012: 15) of the properties included in the opening balance were sold during the year for proceeds of R135 million (2012: R299 million).

One (2012: three) investment property which was included in the opening balance was transferred back to investment properties. The fair value of the property was R1,2 million (2012: R168,2 million).

One property which was held-for-sale since 2011 was sold during the period.

17.5 Included in the prior year were the following:

VBG

On 8 October 2012 RIN announced the restructure of the VBG portfolio. The restructuring and refinancing of the VBG portfolio and financing facilities resulted in RIN owning a 50% interest in the VBG assets together with a major pension fund as its joint venture partner.

The VBG portfolio consisted of four properties with a fair value of R998,6 million and related interest-bearing debt of R1,2 billion.

DELTA

On 15 October 2012 RIN announced the restructure of the Delta portfolio.

The Delta portfolio consisted of 16 properties with a fair value of R863,2 million.

The disposal proceeds would be utilised to settle a portion of the debt included in interest-bearing borrowings (note 21).

In the prior year non-current assets included investment property and listed securities.

	GROUP 2013 R000	GROUP 2012 R000	COMPANY 2013 R000	COMPANY 2012 R000
18. Share/stated capital and share premium				
18.1 Authorised				
6 500 000 000 (2012: 3 500 000 000 ordinary shares of 0,1 cent each) ordinary shares of no par value	–	3 500	–	3 500
18.2 Issued				
2 935 578 269 (2012: 2 766 373 744 ordinary shares of 0,1 cent each) ordinary shares of no par value	12 979 052	2 767	12 983 189	2 766
Less: 5 876 766 treasury shares (2012: 5 876 766)	(6)	(6)	–	–
Balance at end of year	12 979 046	2 761	12 983 189	2 766
18.3 Share premium				
Balance at beginning of year	11 658 175	11 785 616	11 662 313	11 790 022
Unbundling – Arrowhead	–	(623 252)	–	(623 520)
Share issue costs	–	(3 941)	–	(3 941)
Transfer to stated capital	(11 658 175)	–	(11 662 313)	–
Premium on shares issued	–	499 752	–	499 752
Balance at end of year	–	11 658 175	–	11 662 313
Total stated capital and share premium	12 979 046	11 660 936	12 983 189	11 665 079
18.4 Reconciliation of the number of shares in issue				
Balance at beginning of year	2 760 497	2 684 295	2 766 374	2 690 172
Issued during the year	169 205	76 202	169 205	76 202
Balance at end of year	2 929 702	2 760 497	2 935 579	2 766 374

The issue of each share is irrevocably linked to one debenture, together comprising one linked unit (refer to note 19).

The following shares were issued during the course of the year under general authority:
26 892 541 linked units were issued at an issue price of R9,88 per unit on 19 March 2013.
63 880 611 linked units were issued at an issue price of R9,77 per unit on 4 April 2013.
78 431 373 linked units were issued at an issue price of R10,20 per unit on 3 May 2013.

	GROUP 2013 R000	GROUP 2012 R000	COMPANY 2013 R000	COMPANY 2012 R000
19. Debenture capital				
19.1 Authorised				
6 500 000 000 (2012: 3 500 000 000) ordinary debentures of 173,58 (2012: 173,58) cents each				
19.2 Issued				
2 935 578 269 (2012: 2 766 373 744) debentures of 173,58 (2012: 173,58) cents	5 095 620	4 801 915	5 095 620	4 801 915
Less: 5 876 766 treasury unit debentures (2012: 5 876 766)	(10 201)	(10 201)	–	–
Balance at end of year	5 085 419	4 791 714	5 095 620	4 801 915
19.3 Movement for the year				
Balance at beginning of year	4 791 714	4 831 731	4 801 915	4 842 309
Unbundling – Arrowhead	–	(172 288)	–	(172 665)
Issued during the year	293 705	132 271	293 705	132 271
Balance at end of year	5 085 419	4 791 714	5 095 620	4 801 915

	GROUP		COMPANY	
	2013 R000	2012 R000	**2013 R000**	2012 R000
19. Debenture capital continued				
19.4 Reconciliation of the number of debentures in issue				
Balance at beginning of year	**2 760 497**	2 684 295	**2 766 374**	2 690 172
Issued during the year	**169 205**	76 202	**169 205**	76 202
Balance at end of year	**2 929 702**	2 760 497	**2 935 579**	2 766 374

(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. 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.

20. Shared-based payments

2013

The restricted unit scheme, which awards employees with a conditional right to receive units in the company against the achievement of specific performance conditions, free of any cost, is operated by the group. As it is anticipated that the participants will receive units in settlement of their awards, a share-based payment reserve has been recognised. Refer to the directors' report on page 9 for the participants.

In terms of the restricted unit scheme, a conditional right to a unit is awarded to employees subject to the satisfaction of performance conditions over the performance period as well as the vesting condition over the vesting period. The initial award of restricted units has been made to the company's three executive directors.

Vesting will occur in four equal tranches from the date of award to 30 November 2013, 30 November 2014, 30 November 2015 and 30 November 2016 respectively.

All four tranches of the award of restricted units will be subject to the vesting condition. In addition, 60% of each tranche will be subject to performance conditions.

The participant will not be entitled to any voting rights or distributions prior to the settlement of restricted units subsequent to the vesting thereof.

The fair value of services received in return for the conditional unit awards has been determined as follows:

- The number of units expected to vest multiplied by the unit price at the date of award less discounted future anticipated distributions.
- The future anticipated distributions were adjusted for annual growth of 7% and discounted by a distribution yield of 7,2%.
- A total number of 2 346 240 of the 2 820 000 units are expected to vest, taking into account the performance of the group to date and forecasts to the end of the performance period, against the targets set at the time of the award. The average discounted share price used in the calculation is R9,89 per share. The share-based payment expense recognised for the year in administration expenses is R5,8 million.
- These awards will vest in the next one to four years.

The number of conditional share awards allotted in terms of the conditional share award scheme are:

	2013
Number of conditional awards allocated in terms of the scheme	**2 820 000**
Allotted	**(2 820 000)**
Number of conditional awards available at end of year	**–**

			GROUP		COMPANY	
			2013 R000	2012 R000	**2013 R000**	2012 R000
21.	**Interest-bearing borrowings**					
	Interest-bearing borrowings consist of:					
	Bank loans (refer to note 21.1)		**12 526 192**	18 461 931	**8 538 632**	8 274 489
	Less: Deferred finance costs		**–**	(37 513)	**–**	–
	Finance leases (refer to note 21.3)		**–**	131 441	**–**	–
	Bonds and commercial paper (refer to note 21.4)		**2 429 000**	821 000	**2 429 000**	821 000
	Non-controlling interest shareholder loans (refer to note 21.2)		**60 175**	65 247	**–**	20
	Total interest bearing borrowings		**15 015 367**	19 442 106	**10 967 632**	9 095 509
	Non-current interest-bearing borrowings					
	Bank loans		**11 274 192**	11 977 838	**8 538 632**	7 165 438
	Less: Deferred finance costs		**–**	(25 794)	**–**	–
	Finance leases		**–**	131 441	**–**	–
	Bonds and commercial paper		**1 539 000**	500 000	**1 539 000**	500 000
	Non-controlling interest shareholder loans		**60 175**	65 247	**–**	20
	Total non-current borrowings		**12 873 367**	12 648 732	**10 077 632**	7 665 458
	Current interest-bearing borrowings					
	Bank loans		**1 252 000**	6 484 093	**–**	1 109 051
	Less: Deferred finance costs		**–**	(11 719)	**–**	–
	Bonds and commercial paper		**890 000**	321 000	**890 000**	321 000
	Total current borrowings		**2 142 000**	6 793 374	**890 000**	1 430 051

21.1 Bank loans

Secured variable rate loans – South Africa

	Capital repayment date	Rate	GROUP **2013 R000**	GROUP 2012 R000	COMPANY **2013 R000**	COMPANY 2012 R000
Absa			**1 430 999**	1 179 798	**1 430 999**	1 179 798
	31 Dec 2014	1-month JIBAR + 1,95%	**930 999**	726 602	**930 999**	726 602
	30 Jun 2015	3-month JIBAR + 1,85%	**500 000**	453 196	**500 000**	453 196
Nedbank			**2 438 501**	973 405	**2 438 501**	973 405
	27 Jan 2014	Prime – 2,00%	**–**	105 000	**–**	105 000
	27 Jan 2014	1-month JIBAR + 1,62%	**–**	700 749	**–**	700 749
	30 Jun 2015	3-month JIBAR + 1,40%	**–**	19 797	**–**	19 797
	1 Aug 2017	3-month JIBAR + 1,40%	**–**	5 319	**–**	5 319
	2 Feb 2018	3-month JIBAR + 1,40%	**–**	650	**–**	650
	1 Sept 2017	Prime – 1,50%	**–**	68 628	**–**	68 628
	1 Mar 2017	Prime – 1,50%	**–**	281	**–**	281
	27 Jan 2014	Prime – 1,50%	**–**	72 981	**–**	72 981
	30 Aug 2017	3-month JIBAR + 1,58%	**711 501**	–	**711 501**	–
	30 Aug 2018	3-month JIBAR +1,61%	**740 000**	–	**740 000**	–
	3 Jun 2018	3-month JIBAR + 1,67%	**987 000**	–	**987 000**	–

	Capital repayment date	Rate	GROUP 2013 R000	GROUP 2012 R000	COMPANY 2013 R000	COMPANY 2012 R000
21. Interest-bearing borrowings continued						
21.1 Bank loans continued						
Secured variable rate loans – South Africa continued						
Standard Bank			**4 108 233**	1 348 776	**2 076 914**	1 348 776
	31 Oct 2015	Prime – 1,50%	**–**	17 410	**–**	17 410
	31 Mar 2016	1-month JIBAR + 1,67%	**772 593**	759 318	**772 593**	759 318
	30 Mar 2015	3-month JIBAR + 1,85%	**181 646**	181 646	**181 646**	181 646
	31 Mar 2018	3-month JIBAR + 1,67%	**390 402**	390 402	**390 402**	390 402
	31 Mar 2016	Prime less 1,8%	**1 273**	–	**1 273**	–
	31 Mar 2016	1-month JIBAR + 1,67%	**200 000**	–	**200 000**	–
	30 Sept 2013	Prime less 1,73%	**531 000**	–	**531 000**	–
	30 Jun 2015	JIBAR + 1,98%	**700 544**	–	**–**	–
	30 Nov 2013	JIBAR + 1,25%	**750 000**	–	**–**	–
	31 May 2015	JIBAR + 2,6%	**560 775**	–	**–**	–
	28 Feb 2016	JIBAR + 2,39%	**20 000**	–	**–**	–
Standard Bank Syndicated	31 Aug 2013	1-month JIBAR + 2,00%	**–**	531 000	**–**	531 000
Rand Merchant Bank			**3 356 241**	2 000 000	**2 250 000**	2 000 000
	4 Jun 2015	3-month JIBAR + 1,6%	**875 000**	875 000	**875 000**	875 000
	5 Jun 2017	3-month JIBAR + 1,85%	**1 125 000**	1 125 000	**1 125 000**	1 125 000
	1 Jun 2015	Prime less 1,8%	**250 000**	–	**250 000**	–
	4 Dec 2013	3-month JIBAR + 1,35%	**502 000**	–	**–**	–
	2 Apr 2018	3-month JIBAR + 1,7%	**604 241**	–	**–**	–
Total secured variable rate loans – South Africa			**11 333 974**	6 032 979	**8 196 414**	6 032 979

				GROUP		COMPANY	
				2013 R000	2012 R000	**2013 R000**	2012 R000
21.	**Interest-bearing borrowings** continued						
21.1	**Bank loans** continued						
	Secured variable rate loans – foreign						
		Capital repayment date	Rate				
	Allied Irish Bank	15 Sept 2013	LIBOR + 2,5%	**–**	84 430	**–**	–
	Royal Bank of Scotland			**–**	231 631	**–**	–
		19 Sept 2014	EURIBOR + 1,2%	**–**	191 010	**–**	–
		19 Sept 2014	EURIBOR + 1,2%	**–**	40 621	**–**	–
	HSBC	1 Sept 2016	LIBOR + 2,5%	**–**	155 226	**–**	–
	Aareal	30 Nov 2015	LIBOR + 2,45%	**–**	1 003 962	**–**	–
	Bayern LB			**–**	171 034	**–**	–
		31 Oct 2017	EURIBOR + 1,3%	**–**	77 426	**–**	–
		31 Oct 2017	EURIBOR + 1,3%	**–**	93 608	**–**	–
	Investec	24 Feb 2013	BBSY + 4%	**–**	331 340	**–**	–
	Landesbank Berlin	27 Apr 2016	LIBOR + 2,5%	**–**	551 394	**–**	–
	Lloyds TSB	12 May 2013	LIBOR + 1,15%	**–**	616 083	**–**	–
	SNS Property Finance	17 Jul 2014	EURIBOR + 2,3%	**–**	208 614	**–**	–
	Windermere			**–**	4 209 261	**–**	–
		15 Oct 2012	LIBOR + 0,75%	**–**	2 674 308	**–**	–
		15 Oct 2012	LIBOR + 0,75%	**–**	1 534 953	**–**	–
	Total secured variable rate loans – foreign			**–**	7 562 975	**–**	–
	Unsecured variable rate loans – South Africa						
		Capital repayment date	Rate				
	Standard Finance Isle of Man			**342 218**	285 721	**342 218**	285 721
		28 Feb 2015	LIBOR + 4,3%	**122 453**	102 237	**122 453**	102 237
		23 May 2016	LIBOR + 3,50%	**219 765**	183 484	**219 765**	183 484
	Total unsecured variable rate loans – South Africa			**342 218**	285 721	**342 218**	285 721
	Secured fixed rate loans – South Africa						
		Capital repayment date	Rate				
	Standard Bank			**850 000**	1 955 789	**–**	1 955 789
		31 Mar 2016	10,32%	**–**	500 000	**–**	500 000
		31 Mar 2016	10,67%	**–**	451 249	**–**	451 249
		31 Mar 2016	10,66%	**–**	584 540	**–**	584 540
		31 Mar 2016	11,93%	**–**	220 000	**–**	220 000
		31 Mar 2016	11,32%	**–**	200 000	**–**	200 000
		31 May 2015	8,42%	**350 000**	–	**–**	–
		28 Feb 2016	8,72%	**500 000**	–	**–**	–
	Total secured fixed rate loans – South Africa			**850 000**	1 955 789	**–**	1 955 789

			GROUP 2013 R000	GROUP 2012 R000	COMPANY 2013 R000	COMPANY 2012 R000
21. Interest-bearing borrowings continued						
21.1 Bank loans continued						
Secured fixed rate loans – foreign						
	Capital repayment date	Rate				
Aviva			–	574 856	–	–
	11 Jun 2029	6,37%	–	145 990	–	–
	18 Sept 2031	6,44%	–	203 109	–	–
	14 Sept 2035	6,10%	–	225 757	–	–
Barclays			–	89 128	–	–
	10 Dec 2012	5,75%	–	42 494	–	–
	10 Dec 2012	5,91%	–	46 634	–	–
UBS	5 Oct 2018	LIBOR + 1,25%	–	158 300	–	–
Valovis	30 Nov 2014	4,95%	–	51 581	–	–
Coronation Capital Limited	31 Dec 2011	4,00%	–	104 034	–	–
Corovest Mezzanine Capital Limited	16 Feb 2015	9,00%	–	1 457 499	–	–
CEL Portfolio Limited & Co. KG	31 Aug 2029	–	–	8 262	–	–
Total secured fixed rate loans – foreign			–	2 443 660	–	–
Unsecured fixed rate loans – foreign						
	Capital repayment date	Rate				
Corovest Mezzanine Capital Limited	30 Apr 2014	10,00%	–	180 807	–	–
Total unsecured fixed rate loans – foreign			–	180 807	–	–
Total bank loans			**12 526 192**	18 461 931	**8 538 632**	8 274 489
21.2 Non-controlling interest shareholder loans						
United Property Management Proprietary Limited	No fixed terms**	Namibian prime	**60 175**	65 227	–	–
Other	No fixed terms**	Prime	–	20	–	20
			60 175	65 247	–	20

** *Payment is not expected to be within 12 months.*

		GROUP		COMPANY	
		2013 R000	2012 R000	**2013 R000**	2012 R000
21.	**Interest-bearing borrowings** continued				
21.3	**Finance leases**				
	Obligations under finance leases at the reporting dates are analysed as follows:				
	Gross finance lease liabilities:				
	Not later than one year	**–**	6 162	**–**	–
	Later than one year not later than five years	**–**	24 650	**–**	–
	Later than one year not later than five years	**–**	433 319	**–**	–
		–	464 131	**–**	–
	Less: Finance charges allocated to future periods		(332 690)		
	Present value of minimum lease payments	**–**	131 441	**–**	–
	Present value of finance lease liabilities repayable:				
	Not later than one year	**–**	4 197	**–**	–
	Later than one year not later than five years	**–**	15 045	**–**	–
	Later than five years	**–**	112 199	**–**	–
	Present value of minimum lease payments	**–**	131 441	**–**	–

21.4 Bonds and commercial paper

	Capital repayment date	Rate	GROUP 2013 R000	GROUP 2012 R000	COMPANY 2013 R000	COMPANY 2012 R000
Bonds			**1 539 000**	500 000	**1 539 000**	500 000
	30 Mar 2015	3-month JIBAR + 1,40%	**500 000**	500 000	**500 000**	500 000
	11 Mar 2018	3-month JIBAR + 1,60%	**300 000**	–	**300 000**	–
	11 Mar 2018	3-month JIBAR + 1,60%	**164 000**	–	**164 000**	–
	11 Mar 2018	3-month JIBAR + 1,60%	**150 000**	–	**150 000**	–
	22 Mar 2016	3-month JIBAR + 1,35%	**425 000**	–	**425 000**	–
Commercial paper			**890 000**	321 000	**890 000**	321 000
	6 Dec 2012	3-month JIBAR + 0,23%	**–**	321 000	**–**	321 000
	6 Dec 2013	3-month JIBAR + 0,21%	**400 000**	–	**400 000**	–
	21 Mar 2014	3-month JIBAR + 0,65%	**490 000**	–	**490 000**	–
Total bonds and commercial paper			**2 429 000**	821 000	**2 429 000**	821 000

The average all-in interest rate in respect of total group borrowings is 8,0% (2012: 6,91%).

Total group borrowings represent 40,5% (2012: 50,7%) of the value of property assets and listed securities.

Group interest-bearing borrowings have been secured by mortgage loans over investment property and pledges over listed securities to the value of R25,5 billion (2012: R31,6 billion).

Certain loans are repayable in the next 12 months in terms of the original loan agreements and have been disclosed as current.

During the year Redefine restructured and renegotiated certain loans, to optimise funding costs and maturity profiles.

22. Interest rate swaps

	Nominal value R000	Maturity	Rate	GROUP 2013 R000	GROUP 2012 R000	COMPANY 2013 R000	COMPANY 2012 R000
South Africa							
Interest rate swap agreements	230 000	8 Oct 2018	10,48%	**30 300**	54 762	**30 300**	54 762
	413 795	12 Nov 2018	8,86%	**22 920**	61 053	**22 920**	61 053
	230 000	12 Aug 2020	7,72%	**(1 513)**	20 634	**(1 513)**	20 634
	295 000	12 Feb 2018	7,70%	**4 622**	26 917	**4 622**	26 917
	100 000	17 Feb 2014	7,19%	**1 004**	3 412	**1 004**	3 412
	100 000	1 Jun 2014	7,50%	**1 771**	4 642	**1 771**	4 642
	160 000	12 May 2016	7,58%	**3 734**	12 348	**3 734**	12 348
	250 000	1 Jun 2016	8,06%	**9 083**	23 831	**9 083**	23 831
	140 000	11 Nov 2018	10,64%	**18 744**	33 871	**18 744**	33 871
	270 000	12 Aug 2020	7,72%	**(2 567)**	23 308	**(2 567)**	23 308
	355 000	14 Feb 2018	7,70%	**4 735**	31 444	**4 735**	31 444
	190 000	12 May 2016	7,58%	**4 163**	14 323	**4 163**	14 323
	100 000	17 Feb 2014	7,19%	**956**	3 359	**956**	3 359
	100 000	1 Jun 2014	7,50%	**1 698**	4 563	**1 698**	4 563
	85 000	5 Dec 2015	6,84%	**674**	4 165	**674**	4 165
	215 000	5 Dec 2015	6,84%	**1 976**	10 810	**1 976**	10 810
	250 000	16 Feb 2015	6,37%	**1 259**	7 586	**1 259**	7 586
	250 000	16 Feb 2017	6,94%	**(1 198)**	13 250	**(1 198)**	13 250
	100 000	3 Jul 2015	5,76%	**(848)**	1 510	**(848)**	1 510
	250 000	1 Jun 2016	8,06%	**8 723**	23 364	**8 723**	23 364
	200 000	31 Aug 2017	6,56%	**–**	21 824	**–**	21 824
	320 000	20 Feb 2018	6,59%	**(12 794)**	–	**(12 794)**	–
	200 000	4 Jul 2016	9,74%	**(6 579)**	–	**(6 579)**	–
	500 000	9 Apr 2018	6,57%	**(20 948)**	–	**(20 948)**	–
	300 000	21 Aug 2017	8,04%	**1 118**	–	**1 118**	–
	500 000	5 Apr 2018	6,71%	**(18 968)**	–	**(18 968)**	–
	350 000	21 Aug 2017	8,10%	**1 828**	–	**1 828**	–
	150 000	30 Aug 2016	7,86%	**630**	–	**630**	–
	750 000	5 Apr 2018	6,66%	**(29 581)**	–	**(29 581)**	–
Swaption							
	413 795	12 Nov 2018	8,86%	**1 653**	10 255	**1 653**	10 255
Foreign							
Interest rate swap agreements	2 674 308	15 Oct 2012	4,95%	**–**	12 337	**–**	–
	1 534 953	20 Oct 2012	4,77%	**–**	7 461	**–**	–
	84 430	19 Sept 2015	1,54%	**–**	826	**–**	–
	101 779	15 Apr 2014	4,61%	**–**	7 132	**–**	–
	90 337	15 Apr 2014	4,20%	**–**	5 719	**–**	–
	41 002	15 Apr 2014	4,20%	**–**	2 571	**–**	–
	224 107	4 Mar 2013	2,45%	**–**	3 272	**–**	–
	906 646	30 Nov 2015	2,32%	**–**	43 903	**–**	–
	101 774	4 Mar 2013	5,45%	**–**	5 482	**–**	–
	230 276	1 Aug 2014	4,89%	**–**	21 008	**–**	–
	616 083	9 May 2013	2,73%	**–**	9 070	**–**	–
	50 815	8 Oct 2018	0,73%	**–**	1 385	**–**	–
	110 689	8 Oct 2018	0,73%	**–**	3 056	**–**	–
	155 226	30 Sept 2016	1,69%	**–**	5 657	**–**	–
Balance at end of year				**26 595**	540 110	**26 595**	411 231
Reflected under:							
Non-current liabilities				**10 430**	468 064	**10 430**	411 231
Current liabilities				**16 165**	72 046	**16 165**	–
Total interest rate swaps				**26 595**	540 110	**26 595**	411 231

	GROUP		COMPANY	
	2013 R000	2012 R000	**2013 R000**	2012 R000
23. Other financial liabilities				
Consist of:				
Employee share appreciation scheme (refer to note 23.1)	**26 173**	24 886	**26 173**	24 886
Financial guarantee contract*	**37 507**	53 829	**37 507**	53 829
	63 680	78 715	**63 680**	78 715
**Refer to note 11 for terms of the guarantee contract.*				
Reflected under:				
Non-current liabilities	**52 241**	62 767	**52 241**	62 767
– Employee share appreciation scheme (refer to note 23.1)	**14 734**	15 260	**14 734**	15 260
– Financial guarantee contract	**37 507**	47 507	**37 507**	47 507
Current liabilities	**11 439**	15 948	**11 439**	15 948
– Employee share appreciation scheme (refer to note 23.1)	**11 439**	9 626	**11 439**	9 626
– Financial guarantee contract	**–**	6 322	**–**	6 322
	63 680	78 715	**63 680**	78 715

23.1 Employee share appreciation scheme

Redefine has a share appreciation scheme. This scheme allows senior employees to earn incentives based on the appreciation of the share price over the strike price. The rights to these incentives vest equally over three and 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.

	GROUP 2013 R000	GROUP 2012 R000	COMPANY 2013 R000	COMPANY 2012 R000
Movement for the year				
Opening balance	**24 885**	5 193	**24 885**	5 193
Charge to profit or loss for the year	**10 914**	19 692	**10 914**	19 692
Paid during the year	**(9 626)**	–	**(9 626)**	–
Closing balance	**26 173**	24 885	**26 173**	24 885
Movement for the year – number of units				
Opening balance	**19 053 750**	13 800 000	**19 053 750**	13 800 000
Awarded (2012: R7,00)	**–**	5 253 750	**–**	5 253 750
Forfeited	**(1 605 000)**	–	**(1 605 000)**	–
Paid during the year	**(3 450)**	–	**(3 450)**	–
Closing balance	**17 445 300**	19 053 750	**17 445 300**	19 053 750

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**	**33,3% vesting each year from September 2013 to September 2015**
Strike price	**R6,50**	R7,00
Current price	**R9,16**	R9,16
Dividend yield (%)	**7,23**	7,23
Volatility (*based on a combination of Redefine's historical volatility adjusted for future expectations*) (%)	**25,15**	25,15
First tranche of scheme payable	September 2012	September 2013
Last tranche of scheme payable	September 2015	September 2015

The second tranche of the share incentive scheme will be paid on 3 September 2013 and therefore R11,4 million (2012: R9,6 million) has been disclosed as a current liability.

		GROUP		COMPANY	
		2013 R000	2012 R000	**2013 R000**	2012 R000
24.	**Provisions**				
	Balance at beginning of year	**161 769**	–	**–**	–
	Charged to profit or loss	**–**	161 769	**–**	–
	Reversed on deconsolidation of RIN	**(161 769)**	–	**–**	–
	Balance at end of year	**–**	161 769	**–**	–
	In the prior year external loan facilities to joint ventures owned by RIN, which had a nominal value of R2,65 billion (£197,97 million), were cross-collateralised against properties held directly by the group. These external loan liabilities were in excess of the value of the properties held by the joint ventures. A provision was created in the prior year based on the estimated potential future cash outflows for the group related to this cross-collateralisation.				
25.	**Deferred taxation**				
	Arising on:				
	Revaluation of property and listed securities investments	**85 433**	1 586 283	**85 165**	1 645 237
	Other timing differences	**508 371**	519 955	**137 326**	118 175
	Assessed loss	**(4 280)**	(25 869)	**–**	(18 834)
		589 524	2 080 369	**222 491**	1 744 578
	At beginning of year	**2 080 369**	1 426 797	**1 744 578**	1 241 727
	Arising on deemed disposal of subsidiary	**(33 333)**	–	**–**	–
	Arising on business combination (note 37)	**–**	176 540	**–**	–
	Charged to profit or loss	**(1 457 512)**	472 646	**(1 522 087)**	502 851
	Translation differences	**–**	4 386	**–**	–
	Balance at end of year	**589 524**	2 080 369	**222 491**	1 744 578

Change in capital gains tax rate

Redefine's application to JSE Limited for REIT status was approved on 5 July 2013, which is effective 1 September 2013.

As such, the group will not be liable for capital gains tax from 1 September 2013 on the disposal of directly held properties and local REIT securities. The restated balance of deferred tax at 1 September 2012 on investment properties and local REIT securities has been reduced to nil as, prospectively, capital gains tax will no longer apply.

In addition, deferred tax is no longer calculated on the straight-line rental income accrual as the rental accrual will form part of the group's distributions in the future. Given the conversion to a REIT, such distributions are fully deductible for tax purposes and hence no tax liability will arise on straight-line rental income accruals.

	GROUP		COMPANY	
	2013 R000	2012 R000	**2013 R000**	2012 R000
26. Trade and other payables				
Trade payables	**23 156**	73 019	**20 906**	12 744
Accrued expenses	**266 660**	183 397	**202 425**	172 645
Tenant deposits	**129 081**	90 456	**94 315**	90 365
Tenant receipts paid in advance	**101 735**	116 629	**84 121**	79 274
Municipal expenses	**212 155**	82 975	**136 290**	82 975
VAT	**20 868**	59 517	**15 385**	34 178
Sundry creditors	**54 580**	125 899	**43 408**	77 410
Redefine Properties International underwriting fee (note 43)	**–**	–	**–**	18 444
Accrued interest Corovest Mezzanine Capital Limited	**–**	88 051	**–**	–
Accrued interest	**–**	74 724	**–**	–
Subsidiary distribution payable to non-controlling interests	**139 820**	58 345	**–**	–
Balance at end of year	**948 055**	953 012	**596 850**	568 035
27. Net operating income				
Net operating income includes the following charges:				
Amortisation and depreciation	**77 489**	112 310	**14 518**	5 378
Auditor's remuneration	**5 840**	7 260	**1 862**	2 346
– External auditor	**5 838**	7 170	**1 860**	2 256
– Internal audit	**2**	90	**2**	90
Asset management fees	**810**	–	**–**	–
Staff costs	**108 987**	143 209	**99 442**	113 697
Defined contribution fund	**6 239**	5 227	**6 239**	5 227
Property management fees	**21 586**	15 831	**21 539**	15 799
Valuation fees paid to third parties	**2 822**	1 700	**2 822**	1 695
Share-based payment expense	**5 822**	–	**5 822**	–
Directors' emoluments (refer to directors' report, page 7)	**22 837**	16 410	**22 837**	16 410
Share appreciation rights expense (note 23)	**10 914**	19 692	**10 914**	19 692
Trading property cost of sales	**10 113**	10 786	**10 113**	12 804
28. Changes in fair value and gains on disposal of investments				
Property portfolio	**834 367**	648 877	**710 303**	648 877
– realised	**6 959**	(30 412)	**(3 221)**	(30 412)
– unrealised	**827 408**	679 289	**713 524**	679 289
Listed securities	**72 213**	1 270 028	**213 694**	1 230 265
– realised	**293 475**	77 769	**1 641 913**	1 110 532
– unrealised	**(221 262)**	1 192 259	**(1 428 219)**	119 733
Interest rate swaps - mark to market	**462 871**	(131 762)	**384 635**	(131 762)
Loss on sale of joint ventures	**–**	(15 312)	**–**	(15 312)
Other	**–**	233	**–**	233
	1 369 451	1 772 064	**1 308 632**	1 732 301
29. Impairment of financial assets				
Impairment of investment in subsidiary	**–**	–	**–**	(38 666)
	–	–	**–**	(38 666)

Impairment to investment in subsidiary relates to the write-down of RIN in the prior year.

		GROUP		COMPANY	
		2013 R000	2012 R000	**2013 R000**	2012 R000
30.	**Interest paid**				
	Interest paid on interest-bearing borrowings	**(989 407)**	(767 395)	**(866 665)**	(767 395)
		(989 407)	(767 395)	**(866 665)**	(767 395)
31.	**Interest received**				
	Cash invested	**12 488**	8 408	**1 586**	8 396
	Antecedent interest	**73 406**	17 901	**72 694**	17 901
	Vendor loans	**42 074**	40 784	**41 327**	40 784
	Other	**10 723**	9 139	**10 722**	9 139
	Interest received from subsidiaries	**–**	–	**704 198**	46 451
		138 691	76 232	**830 527**	122 671
	Antecedent interest arises when Redefine issues linked units at a market price that includes accrued interest.				
32.	**Foreign exchange loss**				
	Foreign exchange loss	**(81 279)**	(22 957)	**(87 944)**	(22 957)
33.	**Taxation**				
	Normal	**(67 856)**	(35 473)	**(56 173)**	(35 206)
	– Current	**(52 349)**	(35 268)	**(40 667)**	(34 952)
	– Prior year underprovision	**(15 507)**	(206)	**(15 506)**	(254)
	Deferred	**1 457 513**	(469 495)	**1 522 087**	(502 851)
		1 389 657	(504 968)	**1 465 914**	(538 057)
	Reconciliation between applicable taxation rate and effective taxation rate				
	SA normal taxation rate applied to income before taxation	**(306 736)**	(448 231)	**(415 591)**	(442 701)
	Taxation effect of:				
	– Capital gains taxation payable at lower rate	**(23)**	374 594	**–**	370 324
	– Disallowable expenditure	**–**	(9 366)	**–**	(7 923)
	– Exempt income	**182 939**	39 971	**255 555**	–
	– Capital gains tax paid	**(75 217)**	(34 952)	**(65 559)**	(34 952)
	– Deferred tax asset not recognised in respect of tax losses	**(17 360)**	(3 834)	**–**	–
	– Assessed loss utilised	**(18 833)**	1 177	**(18 833)**	–
	– Other taxes paid	**–**	(206)	**–**	(254)
	– Change in the capital gains tax inclusion rate	**–**	(424 121)	**–**	(422 551)
	– Change in the capital gains inclusion rate – REITS	**1 644 398**	–	**1 729 852**	–
	– Underestimate from prior year	**(15 507)**	–	**(15 506)**	–
	– Change in accounting estimate	**(4 004)**	–	**(4 004)**	–
		1 389 657	(504 968)	**1 465 914**	(538 057)

The group has unutilised tax losses of R62 million (2012: R13,7 million) for which a deferred tax asset has not been recognised.

	GROUP	
	2013 R000	2012 R000
34. Earnings, headline earnings and distributable earnings		
Earnings per linked unit are calculated on the weighted average number of units of 2 824 980 402 (2012: 2 694 913 598) and net income before taxation and interest distributions to linked unitholders of R2 billion (2012: R1,7 billion).		
Reconciliation of earnings, headline earnings and distributable earnings		
Profit for the year attributable to Redefine shareholders	**3 619 654**	342 079
Changes in fair values of properties (net of deferred taxation)	**(2 024 718)**	1 249 136
Changes in fair value of properties	**(768 703)**	948 293
Deferred taxation	**(1 256 015)**	300 843
Profit on deemed disposal of subsidiary	**(898 651)**	–
Capital gains tax paid	**64 542**	35 206
Headline profit attributable to Redefine shareholders	**760 827**	1 626 421
Debenture interest	**2 012 705**	1 742 715
Headline earnings attributable to linked unitholders	**2 773 532**	3 369 136
Changes in fair values of listed securities and financial instruments (net of deferred taxation)	**(718 943)**	(985 969)
Changes in fair values of listed securities and financial instruments	**(535 085)**	(1 175 371)
Deferred taxation	**(183 858)**	189 402
Fair value interest adjustment	**–**	365 584
Amortisation of intangibles (net of deferred taxation)	**45 256**	83 505
Amortisation of intangibles	**62 856**	101 105
Deferred taxation	**(17 600)**	(17 600)
Alignment of consolidated foreign profits with anticipated distributions	**47 589**	8 781
Straight-line rental income accrual	**(67 644)**	42 876
Unrealised foreign exchange	**85 552**	36 656
Fair value adjustment of associates and non-controlling interests	**(164 203)**	(1 163 292)
Fee income from foreign subsidiary	**–**	8 312
Capital write-offs included in administration costs	**–**	(22 874)
Pre-acquisition income on listed securities	**11 566**	–
Distributable earnings attributable to linked unitholders	**2 012 705**	1 742 715

No calculation of diluted headline earnings per share has been performed as there are no convertible securities or options in issue.

	GROUP		COMPANY	
	2013 R000	2012 R000	**2013 R000**	2012 R000
35. Cash generated from continuing operations				
Profit before taxation	**1 532 097**	1 600 825	**1 484 254**	1 581 075
Adjusted for:				
Non-cash flow items – refer below	**(1 858 337)**	(1 621 050)	**(1 217 374)**	(1 543 958)
Interest paid	**989 407**	767 395	**866 665**	767 395
Interest received	**(138 691)**	(76 232)	**(830 527)**	(122 671)
Debenture interest	**2 012 705**	1 742 715	**2 016 742**	1 746 476
Operating income before working capital changes	**2 537 181**	2 413 653	**2 319 760**	2 428 317
Working capital changes	**316 503**	230 598	**244 860**	231 369
Trade, listed security income and other receivables	**231 031**	159 716	**223 787**	155 207
Properties held-for-trading	**1 884**	5 219	**1 884**	5 219
Trade and other payables	**83 588**	65 663	**19 189**	70 943
	2 853 684	2 644 251	**2 564 620**	2 659 686
Non-cash flow items				
Depreciation and amortisation	**77 489**	68 289	**14 518**	5 378
Impairments	**–**	–	**–**	38 666
Fair value adjustments	**(1 369 451)**	(1 772 064)	**(1 308 632)**	(1 732 301)
Straight-line rental income accrual	**(67 644)**	42 876	**(80 057)**	42 876
Foreign exchange gain	**81 279**	22 957	**87 944**	22 957
Guarantee fee income	**(10 000)**	(2 493)	**(10 000)**	(2 493)
Equity-accounted results of associate	**(329 656)**	–	**–**	–
Other non-cash flow items	**(303 052)**	(41 649)	**17 443**	19 925
Lease commissions and amortised tenant installations	**62 698**	61 034	**61 410**	61 034
	(1 858 337)	(1 621 050)	**(1 217 374)**	(1 543 958)
36. Distributions paid				
Distributions payable at beginning of year	**897 162**	993 189	**899 072**	995 364
Distributions declared	**2 012 705**	1 742 715	**2 016 742**	1 746 476
Distributions payable at end of year	**(1 025 396)**	(897 162)	**(1 027 453)**	(899 072)
	1 884 471	1 838 742	**1 888 361**	1 842 768

37. Business combinations

2013

37.1 Fountainhead Property Trust

It was Redefine's stated intention to obtain a meaningful stake in Fountainhead in the event of Redefine's proposal to acquire the assets of Fountainhead not proceeding, to ensure alignment of interest between Redefine and Fountainhead unitholders. As a result of Redefine's withdrawal of its offer to acquire the Fountainhead assets which was announced on 20 March 2013, it accordingly proceeded to acquire an equity stake in Fountainhead. Effective 27 March 2013, Redefine acquired 529 707 447 Fountainhead units, representing 45,6% of Fountainhead units in issue. The Fountainhead units were acquired for an aggregate consideration of R4,582 billion, comprising Hyprop units, cash and Redefine units.

Subsequent to the business combination date Redefine acquired an additional 47 738 143 Fountainhead units for an aggregate consideration of R376 million, settled in cash. The additional Fountainhead units purchased increased Redefine's holding to 49,7% of the Fountainhead units in issue.

The acquired controlling interest contributed revenues of R488 million and net profit after tax of R437 million to the group for five months since acquisition. These amounts have been calculated using the group's accounting policies.

If the controlling interest had been acquired on 1 September 2012, the revenue and profit after tax from this business would have been R541 million and R381 million respectively.

	GROUP 2013 R000
37. Business combinations continued	
2013	
37.1 Fountainhead Property Trust continued	
Purchase consideration	
Cost of shares acquired	4 582 417
Total purchase consideration	4 582 417
The assets and liabilities as at 27 March 2013 arising from the acquisition are as follows:	
Fair value	
Investment property including straight-line rental income adjustment	10 972 389
Cash and cash equivalents	342 302
Trade and other receivables**	91 250
Trade and other payables	(144 368)
Interest-bearing liabilities	(2 867 777)
Linked unitholders for distribution	(303 584)
Fair value of net assets	8 090 212
Non-controlling interest acquired	(4 401 075)
Goodwill*	893 280
Total purchase consideration	4 582 417
Purchase consideration	4 582 417
– Settled in cash	501 645
– Settled in Redefine units	854 430
– Settled in Hyprop units	3 165 013
– Fair value of existing interest in Fountainhead	61 329
Cash and cash equivalents in subsidiary acquired	(342 302)
Cash outflow on acquisition	159 343

**The goodwill arises as a result of the expected synergies from the acquisition.*

***Gross contractual amounts receivable are R100,6 million, the group's best estimate of the contractual cash flow not expected to be collected is R9,4 million.*

37.2 Electricity recovery business

On 14 April 2013 Redefine acquired an electricity recovery business. The acquired business contributed revenues of R152 million and net profit after tax of R17 million to the group for the four and a half months since the acquisition. These amounts have been calculated using the group's accounting policies. If the business had been acquired on 1 September 2012, the revenue and profit after tax from the business would have been R405 million and R44 million respectively. As the purchase price adjustment account has not yet been finalised, a detailed assessment of the identifiable assets and liabilities acquired and their respective fair values had not yet been completed at year-end. The purchase consideration has been provisionally allocated to intangible assets. Once the detailed assessment is completed, the required adjustments will be processed. The purchase consideration was R270 million, settled in cash.

37. Business combinations continued

2012

On 1 August 2012 the group acquired 100% of the share capital and the loan claims of Evening Star Trading 768 Proprietary Limited and Fountainhead Property Trust Management Limited for R684,5 million.

The acquired businesses contributed revenues of R5,1 million and net profit after tax of R4,1 million to the group for one month since acquisition. These amounts have been calculated using the group's accounting policies.

If the businesses had been acquired on 1 September 2011, management estimates that the revenue and profit after tax from these businesses would have been R61 million and R48,7 million respectively.

Details of the net assets acquired and goodwill are as follows:

	GROUP
	2012 R000
Purchase consideration	
Cost of shares acquired	361 610
Loan claims acquired	322 890
Total purchase consideration	684 500
The assets and liabilities as at 1 August 2012 arising from the acquisition are as follows:	
Fair value	
Cash and cash equivalents	18 161
Listed securities	2 322
Intangible assets	655 133
Trade and other receivables	9 886
Trade and other payables	(6 316)
Shareholders' loan	(322 890)
Tax liabilities	(1 583)
Deferred tax	(176 540)
Fair value of net assets	178 173
Goodwill*	183 437
Shareholders' loan acquired	322 890
Total cash flow on acquisition	684 500
Purchase consideration settled in cash	684 500
Cash and cash equivalents in subsidiary acquired	(18 161)
Cash outflow on acquisition	666 339

* *The goodwill arises as a result of the expected synergies from the acquisition.*

In the prior year the business combinations were accounted for using provisional figures in terms of IFRS 3 *Business Combinations*. The excess of the purchase price over the company's provisional net assets has been reflected as goodwill and intangible assets. Due to the fact that the effective date of the combination was near to year-end, the finalisation of the acquired asset valuations was not complete at reporting date. A detailed assessment of assets, liabilities and contingent liabilities acquired was completed during the 2013 financial year and no adjustments were required to be passed.

		GROUP		COMPANY	
		2013 R000	2012 R000	**2013 R000**	2012 R000
38.	**Commitments**				
38.1	**Capital commitments**				
	Property acquisitions*	**2 431 291**	1 321 934	**2 272 291**	1 254 294
	Property under development	**2 335 717**	494 388	**2 335 717**	494 388
	Capital improvements on investment properties	**884 611**	460 505	**629 611**	425 275
	– approved and committed	**787 611**	425 275	**532 611**	425 275
	– approved and not yet committed	**97 000**	35 230	**97 000**	–
		5 651 619	2 276 827	**5 237 619**	2 173 957
	**The agreements governing the acquisition of the Nicol Grove Precinct properties from Zenprop remain subject to various regulatory approvals. The long-stop date after transfer of each of the Nicol Grove Precinct properties is 31 January 2014, 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 R815 million.*				
38.2	**Operating expense commitments**				
	Contractual commitments are in respect of general maintenance of lifts, escalators and air-conditioning installations				
	– Due within one year	**122 575**	163 859	**122 575**	163 859
	– Due within two to five years	**118 011**	60 205	**118 011**	60 205
		240 586	224 064	**240 586**	224 064
38.3	**Operating lease commitments**				
	Commitments due in respect of leases entered into by Redefine on leasehold property				
	– Due within one year	**11 572**	12 806	**11 572**	12 806
	– Due within two to five years	**38 529**	31 839	**38 529**	31 839
	– Due beyond five years	**253 001**	277 502	**253 001**	277 502
		303 102	322 147	**303 102**	322 147
39.	**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 agreements on investment properties.				
	– Receivable within one year	**2 593 121**	3 272 256	**2 446 201**	2 315 024
	– Receivable within two to five years	**5 737 930**	8 680 105	**5 508 523**	5 278 941
	– Receivable beyond five years	**5 335 542**	10 065 258	**5 210 980**	5 496 430
		13 666 593	22 017 619	**13 165 704**	13 090 395

40. Contingent liabilities and guarantees

Suretyships limited to R180 million (2012: R309 million) have been provided relating to BEE initiatives.

At the date of this report the company has provided guarantees in respect of the loans to Clearwater to a maximum of R72,3 million (2012: R72,3 million) and issued a guarantee to BDL Management Limited for R20 million.

A put option is in issue to acquire 36,5 million RI PLC shares with a value of R242 million from Aviva Commercial Financing.

In the prior year RIN had a guarantee agreement with IHG Hotels Limited, the contingent liability of which was not expected to exceed R4 million.

41. 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, guarantee fees, 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.

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.

41.1 Credit risk management

Potential areas of credit risk consist of trade receivables, loans receivable and short-term cash investments. Loans receivable balances are mitigated through security on loans advanced. Refer to security detailed in note 9. 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.

	GROUP		COMPANY	
	2013 R000	2012 R000	**2013 R000**	2012 R000
The group/company held tenant cash deposits and guarantees with a fair value of R20,4 million and R4 million respectively (2012: R19,7 million and R14,1 million) at 31 August 2013	**20 403**	19 693	**4 027**	14 097
The group impairment allowance at 31 August 2013 was R30 million (2012: R19,7 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.				
Ageing of impaired trade receivables				
Not more than 30 days	**7 665**	10 779	**6 295**	5 184
More than 30 days but not more than 60 days	**2 648**	511	**1 172**	511
More than 60 days but not more than 90 days	**6 318**	646	**1 284**	645
More than 90 days	**13 418**	7 757	**12 426**	7 757
Total	**30 049**	19 693	**21 177**	14 097

	GROUP 2013 R000	GROUP 2012 R000	COMPANY 2013 R000	COMPANY 2012 R000
41. Financial risk management continued				
41.1 Credit risk management continued				
Movements on the allowance for the impairment of trade receivables are as follows:				
Opening balance	**19 693**	8 711	**14 097**	8 550
Impairment losses recognised on receivables	**22 586**	16 410	**13 172**	10 815
Impairment losses reversed on receivables	**(12 230)**	(5 428)	**(6 092)**	(5 268)
Closing balance	**30 049**	19 693	**21 177**	14 097
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 2013 trade receivables of R20,1 million (2012: R175,5 million) were considered past due but not impaired. These include varied customers with no recent history of payment default.				
The ageing of these trade receivables is as follows:				
Ageing of trade receivables past due but not impaired				
Not more than 30 days	**16 227**	26 016	**16 227**	17 206
More than 30 days but not more than 60 days	**2 050**	20 338	**2 050**	2 718
More than 60 days but not more than 90 days	**1 831**	27 122	**1 831**	692
More than 90 days	**–**	102 063	**–**	4 605
Total	**20 108**	175 539	**20 108**	25 221

41. Financial risk management continued

41.2 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 2013				
Financial assets				
Listed securities	–	–	2 050 203	2 050 203
Loans receivable	113 504	647 722	190 020	951 246
Other financial assets	78 236	–	–	78 236
Guarantee fees receivable	–	50 000	–	50 000
Trade and other receivables	453 483	–	–	453 483
Listed security income	48 051	–	–	48 051
Cash and cash equivalents	358 908	–	–	358 908
Total financial assets	1 052 182	697 722	2 240 223	3 990 127
Interest payments relating to loans receivable above	10 838	27 096	4 028	41 962
Financial liabilities				
Debenture capital	–	–	5 085 419	5 085 419
Interest-bearing liabilities	1 640 000	13 315 192	60 175	15 015 367
Interest rate swaps	16 165	10 430	–	26 595
Other financial liabilities	11 439	52 241	–	63 680
Trade and other payables	948 055	–	–	948 055
Linked unitholders for distribution	1 025 396	–	–	1 025 396
Total financial liabilities	3 641 055	13 377 863	5 145 594	22 164 512
Interest payments relating to interest-bearing liabilities above	82 182	748 557	6 037	836 776
Issued guarantees (the maturity has been assumed as the first potential date of drawdown)	80 052	–	–	80 052
Year ended 31 August 2012				
Financial assets				
Listed securities	–	–	5 341 485	5 341 485
Loans receivable	12 546	1 527 301	–	1 539 847
Other financial assets	2 377	–	2 972	5 349
Guarantee fees receivable	21 349	50 000	–	71 349
Trade and other receivables	678 791	–	–	678 791
Listed security income	155 574	–	–	155 574
Cash and cash equivalents	351 333	–	–	351 333
Total financial assets	1 221 970	1 577 301	5 344 457	8 143 728
Interest payments relating to loans receivable above	166 810	480 271	–	647 081
Financial liabilities				
Debenture capital	–	–	4 791 714	4 791 714
Interest-bearing liabilities	6 793 374	11 540 567	1 108 165	19 442 106
Interest rate swaps	72 046	201 376	266 688	540 110
Other financial liabilities	15 948	62 767	–	78 715
Trade and other payables	953 012	–	–	953 012
Linked unitholders for distribution	897 162	–	–	897 162
Total financial liabilities	8 731 542	11 804 710	6 166 567	26 702 819
Interest payments relating to interest-bearing liabilities above	949 812	1 872 575	684 373	3 506 760
Issued guarantees (the maturity has been assumed as the first potential date of drawdown)	384 919			384 919

41. Financial risk management continued

41.2 Liquidity risk continued

Financial instruments by category

GROUP	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	Financial instruments beyond the scope of IFRS 7 and non-financial instruments R000	Total R000
Year ended 31 August 2013						
Financial assets						
Listed securities	–	2 050 203	–	–	–	2 050 203
Loans receivable	951 246	–	–	–	–	951 246
Other financial assets#	–	78 236	–	–	–	78 236
Guarantee fees receivable	50 000	–	–	–	–	50 000
Trade and other receivables	216 820	–	–	–	236 663	453 483
Listed security income	48 051	–	–	–	–	48 051
Cash and cash equivalents	358 908	–	–	–	–	358 908
Total financial assets	1 625 025	2 128 439	–	–	236 663	3 990 127
Financial liabilities						
Debenture capital	–	–	5 085 419	–	–	5 085 419
Interest-bearing liabilities	–	–	15 015 367	–	–	15 015 367
Interest rate swaps#	–	–	–	26 595	–	26 595
Other financial liabilities	–	–	–	37 507	26 173	63 680
Trade and other payables	–	–	897 534	–	50 521	948 055
Linked unitholders for distribution	–	–	1 025 396	–	–	1 025 396
Total financial liabilities	–	–	22 023 716	64 102	76 694	22 164 512
# The derivatives of R78 million included in other financial assets and R26,6 million included in interest rate swaps are classified as held-for-trading in terms of IAS 39.						
Year ended 31 August 2012						
Financial assets						
Listed securities	–	5 341 485	–	–	–	5 341 485
Loans receivable	1 539 847	–	–	–	–	1 539 847
Other financial assets#	–	5 349	–	–	–	5 349
Guarantee fees receivable	71 349	–	–	–	–	71 349
Trade and other receivables	527 065	–	–	–	151 726	678 791
Listed security income	155 574	–	–	–	–	155 574
Cash and cash equivalents	351 333	–	–	–	–	351 333
Total financial assets	2 645 168	5 346 834	–	–	151 726	8 143 728
Financial liabilities						
Debenture capital	–	–	4 791 714	–	–	4 791 714
Interest-bearing liabilities	–	–	19 442 106	–	–	19 442 106
Interest rate swaps#	–	–	–	540 110	–	540 110
Other financial liabilities	–	–	–	53 829	24 886	78 715
Trade and other payables	–	–	867 685	–	85 327	953 012
Linked unitholders for distribution	–	–	897 162	–	–	897 162
Total financial liabilities	–	–	25 998 667	593 939	110 213	26 702 819

^ For all financial instruments carried at amortised cost, due to the fact that interest is market-related, the amortised cost approximates the fair value.
 # The derivatives of R2,3 million included in other financial assets and R540,1 million included in interest rate swaps are classified as held-for-trading in terms of IAS 39.

41. Financial risk management continued

41.2 Liquidity risk continued

COMPANY	Less than 1 year R000	1 – 5 years R000	More than 5 years R000	Total R000
Year ended 31 August 2013				
Financial assets				
Listed securities	–	–	2 050 203	2 050 203
Loans receivable	113 504	601 340	190 020	904 864
Other financial assets	–	–	–	–
Guarantee fees receivable	–	50 000	–	50 000
Trade and other receivables	334 101	–	–	334 101
Listed security income	24 240	–	–	24 240
Cash and cash equivalents	18 769	–	–	18 769
Total financial assets	490 614	651 340	2 240 223	3 382 177
Interest payments relating to loans receivable above	10 838	32 698	4 028	47 564
Financial liabilities				
Debenture capital	–	–	5 095 620	5 095 620
Interest-bearing liabilities	890 000	10 077 632	–	10 967 632
Interest rate swaps	16 165	10 430	–	26 595
Other financial liabilities	11 439	52 241	–	63 680
Trade and other payables	596 850	–	–	596 850
Linked unitholders for distribution	1 027 453	–	–	1 027 453
Total financial liabilities	2 541 907	10 140 303	5 095 620	17 777 830
Interest payments relating to interest-bearing liabilities above	48 853	660 512	–	709 365
Issued guarantees (the maturity has been assumed as the first potential date of drawdown)	80 052	–	–	80 052
Year ended 31 August 2012				
Financial assets				
Listed securities	–	–	3 810 174	3 810 174
Loans receivable	12 546	100 000	68 015	180 561
Guarantee fees receivable	21 349	50 000	–	71 349
Trade and other receivables	386 704	–	–	386 704
Listed security income	174 075	–	–	174 075
Cash and cash equivalents	35 863	–	–	35 863
Total financial assets	630 537	150 000	3 878 189	4 658 726
Interest payments relating to loans receivable above	15 417	29 912	5 053	50 382
Financial liabilities				
Debenture capital	–	–	4 801 915	4 801 915
Interest-bearing liabilities	1 425 854	7 600 377	69 278	9 095 509
Interest rate swaps	–	148 986	262 245	411 231
Other financial liabilities	15 948	62 767	–	78 715
Trade and other payables	568 035	–	–	568 035
Linked unitholders for distribution	899 071	–	–	899 071
Total financial liabilities	2 908 908	7 812 130	5 133 438	15 854 476
Interest payments relating to interest-bearing liabilities above	646 163	1 338 233	139 425	2 123 821

41. Financial risk management continued

41.2 Liquidity risk continued

Financial instruments by category

COMPANY	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	Financial instruments beyond the scope of IFRS 7 and non-financial instruments R000	Total R000
Year ended 31 August 2013						
Financial assets						
Listed securities	**–**	**2 050 203**	**–**	**–**	**–**	**2 050 203**
Loans receivable	**904 864**	**–**	**–**	**–**	**–**	**904 864**
Guarantee fees receivable	**50 000**	**–**	**–**	**–**	**–**	**50 000**
Trade and other receivables	**165 231**	**–**	**–**	**–**	**168 870**	**334 101**
Listed security income	**24 240**	**–**	**–**	**–**	**–**	**24 240**
Cash and cash equivalents	**18 769**	**–**	**–**	**–**	**–**	**18 769**
Total financial assets	**1 163 104**	**2 050 203**	**–**	**–**	**168 870**	**3 382 177**
Financial liabilities						
Debenture capital	**–**	**–**	**5 095 620**	**–**	**–**	**5 095 620**
Interest-bearing liabilities	**–**	**–**	**10 967 632**	**–**	**–**	**10 967 632**
Interest rate swaps#	**–**	**–**	**–**	**26 595**	**–**	**26 595**
Other financial liabilities	**–**	**–**	**–**	**37 507**	**26 173**	**63 680**
Trade and other payables	**–**	**–**	**553 370**	**–**	**43 480**	**596 850**
Linked unitholders for distribution	**–**	**–**	**1 027 453**	**–**	**–**	**1 027 453**
Total financial liabilities	**–**	**–**	**17 644 075**	**64 102**	**69 653**	**17 777 830**
# The R26,6 million included in interest rate swaps are classified as held-for-trading in terms of IAS 39.						
Year ended 31 August 2012						
Financial assets						
Listed securities	–	3 810 174	–	–	–	3 810 174
Loans receivable	180 561	–	–	–	–	180 561
Guarantee fees receivable	71 349	–	–	–	–	71 349
Trade and other receivables	243 143	–	–	–	143 561	386 704
Listed security income	174 075	–	–	–	–	174 075
Cash and cash equivalents	35 863	–	–	–	–	35 863
Total financial assets	704 991	3 810 174	–	–	143 561	4 658 726
Financial liabilities						
Debenture capital	–	–	4 801 915	–	–	4 801 915
Interest-bearing liabilities	–	–	9 095 509	–	–	9 095 509
Interest rate swaps#	–	–	–	411 231	–	411 231
Other financial liabilities	–	–	–	53 829	24 886	78 715
Trade and other payables	–	–	508 537	–	59 498	568 035
Linked unitholders for distribution	–	–	899 071	–	–	899 071
Total financial liabilities	–	–	15 305 032	465 060	84 384	15 854 476

^ For all financial instruments carried at amortised cost, due to the fact that interest is market-related, the amortised cost approximates the fair value.
 # The R411,2 million included in interest rate swaps are classified as held-for-trading in terms of IAS 39.

41. Financial risk management continued

41.3 Market risk

Interest rate risk

The group is exposed to interest rate risk through its variable rate cash balances, receivables, payables and long-term balances.

The group reduces its exposure to changes in interest rates by fixing interest rates in respect of 66% of its local borrowings. This is achieved by entering into agreements to receive variable and pay fixed interest rates.

An increase (or decrease) of 1% in interest rates for the year ended 31 August 2013 would have decreased (increased) distributions to unitholders by approximately R167,7 million (2012: R26,4 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 R201 million (2012: R267 million).

Currency risk

The group is exposed to currency risk through its Isle of Man loans. As the risk is immaterial, these loans have not been hedged or presented for analysis

41.4 Fair value hierarchy

IFRS 7 requires that an entity discloses 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	Level 1	Level 2	Level 3
Year ended 31 August 2013				
Financial assets				
Listed securities	2 050 203	2 050 203	–	–
Other financial assets	78 236	–	78 236	–
Total financial assets	2 128 439	2 050 203	78 236	–
Financial liabilities				
Interest rate swaps	26 595	–	26 595	–
Other financial liabilities	37 507	–	37 507	–
Total financial liabilities	64 102	–	64 102	–

41. Financial risk management continued

41.4 Fair value hierarchy continued

COMPANY	Designated at fair value	Level 1	Level 2	Level 3
Year ended 31 August 2013				
Financial assets				
Listed securities	2 050 203	2 050 203	–	–
Total financial assets	2 050 203	2 050 203	–	–
Financial liabilities				
Interest rate swaps	26 595	–	26 595	–
Other financial liabilities	37 507	–	37 507	–
Total financial liabilities	64 102	–	64 102	–

41.4.1 Reconciliation between the opening balance and closing balance for fair value measurements in Level 3

	Total R000
Opening balance	2 972
Other financial assets – interest rate caps (deconsolidation of RIN)	(2 972)
Closing balance	–

There have been no transfers between Levels 1 to 3 and there have been no changes to the valuation methods used.

GROUP	Designated at fair value	Level 1	Level 2	Level 3
Year ended 31 August 2012				
Financial assets				
Listed securities	5 341 485	5 341 485	–	–
Other financial assets	5 349	–	2 377	2 972
Total financial assets	5 346 834	5 341 485	2 377	2 972
Financial liabilities				
Interest rate swaps	540 111	–	540 111	–
Other financial liabilities	53 830	–	53 830	–
Total financial liabilities	593 941	–	593 941	–

COMPANY	Designated at fair value	Level 1	Level 2	Level 3
Year ended 31 August 2012				
Financial assets				
Listed securities	3 810 174	3 810 174	–	–
Total financial assets	3 810 174	3 810 174	–	–
Financial liabilities				
Interest rate swaps	411 231	–	411 231	–
Other financial liabilities	53 830	–	53 830	–
Total financial liabilities	465 061	–	465 061	–

42. Capital management

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.

Redefine's borrowings at 31 August 2013 represented 40,5% (2012: 32,2% excluding RI and RIFM) 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		COMPANY	
	2013 R000	2012 R000	2013 R000	2012 R000
Value of the property portfolio	**35 104 077**	21 619 736	**22 588 383**	21 496 433
– Consolidated property portfolio	**35 104 077**	31 896 062	**22 588 383**	21 496 433
– Ringfenced international property portfolio	**–**	(10 276 326)	**–**	–
Value of listed investments	**6 278 562**	6 461 159	**9 478 756**	4 929 848
– Consolidated listed investments	**3 964 963**	5 341 485	**2 820 572**	3 810 174
– Investment in RIN	**2 313 599**	1 119 674	**2 313 599**	1 119 674
– Investment in Fountainhead*	**–**	–	**4 344 585**	–
South African property portfolio and listed investments	**41 382 639**	28 080 895	**32 067 139**	26 426 281
45% (2012: 45%) thereof	**18 622 188**	12 636 403	**14 430 213**	11 891 827
South African borrowings utilised	**16 771 156**	9 160 736	**12 723 421**	9 095 509
– Consolidated borrowings	**16 771 156**	19 442 106	**12 723 421**	9 095 509
– Ringfenced international borrowings	**–**	(10 281 371)	**–**	–
South African property portfolio and listed investments	**1 851 032**	3 475 667	**1 706 792**	2 796 318

** Held through investment in Redefine Retail Proprietary Limited.*

In the prior year RI and RIFM borrowings of R10,3 billion were negotiated directly by them and had no recourse to Redefine's South African statement of financial position whatsoever, and were 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.

	GROUP		COMPANY	
	2013 R000	2012 R000	**2013 R000**	2012 R000
43. 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.				
Related parties with whom Redefine transacted during the year were:				
Redefine Properties long-term incentive scheme	**190 020**	–	**190 020**	–
Redefine Properties International Limited				
Income comprising interest distributions	**142 849**	–	**142 849**	130 987
Underwriting fees	**–**	–	**18 444**	8 312
Underwriting fees received in advance	**–**	–	**–**	18 444
Relationship: Associate company				
Madison Property Fund Managers Limited				
Income comprising interest distributions	**–**	–	**52 345**	3 996
Loan payable	**–**	–	**313 789**	198 469
Relationship: Subsidiary company				
Freedom Square Proprietary Limited				
Loans receivable	**–**	–	**65 296**	68 015
Interest received	**–**	–	**6 349**	5 788
Development fee income	**–**	–	**1 500**	–
Relationship: Subsidiary company				
Redefine Pacific Proprietary Limited				
Interest received	**–**	–	**747**	–
Loan receivable	**–**	–	**111 715**	–
Relationship: Subsidiary company				
Fountainhead Property Trust				
Development fee	**–**	–	**618**	–
Relationship: Subsidiary trust				
Fountainhead Property Trust Management Limited				
Dividend received	**–**	–	**9 000**	–
Relationship: Subsidiary company				
Redefine Retail Proprietary Limited				
Income comprising interest distributions	**–**	–	**471 114**	–
Loan receivable	**–**	–	**5 386 575**	1 839 692
Relationship: Subsidiary company				
Evening Star 768 Proprietary Limited				
Interest received	**–**	–	**30 793**	2 757
Loan receivable	**–**	–	**296 466**	325 646
Relationship: Subsidiary company				
Arrowhead Properties Limited				
Income comprising interest distributions	**–**	–	**–**	37 906
Relationship: Subsidiary company from 1 September 2011 to 9 December 2011				
Directors' emoluments				
Non-executive directors (refer to page 6)	**2 441**	1 933	**2 441**	1 933
Executive directors (refer to page 7)	**20 396**	14 477	**20 396**	14 477

44. Subsequent events

On 28 October 2013, 15,4 million Hyprop units were swapped for additional Fountainhead units, decreasing Redefine's holding in Hyprop from 11% (as at 31 August 2013) to 5%. As a consequence, Redefine now holds 61,7% of Fountainhead's units in issue.

RI PLC undertook a capital raise and Redefine acquired 36,5 million RI PLC shares (in terms of a put option), which in both cases resulted in the issue of additional shares. To remove inefficiencies at various levels in the RIN group structure, RIN's unitholders approved at a general meeting on 18 October 2013, the unbundling of the RI PLC shares held by RIN. Following the secondary listing on the JSE on 28 October 2013 of RI PLC, RIN will distribute all of the RI PLC shares it holds. As a consequence RIN will delist from the JSE and will commence the process of winding up. Redefine will now have a direct interest in RI PLC. As a result RIN's holding in RI PLC was reduced to 61,8% and Redefine acquired a direct holding of 3,5%, converting its effective interest in RI PLC to 33%.

Redefine has been granted REIT status with effect from 1 September 2013.

	GROUP		COMPANY	
	2013 R000	2012 R000	**2013 R000**	2012 R000
45. Jointly controlled assets				
East Rand Mall (50% interest)				
Undivided half share of the immovable property and letting enterprise with Vukile Property Fund Limited.				
Non-current assets	**1 115 000**	–	**–**	–
Current assets	**11 521**	–	**–**	–
Current liabilities	**15 164**	–	**–**	–
Income	**34 489**	–	**–**	–
Expenses	**4 626**	–	**–**	–
Dock Road (50% interest)				
1 Dock Road, a jointly controlled and co-owned asset between Redefine and SA Reit, is proportionally consolidated on a line-by-line basis.				
Non-current assets	**61 755**	61 752	**61 755**	61 752
Current assets	**710**	–	**710**	–
Income	**1 236**	–	**1 236**	–
Expenses	**627**	–	**627**	–
14 Piet Rautenbach (50% interest)				
Undivided half share of the immovable property and letting enterprise with JD Group Property Holdings Proprietary Limited.				
Non-current assets	**39 000**	–	**39 000**	–
Current liabilities	**50**	–	**50**	–
Income	**1 150**	–	**1 150**	–
Moresport DC (50% interest)				
Undivided half share of the immovable property and letting enterprise with KTR Sport Proprietary Limited.				
Non-current assets	**37 472**	–	**37 472**	–
Current assets	**985**	–	**985**	–
Current liabilities	**65**	–	**65**	–
Income	**272**	–	**272**	–

	GROUP 2013 R000	GROUP 2012 R000	COMPANY 2013 R000	COMPANY 2012 R000
45. Jointly controlled assets continued				
Chris Hani Crossing (50% interest)				
Undivided half share of the immovable property and letting enterprise with Chris Hani Crossing Share Block Proprietary Limited. Effective date 24 August 2012.				
Non-current assets	**267 250**	264 729	**267 250**	264 729
Current assets	**1 522**	583	**1 522**	583
Current liabilities	**–**	48	**–**	48
Income	**25 994**	649	**25 994**	649
Expenses	**2 895**	67	**2 895**	67
Dawn Distribution Centre (50% interest)				
Undivided half share of the immovable property and letting enterprise with Fin Properties 107 Proprietary Limited. Effective date 2 April 2012.				
Non-current assets	**201 300**	186 500	**201 300**	186 500
Current liabilities	**–**	401	**–**	401
Income	**16 825**	5 511	**16 825**	5 511

46. Segmental report

In the prior year the group was managed principally in two segments, local and international with the international segment being an independently managed and listed group entity, which was responsible for all aspects of their business. The international segment was managed by the company's board as a listed security. Following the Fountainhead acquisition the local segment is now divided into the subsectors of office, retail and industrial and the Fountainhead portfolio.

- On the statement of comprehensive income:
  – contractual rental income
  – property expenses
- On the statement of financial position:
  – 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 R000	Retail R000	Industrial R000	Foreign R000	Fountain-head R000	Total R000
2013						
Contractual rental income	1 200 156	1 026 981	437 024	–	488 810	3 152 971
Property expenses	(247 058)	(242 101)	(44 994)	–	(99 687)	(633 840)
Net property income	953 098	784 880	392 030	–	389 123	2 519 131

46. Segmental report continued

	Redefine R000	Foreign R000	Fountain-head R000	Total R000
2013				
Net property income	2 130 008	–	389 123	2 519 131
Straight-line rental income	86 606	–	(18 962)	67 644
Listed securities portfolio	311 046	–	–	311 046
Fee income	88 886	–	–	88 886
Property trading income	3 807	–	–	3 807
Revenue net of property expenses	2 620 353	–	370 161	2 990 514
Administrations costs	(96 210)	–	(29 987)	(126 197)
Depreciation	(23 771)	–	–	(23 771)
Segment profit from operations	2 500 372	–	340 174	2 840 546
Changes in fair values of properties, listed securities and financial instruments	1 191 592	–	177 859	1 369 451
Amortisation of intangibles	(62 856)	–	–	(62 856)
Impairment losses	–	–	–	–
Interest in associates	–	329 656	–	329 656
Income from operations	3 629 108	329 656	518 033	4 476 797

	Office R000	Retail R000	Industrial R000	Other	Foreign R000	Fountain-head R000	Total R000
Investment properties (excluding development properties)	7 212 356	9 177 965	4 282 406	–	–	11 105 125	31 777 852
Non-current assets held-for-sale	2 167 796	74 000	25 838	1 912 567	907 444	–	5 087 645
	9 380 152	9 251 965	4 308 244	1 912 567	907 444	11 105 125	36 865 497

	Redefine R000	Foreign R000	Fountain-head R000	Total R000
Investment properties and non-current assets held-for-sale	24 852 928	907 444	11 105 125	36 865 497
Other assets	9 868 517	1 654 067	493 516	12 016 100
Total assets	34 721 445	2 561 511	11 598 641	48 881 597
Total liabilities (including debenture capital)	(24 807 674)	–	–	(24 807 674)
Total liabilities (excluding debenture capital)	(19 722 255)	–	–	(19 722 255)

46. Segmental report continued

	Office R000	Retail R000	Industrial R000	Foreign R000	Total R000
2012					
Contractual rental income	1 220 335	907 009	364 405	–	2 491 749
Property expenses	(281 556)	(198 374)	(76 112)	–	(556 042)
Net property income	938 779	708 635	288 293	–	1 935 707

	Local R000	Foreign R000	Total R000
Net property income	1 935 707	–	1 935 707
Straight-line rental income	(42 876)	–	(42 876)
Listed securities portfolio	511 036	–	511 036
Fee income	51 245	–	51 245
Property trading income	12 414	–	12 414
Revenue net of property expenses	2 467 526	–	2 467 526
Administration and corporate costs	(113 642)	–	(113 642)
Depreciation	(5 432)	–	(5 432)
Segment profit from operations	2 348 452	–	2 348 452
Changes in fair values of properties, listed securities and financial instruments	1 772 064	–	1 772 064
Amortisation of intangibles	(62 856)	–	(62 856)
Interest in associates	–	–	–
Income from operations	4 057 660	–	4 057 660

	Office R000	Retail R000	Industrial R000	Foreign R000	Total R000
Investment properties (excluding development properties)	9 522 696	7 602 649	3 953 621	8 326 838	29 405 804
Non-current assets held-for-sale	211 369	87 000	14 500	1 821 584	2 134 453
	9 734 065	7 689 649	3 968 121	10 148 422	31 540 257

	Local R000	Foreign R000	Total R000
Investment properties and non-current assets held-for-sale	21 391 835	10 148 422	31 540 257
Other assets	12 393 012	2 822 986	15 215 998
Total assets	33 784 847	12 971 408	46 756 255
Total liabilities (including debenture capital)	(17 958 704)	(12 245 636)	(30 204 340)
Total liabilities (excluding debenture capital)	(13 166 990)	(12 245 636)	(25 412 626)

Property information

Sectoral summary as at 31 August 2013

	Office	Retail	Industrial	Total
Core portfolio	7 212 356	9 177 965	4 282 406	**20 672 727**
Fountainhead*	1 779 100	8 418 725	907 300	**11 105 125**
Total investment property	**8 991 456**	**17 596 690**	**5 189 706**	**31 777 852**
Non-current assets held-for-sale	2 167 796	74 000	25 838	**2 267 634**
Development	453 375	325 434	255 833	**1 034 642**
Properties held for trading	–	23 949	–	**23 949**
	11 612 627	**18 020 073**	**5 471 377**	**35 104 077**

** Please refer to the Fountainhead website and annual report for a detailed property breakdown.*

Office

Single/ multi-tenants	Property name	Province	Value R000	GLA m²	GMR R	GMR R/m²	Vacany m²
Core property portfolio							
Multi-tenants	Standard Bank Centre	Western Cape	593 000	55 252	4 424 464	80,08	3 596
Single tenant	155 West Street	Gauteng	522 473	24 501	–	98,12	*
Multi-tenants	Commerce Square	Gauteng	368 400	16 439	3 392 151	206,35	573
Multi-tenants	Convention Tower	Western Cape	365 000	17 854	3 429 148	192,07	763
Single tenant	Thibault Square	Western Cape	363 000	30 434	–	98,12	*
Single tenant	Pier Place	Western Cape	300 000	14 746	–	98,12	*
Multi-tenants	Jewel City	Gauteng	285 000	42 948	3 469 726	80,79	2 930
Single tenant	22 Fredman Drive	Gauteng	244 100	10 974	–	98,12	*
Single tenant	De Beers House	Gauteng	203 000	11 919	–	98,12	*
Multi-tenants	Redefine Towers 320 West Street Durban	KwaZulu-Natal	182 400	22 787	2 350 332	103,14	–
Multi-tenants	Isivuno House	Gauteng	164 000	23 680	2 616 786	110,51	–
Single tenant	Esher Place	Gauteng	163 500	9 667	–	98,12	*
Multi-tenants	82 Maude	Gauteng	156 000	10 004	1 538 310	153,77	138
Multi-tenants	Nedbank Building Polokwane	Limpopo	135 700	13 626	1 249 129	91,67	607
Single tenant	Knowledge Park II	Western Cape	132 800	7 181	–	98,12	*
Single tenant	ABSA Investments Campus	Gauteng	121 555	10 469	–	98,12	*
Single tenant	Glenrand M I B House	Gauteng	118 656	12 832	–	98,12	*
Multi-tenants	Hatfield Square	Gauteng	118 600	15 342	1 092 747	71,23	4 224
Multi-tenants	209 Smit Street	Gauteng	106 000	28 505	1 157 273	40,60	11 068
Multi-tenants	Essex Gardens	KwaZulu-Natal	92 500	8 139	775 754	95,31	2 277
Single tenant	Accenture	Gauteng	91 100	6 520	–	98,12	*
Multi-tenants	Knowledge Park	Western Cape	89 000	6 210	951 978	153,30	–
Single tenant	Shell House	KwaZulu-Natal	87 700	14 022	–	98,12	*
Multi-tenants	Thornhill Office Park	Gauteng	86 300	9 506	912 740	96,02	1 466
Multi-tenants	Surrey Place	Gauteng	83 746	12 007	682 599	56,85	3 561
Single tenant	15 Baker Street	Gauteng	83 215	7 094	–	98,12	*
Multi-tenants	Opera Plaza Pretoria	Gauteng	78 900	14 912	1 237 009	82,95	104
Multi-tenants	17 Harrison Street	Gauteng	77 707	12 377	1 289 750	104,21	–
Multi-tenants	2 Fricker Road	Gauteng	77 700	4 115	710 185	172,58	–
Multi-tenants	Stonewedge	Gauteng	71 820	7 117	722 499	101,52	131

** GRM of 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 information continued

Office continued

Single/ multi-tenants	Property name	Province	Value R000	GLA m²	GMR R	GMR R/m²	Vacany m²
Single tenant	Heron Place	Western Cape	70 000	4 734	–	98,12	*
Multi-tenants	222 Smit Street	Gauteng	69 600	21 430	682 646	31,85	9 464
Multi-tenants	Redefine Place	Gauteng	67 518	4 567	–	98,12	–
Multi-tenants	Hollard House and Parkade	Gauteng	66 805	10 414	930 957	89,39	582
Multi-tenants	The Avenues	Gauteng	65 100	6 325	676 230	106,91	–
Single tenant	Hyde Park Manor	Gauteng	60 908	4 688	–	98,12	*
Multi-tenants	Boskruin Village Office Park	Gauteng	59 965	7 000	721 364	103,05	1 911
Multi-tenants	Parliament Towers	Western Cape	56 200	8 620	851 865	98,82	–
Multi-tenants	Redefine North Wharf	Western Cape	56 000	5 277	–	98,12	185
Multi-tenants	Curator	Gauteng	55 000	8 928	1 106 687	123,96	87
Multi-tenants	Treasury House	KwaZulu-Natal	54 300	9 762	774 347	79,32	–
Multi-tenants	Nedbank Centre – Durban Club Place	KwaZulu-Natal	54 300	14 034	788 944	56,22	6 252
Single tenant	7 Sturdee Avenue	Gauteng	53 458	4 011	–	98,12	*
Multi-tenants	5 Sturdee Avenue	Gauteng	52 542	3 564	517 911	145,32	–
Multi-tenants	Outspan House	Gauteng	50 800	7 438	390 517	52,50	4 393
Multi-tenants	Knowledge Park III	Western Cape	49 000	3 653	563 564	154,27	135
Multi-tenants	6 Durban Club Place	KwaZulu-Natal	47 400	8 838	805 900	91,19	–
Single tenant	Emanzeni	Gauteng	46 200	9 340	–	98,12	*
Single tenant	Wedgefield	Gauteng	44 355	4 109	483 989	117,79	48
Single tenant	66 Peter Place	Gauteng	43 829	4 271	494 400	115,76	135
Single tenant	3 Sturdee Avenue	Gauteng	41 808	3 459	558 245	161,39	–
Single tenant	37 Bath Avenue	Gauteng	41 428	3 187	402 517	126,30	–
Multi-tenants	Domus	Gauteng	40 775	5 538	293 724	53,04	3 037
Multi-tenants	Reserve Road	Gauteng	40 500	5 847	643 650	110,08	–
Multi-tenants	Allhart Park	Gauteng	40 300	4 401	573 830	130,39	–
Multi-tenants	Kernick House	Gauteng	37 850	3 564	–	98,12	–*
Multi-tenants	Accord House	KwaZulu-Natal	27 800	3 960	353 151	89,18	573
Single tenant	74 Lorne Street	KwaZulu-Natal	27 000	4 162	–	98,12	*
Multi-tenants	Glenashley Views	KwaZulu-Natal	25 000	2 811	279 198	99,32	348
Multi-tenants	Lakeside 2	Gauteng	24 500	4 115	127 737	31,04	2 659
Multi-tenants	Engen House	Gauteng	24 350	3 137	244 958	78,09	–
Single tenant	Duncan Street	Gauteng	23 800	1 310	270 555	206,53	–
Multi-tenants	CCMA House	Western Cape	21 000	4 747	451 448	95,10	89
Vacant	Victoria Gate	Gauteng	19 000	2 418	–	–	2 418
Multi-tenants	Optiplan House	Gauteng	18 300	1 796	225 234	125,41	196
Multi-tenants	Odyssey Place	KwaZulu-Natal	16 000	2 101	191 183	91,00	266
Multi-tenants	BDO House	KwaZulu-Natal	13 650	2 226	179 635	80,70	367
Single tenant	Chesan	Gauteng	8 538	1 019	–	98,12	*
Single tenant	West House	Gauteng	7 275	1 051	21 617	98,12	818
Single tenant	The Ridge	KwaZulu-Natal	6 385	1 014	106 428	104,96	12
Single tenant	Sevenfold	KwaZulu-Natal	4 429	670	76 970	114,88	–
Multi-tenants	Kay Street Parking	Gauteng	–	–	44 094	–	*
Vacant land	Golf Air Park II	Western Cape	16 500	#	–	–	–
Vacant land	Golf Air Park III	Western Cape	16	#	–	–	–
			7 212 356	**694 715**			**65 413**

** GRM of single-tenanted buildings has not been reflected. The average rental per m² disclosed is the average of all single-tenanted buildings in the sector.*
 # The building is either vacant land or is currently under development and therefore the GLA is not yet confirmed.

Office continued

Single/ multi-tenants	Property name	Province	Value R000	GLA m²	GMR R	GMR R/m²	Vacany m²
Non-current assets held-for-sale							
Multi-tenants	Poyntons	Gauteng	345 600	64 422	4 640 457	72,03	400
Single tenant	11 Diagonal Street	Gauteng	237 100	32 972	–	98,12	*
Multi-tenants	111 Commissioner Street	Gauteng	205 000	28 470	2 900 554	101,88	889
Multi-tenants	Trust Bank Building	Gauteng	167 300	17 035	2 141 234	125,70	–
Multi-tenants	Fedsure Forum	Gauteng	145 800	28 974	2 440 602	84,23	697
Single tenant	61 Jorrisen Street	Gauteng	139 000	18 181	–	98,12	*
Single tenant	Batho Pele House	Gauteng	101 400	14 258	–	98,12	*
Multi-tenants	Nedbank Centre Nelspruit	Other	100 000	15 355	1 138 965	74,18	3 926
Multi-tenants	Matlotlo House	Gauteng	85 200	13 853	1 571 062	113,41	–
Multi-tenants	Mineralia Building	Gauteng	78 100	13 605	1 123 995	82,62	3 659
Single tenant	Wheat Board	Gauteng	78 000	13 109	–	98,12	*
Single tenant	Shorburg	Gauteng	73 300	14 044	945 822	67,35	1 215
Single tenant	West End Shopping Centre	Other	52 000	20 864	860 033	41,22	6 219
Multi-tenants	NBS Building	Gauteng	45 369	9 401	1 336 860	142,20	–
Multi-tenants	Commissioner House Bellville	Western Cape	42 000	4 019	411 810	102,47	–
Single tenant	2 Rissik Street	Gauteng	41 414	6 110	–	98,12	*
Single tenant	Delpen Building	Gauteng	39 700	5 550	–	98,12	*
Multi-tenants	Hatfield Forum East	Gauteng	36 400	5 812	330 074	56,79	1 338
Multi-tenants	2 Devonshire Place	KwaZulu-Natal	30 000	8 168	575 167	70,42	696
Single tenant	Monitor House	Gauteng	29 000	1 709	–	98,12	*
Vacant	125 Simmonds Street	Gauteng	24 613	4 915	–		4 915
Vacant	Nosa	Gauteng	22 100	3 770	–	98,12	*
Vacant	Embassy House	Gauteng	21 600	3 419	–	98,12	*
Multi-tenants	Standard Bank Nelspruit Branch	Other	20 000	2 374	225 812	95,12	680
Multi-tenants	Pica Bethal	Other	7 800	6 498	250 303	38,52	–
			2 167 796	**356 887**			**24 634**
Properties under development							
	90 Grayston Drive	Gauteng	179 335	#	–	–	–
	90 Rivonia Road	Gauteng	274 040	#	–	–	–
			453 375	**–**			
			9 833 527	**1 051 602**			**90 047**

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# *The building is either vacant land or is currently under development and therefore the GLA is not yet confirmed.*

Retail

Single/ multi-tenants	Property name	Province	Value R000	GLA m²	GMR R	GMR R/m²	Vacany m²
Core property portfolio							
Multi-tenants	East Rand Mall	Gauteng	1 115 000	62 445	7 067 110	226,00	–
Multi-tenants	Golden Walk	Gauteng	763 500	45 123	6 402 561	141,89	126
Multi-tenants	Sammy Marks Square	Gauteng	499 500	34 124	4 531 334	132,79	381
Multi-tenants	Park Meadows	Gauteng	438 000	27 376	3 615 087	132,05	602
Multi-tenants	Cleary Park Shopping Centre	Eastern Cape	428 000	36 290	4 020 572	110,79	1 244
Multi-tenants	Chris Hani Crossing	Gauteng	267 250	40 659	2 366 644	116,41	–
Multi-tenants	Southcoast Mall	KwaZulu-Natal	233 000	29 424	2 837 753	96,44	673
Multi-tenants	Maynard Mall	Western Cape	215 000	23 648	2 545 602	107,65	349
Multi-tenants	Shoprite Park	Western Cape	197 500	28 356	1 524 575	53,77	4 813
Multi-tenants	The Village @ Horizon	Gauteng	196 500	19 702	2 081 988	105,67	1 258
Multi-tenants	Standard Bank Centre Pretoria	Gauteng	192 400	23 781	2 873 236	120,82	1 721
Multi-tenants	Ottery Centre	Western Cape	187 500	27 303	1 681 897	61,60	477
Multi-tenants	Middestad Centre	Other	157 000	19 759	2 087 072	105,63	651
Multi-tenants	Sable Square	Western Cape	145 000	27 081	2 071 536	76,49	408
Multi-tenants	Kopanong Shopping Centre	Gauteng	132 300	10 708	1 334 773	124,65	145
Multi-tenants	Kempton Square Shopping Centre	Gauteng	128 900	16 889	1 581 507	93,64	913
Multi-tenants	Ermelo Mall	Other	123 000	20 447	1 433 637	70,11	152
Single tenant	Jetmart Pretoria	Gauteng	118 800	11 008	–	121,57	*
Multi-tenants	The Pritchard Street Trust	Gauteng	118 200	15 039	1 374 795	91,42	–
Multi-tenants	Besterbrown	Other	116 600	14 137	1 238 228	87,59	737
Multi-tenants	Monument Commercial Centre	Gauteng	116 400	19 562	1 165 841	59,60	–
Multi-tenants	Witbank Medical Centre	Other	110 000	13 889	991 626	71,40	1 681
Single tenant	Festival Square	Gauteng	108 400	11 041	–	121,57	*
Multi-tenants	Makhado Crossing Shopping	Other	105 800	14 450	1 032 379	71,44	2 019
Multi-tenants	Shoprite Alberton	Gauteng	104 300	16 761	1 343 741	80,17	28
Multi-tenants	Hammanskraal	Gauteng	99 600	11 286	943 676	83,61	186
Multi-tenants	Botshabelo Shopping Centre	Other	92 000	15 052	1 309 414	86,99	489
Multi-tenants	Moreleta Plaza	Gauteng	87 200	8 856	828 729	93,58	837
Multi-tenants	Riverside Mall (CPT)	Western Cape	83 500	9 660	966 592	100,06	103
Multi-tenants	Stanhope Bridge	Western Cape	81 400	6 406	787 286	122,90	–
Multi-tenants	Capital Centre Pietermaritzburg	KwaZulu-Natal	80 700	11 073	949 348	85,74	–
Multi-tenants	The Mall @ Scottsville	KwaZulu-Natal	80 200	13 927	1 201 545	86,27	4 124
Multi-tenants	Blue Downs Shopping Centre	Western Cape	79 800	8 651	897 722	103,77	35
Multi-tenants	Berea Centre Durban	KwaZulu-Natal	78 071	16 393	1 225 091	74,73	1 681
Multi-tenants	China Town	Western Cape	74 300	8 227	726 468	88,30	–
Multi-tenants	Finpark	Gauteng	73 500	2 957	275 915	93,31	1 086
Multi-tenants	Klerksdorp Game Store	Other	66 100	10 455	794 738	76,02	–
Multi-tenants	Pine Parkade	KwaZulu-Natal	65 800	2 983	420 374	140,92	32
Multi-tenants	Matsamo Plaza	Other	64 200	7 568	665 009	87,87	–
Multi-tenants	Riverside Value Mart	Other	63 500	10 204	677 605	66,41	386
Multi-tenants	Redefine Boulevard	Western Cape	63 000	10 884	603 868	55,48	2 236

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

Retail continued

Single/ multi-tenants	Property name	Province	Value R000	GLA m²	GMR R	GMR R/m²	Vacany m²
Multi-tenants	Argyle Centre	KwaZulu-Natal	60 000	5 299	654 141	123,45	265
Multi-tenants	Scott St Mall – Newcastle	KwaZulu-Natal	55 800	17 665	232 904	13,18	1 275
Multi-tenants	Meadowpoint Shopping Centre	Gauteng	54 711	4 558	448 910	98,49	–
Multi-tenants	Vaal Walk	Gauteng	54 565	18 152	912 395	50,26	1 610
Single tenant	Ferreiras Honeydew	Gauteng	54 200	27 000	–	121,57	*
Multi-tenants	Ferreiras North Riding	Gauteng	53 244	27 144	894 749	32,96	–
Multi-tenants	Bryanston Carvenience	Gauteng	52 717	4 153	421 020	101,38	237
Multi-tenants	Turfloop Plaza	Other	52 600	6 784	591 141	87,14	–
Multi-tenants	66 Smal Street	Gauteng	52 570	2 152	606 255	281,72	–
Multi-tenants	City Centre Eersterivier	Western Cape	52 500	6 582	589 207	89,52	–
Single tenant	Pro Shop Woodmead	Gauteng	48 460	5 190	–	121,57	*
Multi-tenants	Mega Park Shopping Centre	Other	46 111	5 960	457 343	76,74	–
Multi-tenants	Posthouse Link	Gauteng	42 201	4 509	440 694	97,74	773
Single tenant	Shoprite Polokwane	Other	37 300	10 150	–	121,57	–*
Multi-tenants	Ellerines Pinetown 1	KwaZulu-Natal	37 200	4 209	498 137	118,35	–
Multi-tenants	Proteapoint Shopping Centre	Gauteng	36 380	3 863	384 066	99,42	203
Multi-tenants	African City	Gauteng	35 847	10 093	541 293	53,63	–
Multi-tenants	CCMA House Rustenburg	Other	34 500	6 520	447 985	68,71	610
Single tenant	Jet Polokwane	Other	34 200	3 289	–	121,57	*
Multi-tenants	Post House	Gauteng	33 401	3 263	317 526	97,31	816
Single tenant	Devonshire Parking Garage	KwaZulu-Natal	33 200	800	–	121,57	*
Single tenant	Williams Hunt Randburg	Gauteng	33 010	3 351	–	121,57	*
Multi-tenants	Dobsonpoint	Gauteng	32 548	3 562	309 775	86,97	61
Multi-tenants	Acornhoek Shopping Centre	Other	32 500	5 363	446 776	83,31	–
Multi-tenants	Isipingo Junction	KwaZulu-Natal	32 400	5 399	572 476	106,03	68
Multi-tenants	Pimville Square	Gauteng	30 764	4 289	342 689	79,90	111
Multi-tenants	Shoprite Claremont	Western Cape	30 400	4 687	282 156	60,20	–
Multi-tenants	423/429 Church Street	KwaZulu-Natal	30 100	4 000	352 872	88,22	–
Single tenant	Standard Bank Centurion	Gauteng	28 800	2 732	–	121,57	*
Multi-tenants	Standerton Centre	Other	27 880	6 496	320 199	49,29	785
Multi-tenants	Hartmann & Keppler	Gauteng	27 794	2 014	220 451	109,46	–
Multi-tenants	101 Market Street	Gauteng	25 700	5 244	320 870	61,19	–
Multi-tenants	Kemsquare	Gauteng	25 100	7 390	275 219	37,24	–
Multi-tenants	Nedbank Mall	Gauteng	24 525	1 211	528 700	436,58	–
Single tenant	McCarthy Parow	Western Cape	23 200	4 193	–	121,57	*
Multi-tenants	Nunnerleys	Gauteng	22 481	778	248 550	319,47	–
Single tenant	Southern Motors	Gauteng	18 200	3 863	–	121,57	*
Multi-tenants	Kine Centre	Gauteng	15 791	1 179	343 193	291,09	–
Single tenant	ABSA Centurion	Gauteng	15 400	1 306	–	121,57	*
Single tenant	Standard Bank George	Western Cape	15 100	1 199	–	121,57	*
Multi-tenants	Ellerines Pinetown 2	KwaZulu-Natal	14 200	1 742	152 956	87,81	–

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Property information continued

Retail continued

Single/ multi-tenants	Property name	Province	Value R000	GLA m²	GMR R	GMR R/m²	Vacany m²
Single tenant	Edgars Wynberg	Western Cape	13 854	2 606	–	121,57	*
Multi-tenants	Schreiner Chambers	Gauteng	11 040	675	247 508	366,68	–
Multi-tenants	Leonita – Mallinick	Gauteng	6 638	1 129	244 221	216,32	–
Multi-tenants	Tamlea – Arundel	Gauteng	6 398	685	265 100	387,01	–
Multi-tenants	Small Street Mall	Gauteng	2 420	119	80 772	678,75	–
	Rand Stadium Toyota 1	Gauteng	7 000				#
	Freedom Square	Namibia	112 294				#
			9 177 965	**1 016 131**			**36 387**
Non-current assets held-for-sale							
Multi-tenants	West Street Parkade	Gauteng	74 000	3 211	913 831	284,59	245
Properties under development							
	Matlosana Mall	North West	184 968				#
	Wilgespruit	Gauteng	78 711				#
	SA Reit Joint Venture	Western Cape	61 755				#
			325 434	**–**			
Properties held-for-trading							
Multi-tenants	Berea Centre Durban	KwaZulu-Natal	129				
	Buchanan Square	Western Cape	23 820				#
			23 949	–			
			9 275 785	**1 019 342**			**36 632**

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 # The building is either vacant land or is currently under development and therefore the GLA is not yet confirmed.

Property information continued

Industrial

Single/ multi-tenants	Property name	Province	Value R000	GLA m²	GMR R	GMR R/m²	Vacany m²
Core property portfolio							
Single tenant	Pepkor Isando	Gauteng	630 600	107 017	–	45,00	*
Multi-tenants	Wingfield Park	Gauteng	217 900	56 486	2 550 677	45,16	–
Single tenant	Dawn	Gauteng	201 300	44 138	–	45,00	*
Single tenant	Premier Milling – Durban	KwaZulu-Natal	190 800	38 926	–	45,00	*
Single tenant	GM – COEGA	Eastern Cape	158 245	38 000	–	45,00	*
Multi-tenants	190 Barbara Road	Gauteng	146 100	17 176	521 023	30,33	609
Single tenant	Heron Industrial	Western Cape	128 000	23 803	–	45,00	*
Single tenant	29 Springbok Road	Gauteng	123 352	20 067	–	45,00	*
Single tenant	8 Jansen Road	Gauteng	122 700	24 147	–	45,00	*
Single tenant	Edcon	Gauteng	99 000	23 308	–	45,00	*
Multi-tenants	CTX Business Park	Western Cape	92 000	18 484	851 265	46,05	1 194
Single tenant	2 Lake Road	Gauteng	86 753	13 547	–	45,00	*
Multi-tenants	Freeway Centre	Gauteng	85 119	42 888	966 428	22,53	3 167
Multi-tenants	Pepsi	Gauteng	84 000	15 575	659 908	42,37	–
Multi-tenants	21 Wrench Road	Gauteng	82 300	32 702	875 831	26,78	6 620
Vacant	Avroy Shlain Cosmetics	Gauteng	80 500	11 924	–		11 924
Multi-tenants	Berg River Park	Western Cape	75 000	35 664	832 499	23,34	2 549
Single tenant	Schneider Electric South Africa	Gauteng	73 485	9 788	–	45,00	*
Single tenant	City Deep 45 and 46	Gauteng	68 000	13 407	–	45,00	*
Multi-tenants	Spearhead Business Park	Western Cape	67 000	13 549	715 369	52,80	294
Single tenant	Erf 681 – Alrode	Gauteng	65 000	20 111	–	45,00	*
Single tenant	GNLD International	Gauteng	59 810	5 477	–	45,00	*
Single tenant	Le Sel 1	Gauteng	59 542	11 606	–	45,00	*
Single tenant	SSAB	Gauteng	57 618	9 473	–	45,00	*
Single tenant	ITT Flygt	Gauteng	56 066	5 941	–	45,00	*
Single tenant	Le Sel 2	Gauteng	55 120	10 680	–	45,00	*
Multi-tenants	Platinum Park	Western Cape	52 700	9 362	523 468	55,91	1 138
Multi-tenants	Creation	Other	52 000	28 182	705 645	25,04	–
Single tenant	BAT	Gauteng	51 000	6 748	–	45,00	*
Multi-tenants	Ohm Street Industrial Park	Gauteng	48 700	12 773	394 268	30,87	1 964
Multi-tenants	12 Piet Rautenbach Street	Gauteng	47 200	26 856	1 121 691	41,77	2 177
Multi-tenants	Fabric Park	Gauteng	46 000	15 813	528 138	33,40	2 119
Single tenant	Trentyre Spartan	Gauteng	45 000	12 344	–	45,00	*
Single tenant	11 Galaxy Avenue	Gauteng	44 051	6 217	–	45,00	*
Multi-tenants	101 Lawley	KwaZulu-Natal	42 400	33 249	579 305	17,42	–
Single tenant	Southern Denver	Gauteng	39 800	16 216	–	45,00	*
Single tenant	14 Piet Rautenbach Street	Gauteng	39 000	15 668	–	45,00	*
Single tenant	Coricraft	Western Cape	37 600	13 727	–	45,00	*
Single tenant	Moresport DC	Western Cape	37 472	12 991	–	45,00	*
Multi-tenants	Golf Air Park	Western Cape	36 500	14 800	449 904	30,40	–
Multi-tenants	Denver Industrial Park	Gauteng	32 000	12 830	355 595	27,72	3 455

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Property information continued

Industrial continued

Single/ multi-tenants	Property name	Province	Value R000	GLA m²	GMR R	GMR R/m²	Vacany m²
Single tenant	S Burde	Gauteng	31 000	19 696	–	45,00	*
Multi-tenants	Eagle Park	Western Cape	31 000	4 167	255 396	61,29	802
Single tenant	Trencor	Western Cape	30 350	6 861	–	45,00	*
Single tenant	5 Laub Street	Gauteng	29 250	10 063	–	45,00	*
Multi-tenants	12 Nourse Avenue	Western Cape	29 000	10 581	275 185	26,01	–
Single tenant	52 Mimetes Road	Gauteng	27 800	7 567	–	45,00	*
Multi-tenants	77 and 78 Plane Road	Gauteng	27 300	8 686	329 392	37,92	–
Single tenant	African Glass – Denver	Gauteng	27 200	7 768	–	45,00	*
Multi-tenants	Amalgamated Inv – Tedelex	Gauteng	25 700	2 687	65 098	24,23	–
Single tenant	Sentra Chem – New Germany	KwaZulu-Natal	25 600	7 070	–	45,00	*
Multi-tenants	HK Manufacturing Parow	Western Cape	25 500	8 933	303 272	33,95	–
Multi-tenants	2 Sterling Road	Gauteng	25 000	7 144	180 863	25,32	–
Single tenant	66 Mimetes Road	Gauteng	22 000	5 903	–	45,00	*
Single tenant	Distro Dee 2 Border Road Drost	Gauteng	20 000	6 931	–	45,00	*
Single tenant	64 Mimetes Road	Gauteng	18 500	5 136	–	45,00	*
Single tenant	16th Street	Gauteng	18 000	3 460	–	45,00	*
Single tenant	3 Spartan Crescent	Gauteng	16 200	4 790	–	45,00	*
Single tenant	Aristocrat Tech	Gauteng	16 110	2 158	–	45,00	*
Single tenant	Metcash Trading	Gauteng	14 200	4 003	–	45,00	388
Single tenant	Corpgro Building – Benoni	Gauteng	3 414	1 060	–	45,00	*
Vacant Land	Erf 755 Denver	Gauteng	1 299	–	–		*
Vacant Land	Erf 4462 Clayville	Gauteng	1 250		–		*
Single tenant	Trentyre Spartan 2^	Gauteng	–	3 138	–	45,00	*^
			4 282 406	**1 039 462**			**38 400**
Non-current assets held-for-sale							
Single tenant	Fascor	KwaZulu-Natal	20 838	8 282	–	45,00	*
Multi-tenants	12 Piet Rautenbach Street	Gauteng	5 000				
			25 838	**8 282**			
Properties under development							
Development	Cornubia	KwaZulu-Natal	157 697	#	–		#
Multi-tenants	Premier Milling-Waltloo	Gauteng	98 136	6 326	240 409	38,00	–
			255 833	**6 326**			
			4 564 077	**1 054 070**			**38 400**

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^ Value combined in Trentyre Spartan.
 # The building is either vacant land or is currently under development and therefore the GLA is not yet confirmed.

Unitholders' diary

Financial year-end	31 August
Integrated annual report to be posted to unitholders	30 December 2013
Annual general meeting	30 January 2014

Distribution timetable for the 2014 financial year		
Distribution number	50	51
Six months ended	28 February 2014	31 August 2014
Declaration date	8 May 2014	6 November 2014
Payment date	2 June 2014	1 December 2014

Administration

Redefine Properties Limited
(Incorporated in the Republic of South Africa)
(Registration No 1999/018591/06)
(JSE share code: RDF ISIN: ZAE000143178)

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