INTEGRATED REPORT 2016

A YEAR OF

ALIGNMENT

REDEFINE PROPERTIES

We're not landlords. We're people.

About Redefine

Redefine is an internally managed Real Estate Investment Trust (REIT) with the primary goal of growing and improving cash flow to deliver quality earnings, which will underpin sustained growth in distributions, and support growth in total return per share.

Redefine is listed on the Johannesburg Stock Exchange (JSE) and has a **market capitalisation of R58.1 billion,** and is included in the **JSE Top 40 index**.

We manage a diversified property asset platform with a **value of R72.7 billion,** comprising local and international property investments.

Redefine shares are among the most actively traded on the JSE, making them a highly liquid, single-entry point for gaining exposure to quality domestic properties, and a spread of multiple international commercial real estate markets.

Total distribution per share **86 cents** [2015: 80 cents]	**OPERATING MARGIN** maintained at **80%**	**PROPERTY ASSETS** expanded by **R8.9 billion**
LOAN-TO-VALUE RATIO (LTV) maintained below **40%**	**TOP EMPLOYER 2017**	**MOST EMPOWERED REIT** in the 2016 Empowerdex survey

WELCOME
TO A YEAR OF **ALIGNMENT**

Our focus is on delivering sustained value to stakeholders

GLOBALISATION. URBANISATION. FAST-PACED DIGITAL EVOLUTION. ANTI-ESTABLISHMENT RAGE. These are only a few of the global drivers of change. Add the volatile local socioeconomic environment – with our economy still grappling with the decline in commodity prices and the effects of a prolonged drought; with over a quarter of the workforce unemployed and forecasts for change clouded by policy uncertainty and political risks – one thing becomes clear: there is no such thing as business as usual.

Change is no longer avoidable. Or periodic. It's something that will be continuous – constant and relentless.

We need to get used to being uncomfortable.

Taking charge of change

In the prevailing climate of uncertainty, we need to think more systemically, embrace the complexity of the forces shaping our macro environment and influencing our business and, in doing so, gain a fresh perspective. The 2016 year challenged us to rethink the way we operate, taking the opportunity to thoroughly examine our external environment and then look inward, assessing how much organisational muscle we can muster, not only to weather the complexity around us, but to ensure that we're positioned to create and capture opportunities.

Therefore, for us 2016 became a year of alignment – integrating long-term economic, environmental and social perspectives with strategy formulation and implementation. It was a time of embedding meaningful purpose, deriving practical strategies, and bringing individual goals together to make our organisation's aspirations more credible – and more likely to be achieved.

We look forward to sharing our journey with you in this report.

Please visit our website www.redefine.co.za to view chief executive officer Andrew König and financial director Leon Kok give their opening statements for the 2016 reporting suite.

CONTENTS

How to navigate our report

Throughout our integrated report, the following icons are used to show the connectivity between sections:

CAPITALS

- **Financial capital**
- **Manufactured capital**
- **Human capital**
- **Social and relationship capital**
- **Intellectual capital**
- **Natural capital**

STRATEGIC MATTERS

- **Operate efficiently**
- **Invest strategically**
- **Optimise capital**
- **Engage talent**
- **Grow reputation**

OUR STAKEHOLDER GOALS

- BE A LANDLORD OF CHOICE
- BE AN EMPLOYER OF CHOICE
- BE AN INVESTMENT OF CHOICE
- BE A COMMUNITY PARTNER OF CHOICE
- BE A BUSINESS PARTNER OF CHOICE

Our reporting suite

We remain committed to reporting transparently to our wide range of stakeholders through our reporting suite.

To view the full suite please visit www.redefine.co.za

INTEGRATED REPORT	GROUP ANNUAL FINANCIAL STATEMENTS	SOCIAL, ETHICS AND SUSTAINABILITY REPORT	CORPORATE GOVERNANCE REPORT	NOTICE OF ANNUAL GENERAL MEETING
An integrated presentation of the Group's performance in terms of the six capitals which is primarily aimed at investors and funders	A detailed analysis of the Group's financial performance for the year	A detailed account of the Group's sustainability performance for the year	Corporate governance structure, committee performance and other matters relating to the governance of the Group	Detailed information for shareholders to participate in the annual general meeting Includes: Summarised audited Group results, directors' report, Board of Directors, remuneration report, salient features of the MOI and material change statement
FRAMEWORKS APPLICABLE:				
→ IIRC's Framework → The Companies Act, No 71 of 2008, as amended → The JSE Listings Requirements → King III	→ IFRS → The Companies Act, No 71 of 2008, as amended → The JSE Listings Requirements → King III	→ The Companies Act, No 71 of 2008, as amended → King III	→ The Companies Act, No 71 of 2008, as amended → King III	→ The Companies Act, No 71 of 2008, as amended → King III → The JSE Listings Requirements

Feedback

Your feedback is important to us and will help enhance our reporting processes.
Please visit www.redefine.co.za or email investorenquiries@redefine.co.za

THIS REPORT WAS DEVELOPED TO COMMUNICATE PRIMARILY WITH OUR FINANCIAL STAKEHOLDERS, WHILE TAKING INTO ACCOUNT THE NEEDS OF OUR REMAINING STAKEHOLDERS

What is value?

At Redefine we see value as more than simply financial returns. Our pursuit of value encompasses the provision of sustainable total returns, remaining relevant in the societies in which we operate, being cognisant of our impact on the environment and its impact on our business.

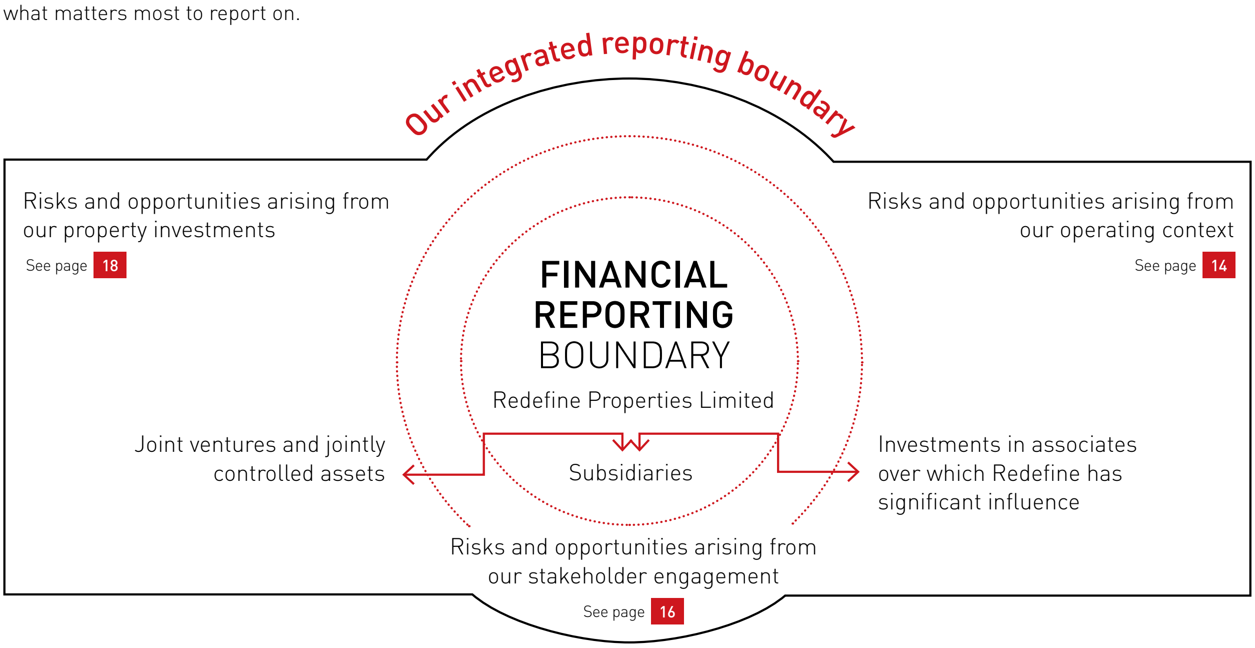
Integrated thinking and materiality

Our value creation story, see page 10, is structured to show the relationship between the various elements involved in achieving our stakeholder goals. By taking the risks and opportunities identified in our external operating context, stakeholder engagement process and internally identified risks and opportunities, we have determined which matters are most important to Redefine's value creation in the short, medium and long term. We have used these matters as points of reference to ensure we have only reported on those matters that could have a substantial effect on our ongoing commercial viability.

Boundary and scope

The major emphasis is placed on the Group's South African operations as they account for 75% of the Group's distributable earnings and 74% of the Group's property asset base. With regard to operational numbers, such as gross lettable area, we only include the statistics from our directly owned South African property portfolio. Details of our investments in subsidiaries, joint ventures, jointly controlled assets and associates appear in our annual financial statements. Detailed information on our separately listed and managed interests in associates and listed investments, which account for the bulk of our other property assets, is provided in their annual reports, which are available on their websites, refer to page 77.

We have used issues arising from our stakeholder engagement processes and the quality of our relationships as key in determining what matters most to report on.



Forward-looking statements

This report may contain forward-looking statements with respect to Redefine's future performance and prospects. While these forward-looking statements represent our judgements and future expectations, a number of risks, uncertainties and other important factors could cause actual results to differ materially from our expectations. These include factors that could adversely affect our business and financial performance.

Assurance

Redefine has adopted a combined assurance framework with the aim of optimising, co-ordinating and integrating assurance, provided by internal and external assurance providers, on risk areas facing the Group. Redefine utilises the five lines of assurance approach to co-ordinate and optimise our risk and assurance efforts. Combined assurance includes executive and senior management monitoring and oversight, internal audit and external assurance providers as well as Board and the relevant committee's oversights, refer to our CGR.

The combined assurance framework is integrated with the Group's enterprise risk management approach. Risks facing the Group are identified, evaluated and managed by implementing risk mitigations such as insurance, strategic actions or specific controls. The Group's internal controls and systems are designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial information in place for the applicable business risks.

The assurance strategy that forms part of the combined assurance frameworks applies criteria to ensure that the most appropriate assurance provider and coverage are in place to evaluate the risk mitigations for the relevant business risks facing the Group. It also considers the needs of Redefine's stakeholders so as to ensure that their interests are safeguarded and considered when providing assurance in respect of the integrated report. The framework, therefore, supports the audit and risk committee in assessing the integrity of the integrated report and recommending it to the Board. Combined assurance is an evolutionary journey and we do expect our approach to mature as we refine, optimise and adjust our approach in line with changes in our business and assurance strategy.

As part of combined assurance with respect to internal controls, Redefine has obtained assurance on the data in the integrated report from the following sources:

- → Financial statements are independently audited by KPMG
- → Limited reviews of sustainability information have been undertaken by Terra Firma Solutions Proprietary Limited
- → The Group's broad-based black economic empowerment (BBBEE) contributor levels were verified by Honeycomb BEE Ratings Proprietary Limited

Board responsibility statement

Redefine's Board of Directors acknowledges its responsibility to ensure the integrity of the integrated report. The Board has accordingly applied its collective mind and, in its opinion, this integrated report addresses all material matters, offers a balanced view of its strategy, and how it relates to the organisation's ability to create value in the short, medium and long term. The report adequately addresses the use of and effects on the capitals and the manner in which the availability of these capitals is impacting on Redefine's strategy and business model. We, as the Board, believe that this report has been prepared in accordance with the International Integrated Reporting Council's (IIRC) framework.

Marc Wainer
Executive chairman

Bernie Nackan
Lead independent non-executive director

Andrew König
Chief executive officer

Marius Barkhuysen
Independent non-executive director

Leon Kok
Financial director

Ntombi Langa-Royds
Independent non-executive director

Phumzile Langeni
Independent non-executive director

Harish Mehta
Independent non-executive director

David Nathan
Independent non-executive director

David Rice
Chief operating officer

Mike Ruttell
Executive director: development

Günter Steffens
Independent non-executive director

Michael Watters
Non-executive director

WHO WE ARE

We're not landlords. We're people.

OUR MISSION – TO CREATE SUSTAINED VALUE FOR ALL OUR STAKEHOLDERS

OUR VISION – TO BE THE BEST SOUTH AFRICAN REIT

PRIMARY GOAL – TO GROW AND IMPROVE CASH FLOW

What we stand for

OUR VALUES UNDERPIN OUR SUCCESS:

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

How we do it

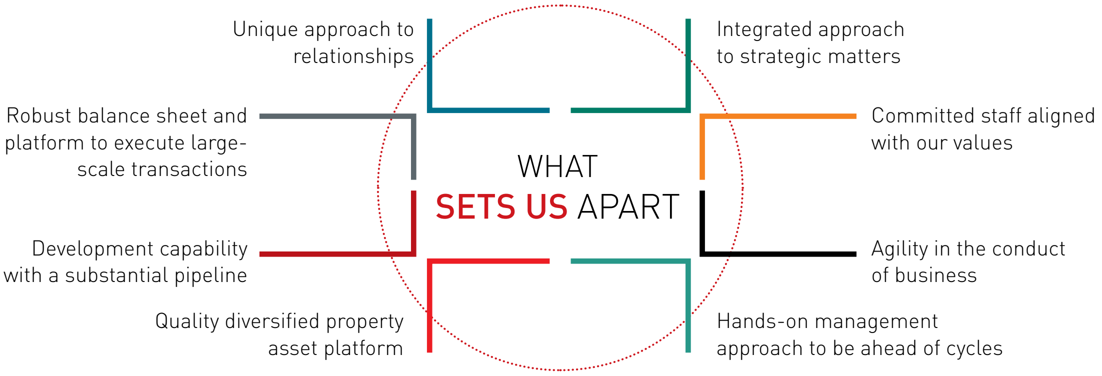
- Unconventional thinking
- Simplicity and straight talk
- Decisive action
- Trusting partnerships

How our stakeholders benefit

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

What we believe

Property is our commodity, but people are our business. We believe it is our unique and focused approach to relationships that enables us to create and sustain meaningful value for our business partners



INTEGRATED APPROACH TO STRATEGIC MATTERS

To achieve our mission of creating sustained stakeholder value, we integrate long-term economic, environmental and social perspectives into strategy formulation and implementation. In this broader context, we focus on those elements that have the potential to significantly impact value creation in the short, medium and long term.

AGILITY IN THE CONDUCT OF BUSINESS

Redefine is a nimble organisation with a flat management structure. When appealing opportunities present themselves, they are swiftly assessed by executive management without first having to filter through layers of bureaucracy. This agility is a key competitive advantage.

DEVELOPMENT CAPABILITY WITH A SUBSTANTIAL PIPELINE

Our development capability, including refurbishments and greenfield developments, gives us the opportunity to refine and improve the quality of our assets, unlock new income streams, strengthen tenant relationships and extend the lifespan of our core properties. Among these projects, and those in our pipeline, are many significant and innovative concepts, which strongly position Redefine for the future in a competitive market.

COMMITTED STAFF ALIGNED WITH OUR VALUES

We endeavour to hire people who aspire to being extraordinary – those who embody the values of our organisation and want to be the best version of who they can be – because we understand that there is nothing more powerful than our employees' combined passion and initiative in our efforts at being the best in all aspects of what we do.

HANDS-ON MANAGEMENT APPROACH TO BE AHEAD OF CYCLES

We have an on-the-ground approach to everything we do. We believe that this is the most effective way to engage with all the individuals involved and to deliver on our key stakeholder goals.

ROBUST BALANCE SHEET AND PLATFORM TO EXECUTE LARGE-SCALE TRANSACTIONS

Redefine robust balance sheet provides a strong platform to competitively position us for our continued growth.

UNIQUE APPROACH TO RELATIONSHIPS

We recognise that our business extends beyond the bricks and mortar of our assets to people and our ongoing relationships with them.

QUALITY DIVERSIFIED PROPERTY ASSET PLATFORM

Direct local property portfolio

Property portfolio	100%	R52.7bn
Respublica Student Living Pty Limited	51%	R0.2bn
Loans receivable	100%	R0.9bn
		R53.8bn

Local listed securities

Emira Property Fund Limited	11.5%	R0.8bn
Arrowhead Properties Limited	2.4%	R0.2bn
Delta Property Fund Limited	22.8%	R1.6bn
		R2.6bn

Direct international properties

German portfolio	50%	R0.8bn
Northpoint	50%	R0.8bn
		R1.6bn

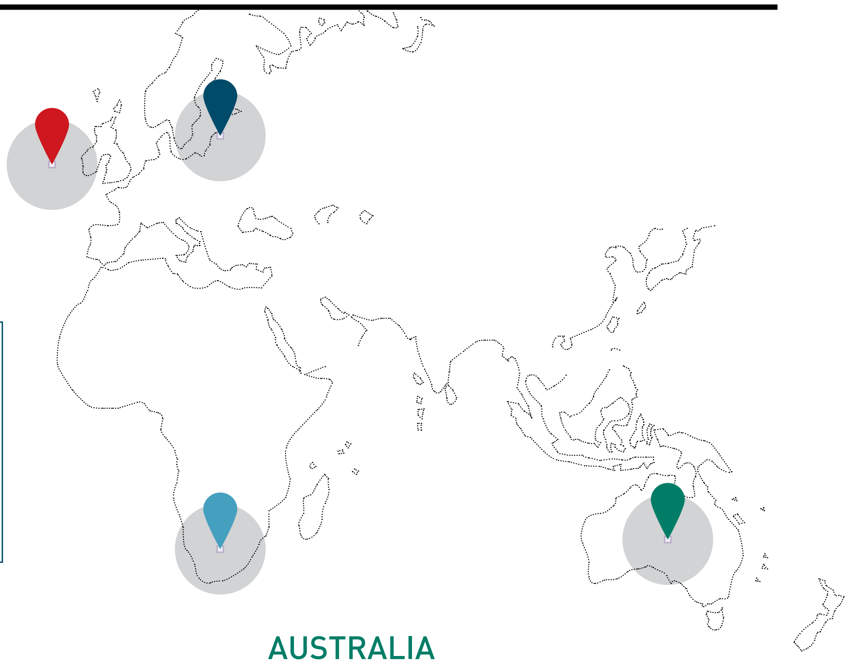
International listed securities

Redefine International PLC	30.1%	R5.0bn
Cromwell Property Group	25.5%	R5.5bn
Echo Polska Properties Limited	44.9%	R3.9bn
International Hotel Properties Limited	27.5%	R0.3bn
		R14.7bn

Carried at fair value — Equity accounted

% ownership

WHERE WE INVEST



EUROPE (Germany and Poland)

Strategy: Continue to **EXPAND** in Euro-denominated growth markets, especially Poland

Underlying exposure:

77% RETAIL | 23% OFFICES

Contribution to distribution: 2.9%
Contribution to property assets: 7.0%

UNITED KINGDOM

Strategy: LEVERAGE our holding to fund international expansion

Underlying exposure:

35% RETAIL | 33% OFFICES | 24% HOTELS | 8% INDUSTRIAL

Contribution to distribution: 8.6%
Contribution to property assets: 7.5%

AUSTRALIA

Strategy: Expand **EXPOSURE** to student accommodation

Underlying exposure:

3% RETAIL | 97% OFFICES

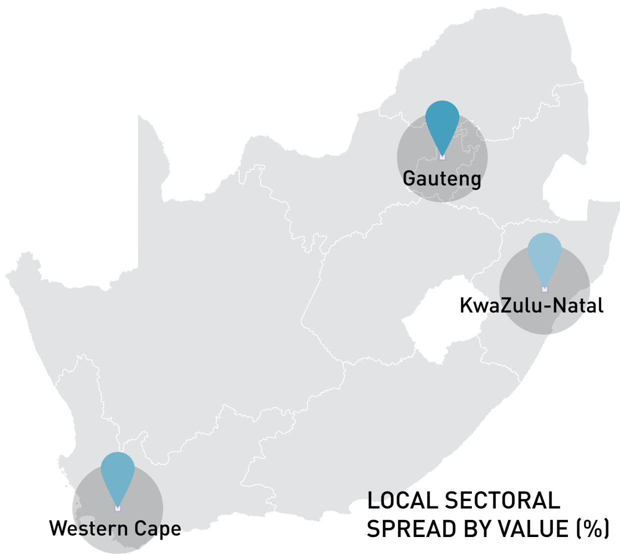
Contribution to distribution: 14.3%
Contribution to property assets: 8.7%

SOUTH AFRICA

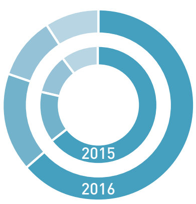
Strategy: Continued focus on portfolio quality

RECYCLING of secondary assets exceeded acquisitions during 2016

Contribution to distribution: 74.2%
Contribution to property assets: 76.8%

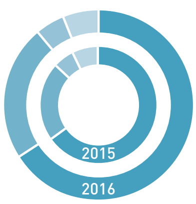


NUMBER OF LOCAL PROPERTIES



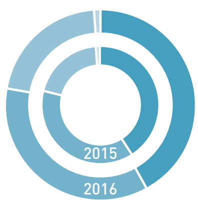
	2016	2015
Gauteng	199	215
Western Cape	52	47
KwaZulu-Natal	33	37
Other	28	34

LOCAL GEOGRAPHIC SPREAD BY VALUE (%)



	2016	2015
Gauteng	66	65
Western Cape	23	22
KwaZulu-Natal	5	6
Other	6	7

LOCAL SECTORAL SPREAD BY VALUE (%)



	2016	2015
Retail	42	41
Office	36	38
Industrial	21	20
Specialised	1	1

DURING THE YEAR, WE REFINED OUR STRATEGY TO FOCUS ON THE MOST MATERIAL MATTERS FACING OUR BUSINESS. HIGHLIGHTS OF OUR STRATEGIC MATTERS INCLUDED:

OPERATE EFFICIENTLY	Operating margin maintained at 80%	Integrated 2015 acquisitions	Aligned structure to strategic matters	Improved tenant retention rates and occupancies	Refined business processes
INVEST STRATEGICALLY	Property assets expanded by R8.9 billion to R72.7 billion	Expanded geographic diversification	Continued focus on local portfolio quality	Recycling of secondary local assets exceeded acquisitions	Offer to acquire Pivotal advances local strategy in 2017
OPTIMISE CAPITAL	LTV maintained below 40%	Broadened quality-rated funding sources	Maintained strong credit metrics	Adopted policy of hedging of international income	Replaced Echo Polska Properties' (EPP) bridge facility with long-term and cheaper funding
ENGAGE TALENT	Certified as a Top Employer 2017	Promoted values-driven culture	Deepened staff engagement	Refined key performance areas	Expanded learnership programme now in fourth year
GROW REPUTATION	Most empowered REIT	Instilled culture of consistent and ethical behaviour	Brand valued at R6.3 billion	Fifth in EY's Excellence in Integrated Reporting Awards 2016	Introduced co-ordinated approach to retail marketing

BUSINESS MODEL: OUR VALUE CREATION STORY

Our value creation story has been designed to show the relationship between the various elements involved in achieving our stakeholder goals. By gaining an in-depth understanding of all the factors that impact on our ability to create sustainable value for our stakeholders, we're better able to plan and adjust our business in a constantly changing environment filled with challenges to overcome and opportunities to explore.

1. OPERATING CONTEXT

We analyse our operating context: global, local and property-specific, to determine which risks and opportunities have the greatest impact on our ability to create value in the short, medium and long term.

See page 14

2. RESOURCES WE RELY ON

FINANCIAL CAPITAL

We invest the financial capital received from our equity investors to deliver capital appreciation on their investments, as well as income in the form of distributions. We also obtain financial capital from various debt funders, which we return to them in the form of interest and loan repayments.

See page 52

MANUFACTURED CAPITAL

We use our manufactured capital to generate cash flow from rental and property-related income, which translates into capital appreciation.

See page 56

HUMAN CAPITAL

The knowledge, skills, attitude and innovation of our employees enable us to commit to being the best (but not necessarily the biggest) South African REIT.

See page 78

SOCIAL AND RELATIONSHIP CAPITAL

Constructive interaction makes our day-to-day operations more effective, ensuring we remain socially relevant in the communities where we operate.

See page 86

INTELLECTUAL CAPITAL

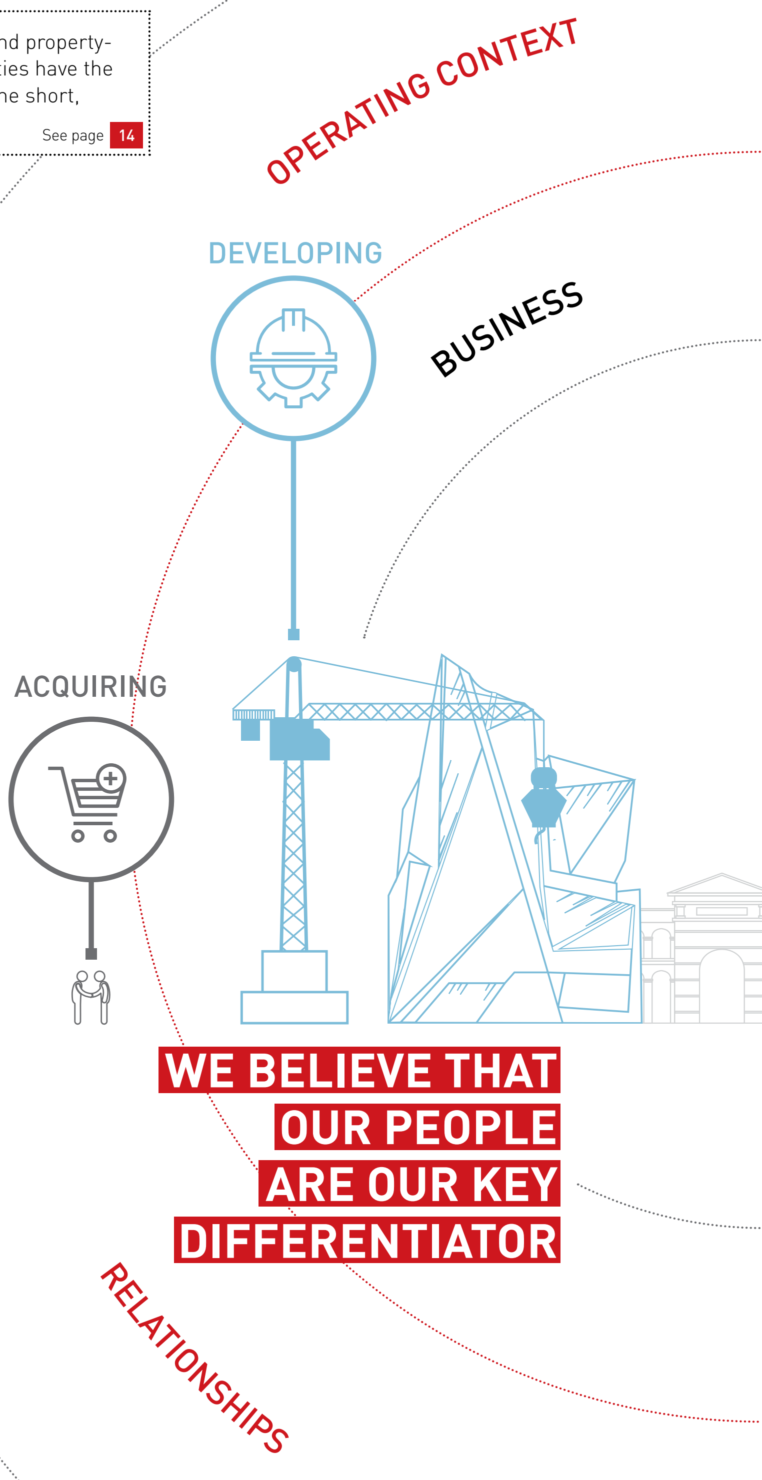
Our organisational, knowledge-based intangible assets and ethos are critical to our ability to sustain and grow the business.

See page 92

NATURAL CAPITAL

Our business activities namely constructing, operating, occupying and redeveloping buildings, are dependent on natural capital.

See page 96



7. DELIVER SUSTAINED STAKEHOLDER VALUE

- BE A LANDLORD OF CHOICE
- BE AN INVESTMENT OF CHOICE
- BE A BUSINESS PARTNER OF CHOICE
- BE AN EMPLOYER OF CHOICE
- BE A COMMUNITY PARTNER OF CHOICE

See page 26

6. PERFORMANCE

Our performance is measured against what matters most by using relevant key performance indicators (KPIs).

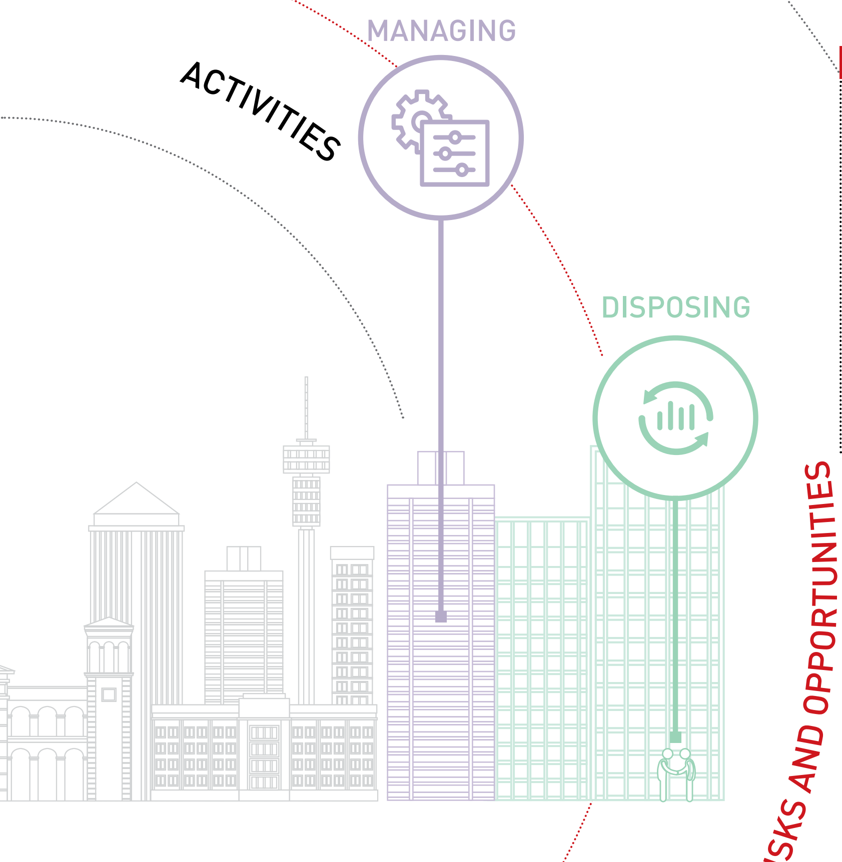
See page 21

5. STRATEGY – WHAT MATTERS MOST

We have prioritised our risks and opportunities to determine which matters are most material to our ability to create value in the short, medium and long term. As such, we have identified five strategic matters that enable the creation of sustained value for all our stakeholders.

- Operate efficiently
- Optimise capital
- Invest strategically
- Engage talent
- Grow reputation

See page 20



3. RELATIONSHIPS

The quality of relationships and the issues raised by stakeholders inform the assessment of our key risks and opportunities.

RELEVANT STAKEHOLDER GROUPS

Tenants	Employees
Investors and funders	Communities
Property brokers and suppliers	

See page 16

4. RISKS AND OPPORTUNITIES

Examining our internal capabilities to respond to the risks and opportunities identified in our operating context enables us to determine our most material issues.

See page 18

BUSINESS MODEL: OUR ACTIVITIES AND THEIR IMPACTS

Property is a long-term asset class. This means we need to make decisions today that will often only bear fruit in the future. At times, to ensure sustained value creation, we need to make decisions that are right for the business in the long term but have negative short-term consequences. We seek to manage our impacts and trade offs vigorously to improve the long-term outcomes of our activities for our business and meet the short-term expectations of our stakeholders.

INPUTS

- FINANCIAL CAPITAL
- MANUFACTURED CAPITAL
- HUMAN CAPITAL
- SOCIAL AND RELATIONSHIP CAPITAL
- INTELLECTUAL CAPITAL
- NATURAL CAPITAL

ACTIVITIES

Our business activities – that is acquiring, developing, managing and disposing of properties – are all geared to ensure our ability to secure long-term leases with strong tenants to provide sustained growth for our shareholders, funders and other stakeholders.

ACQUIRING

Our strategy is to grow and improve the quality of our core portfolio by acquiring buildings, wherever possible, with triple net leases to blue-chip tenants who offer secure cash flows and negligible vacancy rates.

DEVELOPING

Driven by demand and opportunity, we develop innovative, operationally efficient and cost-effective buildings and redevelop existing properties to realise further value.

MANAGING

We actively manage our diversified portfolio to enhance efficiency and returns.

DISPOSING

We sell secondary assets to recycle the capital into opportunities that have better long-term capital growth prospects once all other alternatives have been exhausted.

FOCUSING ON WHAT MATTERS MOST

Our strategic matters act as a compass – they guide our decision-making in an unpredictable environment, enabling us to focus on what matters most. In so doing, we are able to optimise the trade-offs between our capitals that arise as a consequence of our business activities.

- OPERATE EFFICIENTLY
- INVEST STRATEGICALLY
- OPTIMISE CAPITAL
- ENGAGE TALENT
- GROW REPUTATION

PRIMARY OUTPUT

QUALITY REAL ESTATE INVESTMENTS EMBEDDED IN SOCIETY THAT DELIVERS SUSTAINED CASH FLOW

MANAGING THE TRADE-OFFS THAT INFLUENCE VALUE CREATION OVER TIME

Governance provides oversight for our business activities. Having an executive chairman rather than an independent chairman has a **negative impact on our social and relationship capital** with investors frequently raising this as a concern. We have, however, considered this decision, including the **intellectual and human capital gain,** as well as the **social and relationship capital gain** in the form of our chairman's network within the industry, and have deemed this currently the best governance model for us. We will continue to evaluate this structure to ensure sustainable value for our stakeholders.

New property acquisitions enhance our core portfolio. They temporarily reduce **our financial capital** but enable long-term revenue generation and capital growth. Through this, we often acquire **additional human capital,** as employees associated with these assets are transferred as part of sale agreements. In this way, talent is acquired, which is a significant gain due to skills shortages in the industry. These large-scale transfers, however, impact on our employment equity performance and therefore **adversely affect our social and relationship capital.** We mitigate this risk by investing in growing talent, from designated groups, through our learnership programme.

The depressed economic environment coupled with increased competition calls for us to **intensify our financial capital** expenditure on developments and redevelopments of existing well-located properties to ensure the competitive quality of our buildings to retain tenants. Defensive expenditure (mainly in the retail environment) in the current economic climate, however, raises investor concerns. While increased spending does impact on short-term financial gain, the benefit added for tenants, which includes lower operating costs through green building elements that **preserve natural capital, increases** our stocks of **social and relationship capital** and their financial capital. This enables **sustained financial capital** growth for Redefine in the long term.

Given the constant and uncontrollable hike in administered costs, **reducing** our buildings' **natural capital** consumption is a primary concern. This serves to lower occupation costs and attract and retain quality tenants for the long term. Finding better ways of operating, however, often involves optimising spend with suppliers, which could **negatively impact social and relationship capital.** We believe, however, that careful relationship management is critical and that the long-term **financial capital** and **natural capital savings** will add more value than what is detracted.

By selling secondary assets we are able to generate **financial capital** to reinvest into higher-return assets. During 2016, we effectively switched the management of a large part of the government-tenanted portfolio through a sale to Delta. In this way, **manufactured capital** was temporarily decreased, as well as **financial capital**. However, the transaction will provide distribution yields without having to manage **human capital** or invest **financial capital** in the portfolio. While this decision differed from our original plan, it was the right choice for sustainable value creation.

OUTCOMES

FINANCIAL CAPITAL

- + Market capitalisation **R58.1 billion, up R3.3 billion**
- + Capital raised: **R8.9 billion**
- - Paid interest of **R2.1 billion**
- - Distributed **R3.7 billion** in dividends

MANUFACTURED CAPITAL

- + Property assets expanded by **R8.9 billion to R72.7 billion**
- + Total assets now **R79.8 billion up R9.3 billion**
- - Disposed of 16 non-core properties valued at **R1.4 billion**

HUMAN CAPITAL

- + **375 skilled** property and financial professionals **up 3% from 2015**
- + Engagement capital score of **77%** (2015: 73%)
- + Invested over **R7 million** in training and development
- + **27 learnership** participants (2015: 17)
- - Staff turnover **9%, down from 10% in 2015**

SOCIAL AND RELATIONSHIP CAPITAL

- + **BBBEE level 3**
- + **31%** of the Company is black-owned
- + New developments contributed to **job creation** and community upliftment
- + Brand valued at **R6.3 billion**
- - **Employment equity** among top management and **gender diversity** remain a challenge

INTELLECTUAL CAPITAL

- + Enhanced **corporate governance** structures
- - Culture dilution is a risk due to the high rate of acquisitions and consolidations. Focusing on entrenching our values and culture is therefore key

NATURAL CAPITAL

- + **2 600 smart meter installations**
- + **14 green star-rated buildings**
- + **12 generators installed** at key retail sites
- + **2 million KWh** reduction in electricity consumption
- - Total emissions of **604 000 tonnes CO_2e**

+ INCREASE IN CAPITAL - DECREASE IN CAPITAL

OPERATING CONTEXT

OUR GLOBAL CONTEXT

POSITIVE FACTORS

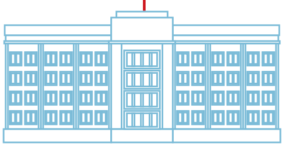
- Rapid urbanisation leading to growth opportunities
- Reducing imbalances in many emerging markets, leading to a growing middle class
- Opportunity for growth in selected emerging markets
- Continuing monetary easing in Europe leading to lower interest rates
- Ease of doing business continues to improve as a result of globalisation

NEGATIVE FACTORS

- Ongoing global financial market volatility, exacerbated by events such as the US elections and Brexit
- Tepid global economy
- Social instability and terrorism
- Anti establishment rage driven by globalisation

OUR RESPONSE

- Diversify geographically through exposure to multiple economies and currencies
- Investigate opportunities to exploit positive initial yield spreads
- Exploit development and asset management opportunities to counter low growth rates
- Hedging of international income and interest rates to improve visibility of income



SOUTH AFRICAN PROPERTY MARKET CONTEXT

OFFICE TRENDS

OVERSUPPLY IN THE MARKET

- Sluggish economic growth leading to stagnant demand
- Multiple new developments coming online in concentrated nodes
- Demand for greener more efficient buildings
- The need for better utilisation of accommodation to optimise cost and flexibility

OUR RESPONSE

- Drive development as well as refurbishment and redevelopment of well-located properties to remain competitive in a tough leasing market
- Target flexible workspace companies operating in the South African market to capitalise on this market trend
- Focus on property management and nurturing tenant relationships to secure long-term tenancies
- Divest from older, inefficient buildings in less-desirable areas

(For more information refer to pages 70 to 72)

OUR SOUTH AFRICAN CONTEXT

POSITIVE FACTORS

- Liquidity and appetite in capital markets
- Emergence of alternative real estate asset classes
- International retailers looking to expand locally
- A positive spin-off of the energy crisis is the financial viability of investing in renewable sources of electricity, such as solar photovoltaic (PV)
- Growing demand for student housing

NEGATIVE FACTORS

- Extreme political and social instability exacerbated by potential credit downgrade
- Uncertain electricity supply, slow demand and lower commodity prices resulting in a weak and unstable economy
- Depressed business and consumer confidence levels
- Growing unemployment and major skill shortages
- Water supply security exacerbated by the impact of climate change on rainfall patterns

OUR RESPONSE

- Convert existing secondary properties for alternative uses such as student accommodation
- Develop to expand in under-represented defensive asset categories
- Diversify geographically and sectorally
- Establish new asset categories
- Recycle secondary assets that no longer meet Redefine's investment criteria
- Remain mindful of acquisition opportunities that would meet our investment criteria are limited
- Focus on redevelopments to improve, protect and expand existing properties in well-located areas

RETAIL TRENDS

BATTLE FOR MARKET SHARE

WE SEE CONSUMERS ACROSS ALMOST ALL INCOME BRACKET LEVELS THROUGHOUT THE COUNTRY:

- Continuing to grapple with debt
- Experiencing high unemployment
- With modest salary increases and low levels of confidence

OUR RESPONSE

- Redevelop to upgrade and expand to defend market share and differentiate existing centres
- Focus on better marketing
- Enhance tenant mix within our retail spaces based on analytics and tenant monitoring remains key
- Use technology to enhance shopping experiences

(For more information refer to pages 66 to 69)

INDUSTRIAL TRENDS

DEFENSIVE BUT PRICE-SENSITIVE

THE INDUSTRIAL SECTOR, PARTICULARLY HEAVY INDUSTRY AND MANUFACTURING, HAVE BEEN HIT HARD BY:

- Weak commodity prices
- Disruptive electricity supply
- Depressed economy

OUR RESPONSE

- Focus on logistics assets as retailers are looking to optimise distribution networks
- Identify key nodes to enhance Redefine's hold, sell, develop and buy strategy
- Focus on proactive management
- Implement our asset improvement roadmap to enhance tenant retention and create a buffer against rent reversions

(For more information refer to pages 73 to 74)

STAKEHOLDER RELATIONSHIPS

We believe that relationships support our ability to create value. By establishing good lines of communication with our various stakeholders and maintaining a constructive relationship with them, we enhance our business sustainability by being better able to identify and address risks and opportunities. We identified our key stakeholders in order to engage with them in the most effective manner (refer to page 88 for how we identified our key stakeholders). For a more detailed list of our stakeholders, their concerns and our responses, please see our SES report.

GAUGING THE QUALITY OF THE RELATIONSHIP

This scale represents our internal assessment on the quality of our relationships.

○○○○●	1 No existing relationship
○○○●●	2 Relationship established but much work to be done to improve quality of relationship
○○●●●	3 Relationship established and good strides made towards growing mutually beneficial, value-generating connection, but still room for improvement
○●●●●	4 Good-quality, mutually beneficial relationship with some room for improvement
●●●●●	5 Strong relationship of mutual benefit

BE AN EMPLOYER OF CHOICE

○●●●●

EMPLOYEES

ISSUES RAISED

Better communication

Long-term incentive (LTI) schemes

Transformation

Career development and growth opportunities

OUR STRATEGIC RESPONSE

We enhanced communication during 2016 through the development of an employee engagement programme. This programme focused on clearly communicating our employee value proposition (EVP) with regard to strategy and performance, culture and sustainability, training and development and rewards and recognition.

For more information, see pages 78.

KEY RISK/OPPORTUNITY IDENTIFIED IN STAKEHOLDER ENGAGEMENT PROCESS

RISK	OPPORTUNITY
Staff retention and attraction Slow pace of transformation	Continuing to enhance our EVP and clearly communicating it to existing and potential employees enables us to attract and retain the best talent.

BE A COMMUNITY PARTNER OF CHOICE

○○●●●

COMMUNITIES

ISSUES RAISED

Ongoing commitment to make a positive impact to the communities in which we operate

OUR STRATEGIC RESPONSE

We strive to continuously review and improve our corporate social investment (CSI) strategy. The CSI policy has been updated to ensure a more holistic approach to CSI initiatives throughout the business.

For more information, see pages 91.

KEY RISK/OPPORTUNITY IDENTIFIED IN STAKEHOLDER ENGAGEMENT PROCESS

RISK	OPPORTUNITY
Negative impact on our brand due to safety concerns as well as inconvenience to the public caused during development activities	We seek to add value to the communities surrounding our buildings through carefully planned developments that enhance our surrounds. These benefits include job creation, during development and the day-to-day operations of the buildings and that of our tenants, offering the correct tenant mix that adds to a community lifestyle and through localised corporate social investment.

BE AN INVESTMENT OF CHOICE

INVESTORS AND FUNDERS

ISSUES RAISED	OUR STRATEGIC RESPONSE
Clarity on Redefine's strategy Transparency on Redefine's transformation strategy Independence of the Board Concern around the role of the executive chairman Clarity on the investment case and value proposition	Our strategy, investment case and value proposition for investors is communicated through many platforms. However, engagement during 2016 highlighted the need to enhance communication in this area. As a result, in 2017 we will develop an improved communication plan to ensure we convey our strategy, investment case and value proposition clearly and consistently. We also embarked on a process of improving our governance structures during 2016. For more information, see pages 20, 44 and 52.

KEY RISK/OPPORTUNITY IDENTIFIED IN STAKEHOLDER ENGAGEMENT PROCESS

RISK	OPPORTUNITY
Lack of investor confidence	By clearly communicating our strategy and chosen form of governance, as well as the rationale for it, we build confidence in our leadership and further investment interest in Redefine.

BE A LANDLORD OF CHOICE

TENANTS

ISSUES RAISED	OUR STRATEGIC RESPONSE
Inconsistent service levels throughout the tenant life cycle Utility supply interruptions Increased cost of occupation	We continue to improve our product offering to remain competitive, focusing on greening our buildings to assist with supply interruptions. Enhancing relationships with tenants through consistent service at all levels of the business also remains a key focus. For more information, see pages 56 and 96.

KEY RISK/OPPORTUNITY IDENTIFIED IN STAKEHOLDER ENGAGEMENT PROCESS

RISK	OPPORTUNITY:
Not consistently living up to Redefine's people-centric brand promise results in reputational damage	Living our values in the course of our daily interactions with tenants strengthens our brand and enhances our competitive advantage.

BE A BUSINESS PARTNER OF CHOICE

PROPERTY BROKERS AND SUPPLIERS

ISSUES RAISED	OUR STRATEGIC RESPONSE
Information supply and response times Untimely payments Time to conclude contracts/agreements	We are focused on enhancing our operational efficiency and fine-tuning our structures to build strong relationships with our brokers and suppliers. We understand, however, that in optimising costs there are relational trade-offs that need to be carefully managed.

KEY RISK/OPPORTUNITY IDENTIFIED IN STAKEHOLDER ENGAGEMENT PROCESS

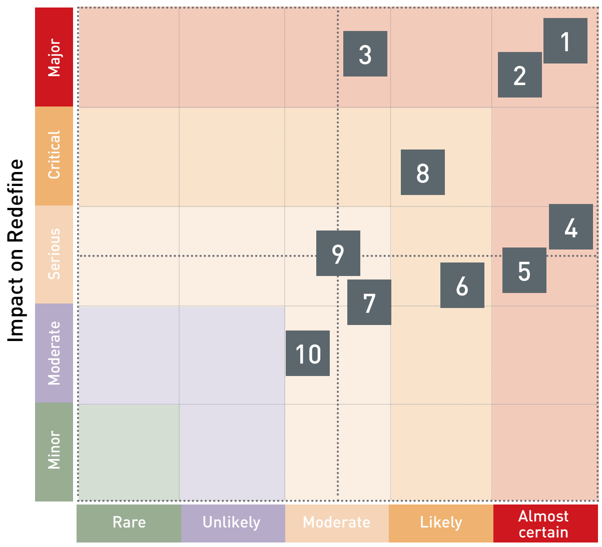
RISK	OPPORTUNITY
Loss of tenants due to breakdown of relationships with brokers	An opportunity exists for us to further refine our internal processes in order to ensure deals are processed more efficiently to enhance relationships with our property brokers – making us the business partner of choice.

TOP-OF-MIND RISKS AND OPPORTUNITIES

Our risk management processes are embedded in our everyday business activities and culture. For us, risk management involves achieving an appropriate balance between realising opportunities for gain while minimising the adverse impacts of these risks.

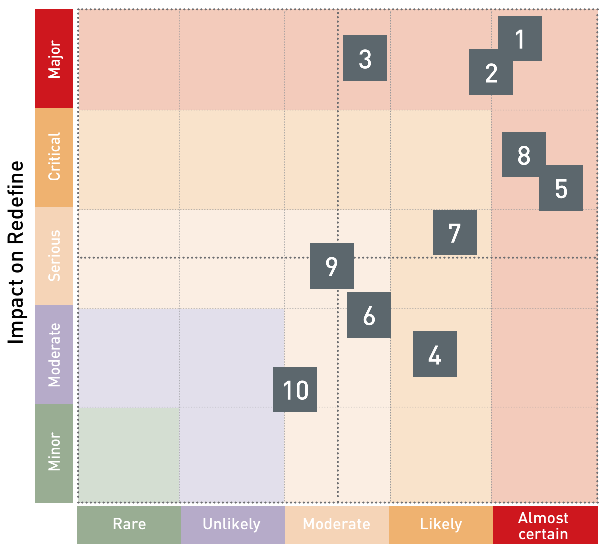
As part of the risk assessment process, risks are assessed over the short, medium and long term. The heatmaps below provide an overview of the assessment of the strategic risks considered from an inherent risk perspective (before considering mitigating efforts) and from:

AN 18-MONTH TIME HORIZON



Likelihood of risk occurring within 18 months

A FIVE-YEAR TIME HORIZON



Likelihood of risk occurring within five years

RISKS AND PRIOR YEAR RANKING		OPPORTUNITIES
1	Downgrading of South African Sovereign Credit Rating (2015: 2)	While the scale of our organisation will assist us in weathering the storm of a downgrade, our international diversification strategy is such that a downgrade will enhance the value of our international portfolio and is thus counter cyclical.
2	Sluggish or negative economic growth (2015: 1)	Acquiring/developing modern well-located assets that reduce occupation costs and attract/retain tenants while preserving natural capital, growing our reputation as a responsible business. The depressed economic climate may create distressed acquisition opportunities.
3	Lack of sustainable growth (emerging risk)	We meet our future growth targets by leveraging every opportunity presented in a challenging macro environment through diversifying into new asset classes and expanding in offshore markets that offer better growth prospects.
4	Damage to property and security-related threats (2015: 11)	An opportunity exists to differentiate our properties through increased security measures that do not impact on a tenant's experience but rather adds to it.
5	Increased competition for tenants, capital and property assets (2015: 5)	Our strategic drive to grow our brand is a means of setting us apart. This drive will encourage us to solidify the Redefine brand promise in an increasingly competitive marketplace.
6	Inability to achieve BBEEE compliance (2015: 6)	By mobilising resources, both human and financial, through our transformation, learnership programme and CSI investment initiatives, we enable better education and skills development, contributing to the growth of available human capital and growing our brand (social and relationship capital).
7	Failure to comply with local and international laws and regulations (2015: 8)	Ensure better systems and processes are in place to assist in achieving compliance requirements. The implementation and monitoring of our compliance framework systematises compliance issues and reduces man-hours spent.
8	Utility supply failure (2015: 4)	Our focus on decreasing our dependence on natural capital resources through the development and acquisition of more sustainable buildings not only helps to mitigate the risk of utility supply failure but also serves to enhance our brand and attracts quality tenants who are willing to sign long-term leases for better performing buildings.
9	Property obsolescence (2015: 10)	Remaining relevant through a continuous review of making the highest and best use of every asset.
10	Tenant concentration (2015: 7)	Ensuring the correct tenant mix in our properties and across our portfolio as a whole creates a competitive advantage in that we secure the resilience of the Group by avoiding over-reliance on certain tenants, and also optimises the performance of our assets.

STRATEGIC RESPONSE TO RISKS	STAKEHOLDER GOAL IMPACTED	CAPITAL IMPACTED	PRIMARY STRATEGIC MATTER IMPACTED
→ Appropriate diversification of international and local assets and funding sources. → Hedging of funding and income in place → Spreading of debt maturity profile	BE AN INVESTMENT OF CHOICE		
→ Ensuring appropriate tenant selection and ongoing monitoring of tenant strength and effective credit management → Ongoing assessment of the investment life cycle of the portfolio → Appropriate diversification of international and local assets → Increased focus on the development of a sound defensive asset base	BE AN INVESTMENT OF CHOICE BE A LANDLORD OF CHOICE		
→ Regular forecasting and monitoring of actual performance → Conservative hedging policies → Regular stakeholder engagement → Long-term asset management plans → Geographic diversification → External benchmarking of executive remuneration → Transparent reporting	BE AN INVESTMENT OF CHOICE		
→ Diversification of asset base → Effective security programme → Effective evacuation procedures → Closer liaison with SAPS → Insurance programme, including riot cover → Health and safety function monitoring and oversight	BE A LANDLORD OF CHOICE BE A COMMUNITY PARTNER OF CHOICE		
→ Appropriate sector and geographical diversification of assets → Exploration of alternative asset classes	BE A LANDLORD OF CHOICE BE A BUSINESS PARTNER OF CHOICE		
→ Implementation and monitoring of the BBBEE compliance strategy → Empowerment Trust	BE A LANDLORD OF CHOICE BE AN EMPLOYER OF CHOICE BE A BUSINESS PARTNER OF CHOICE		
→ Education and training → Oversight and monitoring → Compliance framework	BE A LANDLORD OF CHOICE BE AN EMPLOYER OF CHOICE BE AN INVESTMENT OF CHOICE BE A BUSINESS PARTNER OF CHOICE BE A COMMUNITY PARTNER OF CHOICE		
→ Smart metering project roll-out → PV solar and backup generators → Enhancing relationships with local councils → Location of properties in well-serviced areas → Focus on building efficiencies to reduce consumption	BE A LANDLORD OF CHOICE BE A COMMUNITY PARTNER OF CHOICE		
→ Increased focus on the development of a sound defensive asset base → Refurbishment and redevelopment programme → Improve sustainability of existing buildings	BE A LANDLORD OF CHOICE BE AN INVESTMENT OF CHOICE		
→ Extending and improving lease portfolio → Continuous review of portfolio → Ongoing monitoring of tenant concentration	BE AN INVESTMENT OF CHOICE		

ADVANCING OUR STRATEGIC THINKING

DURING 2016, WE ALIGNED OUR ORGANISATION TO OUR REFRESHED STRATEGY, FOCUSING ON WHAT MATTERS MOST

In a challenging operating environment, it's not the identification of the risk that defines sustainable businesses – those that will be around for years to come – but their balanced strategic responses that give consideration to their impacts on each capital through applying integrated thinking to each strategic choice.

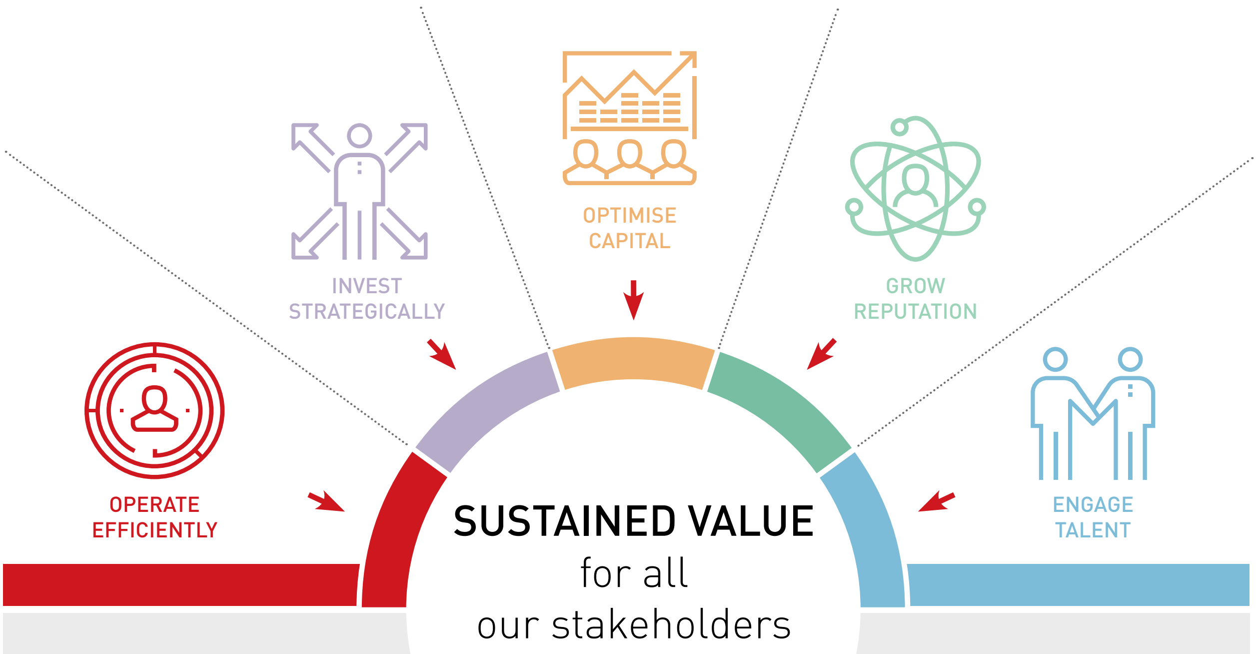
While our strategy has guided us faithfully over the years, watershed events beyond our direct control have made it clear that a focus on those factors that we can control, across all spheres, is key to absorbing and embracing the unknown.

Redefine's game plan

- Quality earnings (cash flow) underpin sustained growth
- Our focus is on real estate and related investments – not a particular sector
- We are opportunistic and invest where we believe the best market opportunities lie
- A balance is required between defensive assets and those that can be improved
- The acquisition of Pivotal will largely complete our drive to improve quality of our local portfolio
- We will continue to protect, expand and improve existing local properties as well as recycle secondary assets
- Our international exposure is continually reviewed given the low growth in the United Kingdom and Australia
- Poland is a market that holds great promise for growth through acquisition, development and extensions
- Our strategy is aligned to long-term trends and is tweaked for opportunities and risks

FOCUSING ON WHAT MATTERS MOST

To sustain growth, we need to manage more than simply our finances and our properties. We need to make strategic decisions that develop and preserve all our capitals – financial, manufactured, human, social and relationship, intellectual and natural.



SCORECARD BY STRATEGIC MATTER

We measure our performance against what matters most using relevant key performance indicators (KPIs) that are linked to our remuneration structures.

Our long-term objective

To increase our total returns through inproved cash flow and capital appreciation in order to deliver sustained growth for all our stakeholders.

HOW WE CALCULATE OUR TOTAL RETURN Total return = distribution per share + net tangible asset value (NTAV) growth per share

HOW WE MEASURE UP Total return: 2016: 12.9% | 2015: 19.6% (REM)

TO ACHIEVE OUR OBJECTIVE, WE HAVE FIVE STRATEGIC MATTERS:

OPERATE EFFICIENTLY

Operational efficiency is not only about cutting costs. It's about finding the best possible way to do what we do with the capitals at our disposal. In the current environment, we need to weatherproof our cash flow by focusing on the variables under our control.

HOW WE MEASURE UP: Targets and KPIs

REM	**Operating margin of the active portfolio:**
	Target: > 75%
	2016: 80.0%
	2015: 80.4%
	2014: 81.2%
	Net operating income growth of the active portfolio:
	Target: > 5%
	2016: 4.1%
	2015: 3.1%
	2014: 5.9%
REM	**Tenant retention rates:**
	Target: > 80%
	2016: 92%
	2015: 87%
	2014: 86%
REM	**Vacancy rate:**
	Target: < 8%
	2016: 4.9%
	2015: 5.4%
	2014: 5.5%
	Number of green star-rated buildings:
	Target: 15
	2016: 14
	2015: 12

WHAT WE ACHIEVED IN 2016

- ✓ The Fountainhead and Leaf portfolios acquired during 2015 were fully integrated during 2016
- ✓ Aligned organisational structure to strategic priorities with the introduction of new structures within the asset management and property management activities of the business. Sector-specific asset managers and general managers for the Gauteng and coastal property management regions have been appointed
- (Continuous process) Maintained a high level of tenant retention rates and improved occupancy rates across all sectors in a tough economic environment
- (Continuous process) Preserved the net operating margin despite the operating context and the uncontrollable administered costs
- X Net operating income on the active portfolio (those properties owned for 24 months) has grown by 4.1%
- (Continuous process) We embarked on the journey of pursuing green star ratings on our existing buildings, in addition to the newly developed buildings which have all been green star-rated

2017 PRIORITIES

→ Maintain operating margins
→ Formalise and refine business processes
→ Optimise the functionality and output of technology infrastructure
→ Attract and retain quality tenants
→ Extend lease expiry profile
→ Minimise and reduce vacancies
→ Preserve annual escalation rates
→ Optimise outsourced functions
→ Exploit non-gross lettable area (GLA) income opportunities
→ Manage business and stakeholder environmental impacts
→ Mitigate insurable risk
→ Integrate 2016/2017 acquisitions

Link to executive directors' remuneration: REM **Not achieved** X **Achieved** ✓ **Continuous process**

SCORECARD BY STRATEGIC MATTER (CONTINUED)

INVEST STRATEGICALLY

We are seasoned property and financial professionals. We use our combined years of experience to make strategic choices to selectively deploy the six capitals that create enduring benefit for our organisation, while creating value for our investors, tenants and all other stakeholders. This insight sets us apart and is material to our success going forward.

HOW WE MEASURE UP: Targets and KPIs

REM	**NTAV growth per share:**
	Target: 6%
	2016: 3.4%
	2015: 11.7%
	2014: 12%
	% of assets invested offshore:
	Target: < 25%
	2016: 24.8%
	2015: 17.2%
	2014: 14.5%
	Average value per property:
	Target: > R185 million
	2016: R181 million
	2015: R154 million
	2014: R127 million

WHAT WE ACHIEVED IN 2016

Achieved	Significantly extended the scope of our international interests via the investment into EPP
	Continued focus on improving the quality of the local property portfolio:
Achieved	- R2.2 billion development projects completed during the year
Achieved	- Disposed of 15 government tenanted properties to Delta for R1.3 billion
Achieved	- Recycling of other secondary local assets (R431.5 million) exceeded acquisitions of R228.3 million
Achieved	51% investment into Respublica Student Living and in the process of converting two additional properties into student accommodation (Hatfield Square and Yale Village)
Continuous process	Offer to acquire Pivotal advances local strategy in 2017. The acquisition positions Redefine even more competitively in the commercial property sector in line with its strategic intent to become the landlord of choice in A-grade office space in sought-after areas of South Africa

2017 PRIORITIES

- Optimise asset allocation between core, defensive and secondary properties
- Remain ahead of market cycles
- Continuously review the mix of sectors
- Maintain a long-term asset strategy per asset
- Increase cash flows from assets
- Redevelop existing properties to enhance income growth
- Monitor and meet tenant upgrading and expansion requirements
- Recycle capital to sustain future growth
- Continuously improve the quality of the core property portfolio
- Invest only in wel-serviced areas
- Lower the property age profile and increase average property values
- Explore investments outside traditional sectors
- Invest opportunistically in local listed securities
- Partner with developers in attractive new investment opportunities
- Limit speculative development to a maximum of 5% of the portfolio value
- Diversify risk geographically
- Benefit from investing in higher-yield-spread environments
- Expand foreign income and capital growth opportunities at low risk

Link to executive directors' remuneration: REM **Not achieved** X **Achieved** ✓ **Continuous process**

OPTIMISE CAPITAL

We need to have adequate funding available to deploy capital into the right property opportunities. Exposure to interest rate and currency volatility needs to be responsibly managed. We also need to ensure that our existing portfolio is optimally funded to increase our returns and ensure sustained and predictable growth. By optimising capital we make the best use of scarce financial capital to create value for our stakeholders.

HOW WE MEASURE UP: Targets and KPIs

REM **% of debt hedged:**

Target: > 75%
2016: 82.1%
2015: 81.3%
2014: 78.3%

REM **Moody's credit rating:**

Target: Maintain investment credit rating
2016: - Global long-term: Baa3 - National long-term: Aa2.za
2015: - Global long-term: Baa3 - National long-term: A3.za
2014: - Global long-term: Baa3 - National long-term: A3.za

REM **Loan to value ratio:**

Target: < 40%
2016: 38.5%
2015: 36.7%
2014: 38.0%

WHAT WE ACHIEVED IN 2016

- Broadened quality-rated funding sources – shortly after financial year end, Redefine successfully placed secured bonds with a principal amount of EUR150 million (R2.4 billion) bearing a coupon of 1.5%, exchangeable in five years into ordinary shares of RI PLC, the proceeds of which were used to partially refinance the bridge facility raised for the purchase of EPP
- Maintained strong credit metrics – on 11 May 2016, Moody's repositioned the national scale rating. As a result of the recalibration, Redefine's national credit rating has improved opening up further opportunities to raise capital on the debt capital market. The rating was refreshed during July 2016 and remains unchanged
- Adopted policy of hedging of international income

2017 PRIORITIES

- Target the lowest available cost of fixed and variable debt funding
- Optimise funding maturity profiles
- Broaden quality-rated funding sources
- Maintain loan-to-value ratios at or below 40%
- Improve investment profile to maintain current forward yield
- Optimise funding and tax structures
- Ensure visibility of income through hedging of interest rates and foreign currency
- Maintain strong credit metrics
- Optimise working capital
- Maintain liquidity

Link to executive directors' remuneration: REM

Not achieved X **Achieved** ✓ **Continuous process**

SCORECARD BY STRATEGIC MATTER (CONTINUED)

ENGAGE TALENT

Recruiting and developing individuals who have the qualifications, know-how and people skills who are aligned to Redefine's human and relationship capital necessary to support our people-centric business is an ongoing challenge that we seek to address in order to continue our growth trajectory. Inspiring our human capital to go above and beyond the call of duty through various programmes ensures that we harness these capitals to their full potential to achieve our vision to be the best in all aspects of what we do.

HOW WE MEASURE UP: Targets and KPIs

Engagement capital score:
Target: > 75%
2016: 77%
2015: 73%
2014: 70%

Accredited Top Employer 2016 and 2017

Number of graduate learners:
Target: > 20
2016: 27
2015: 17
2014: 18

WHAT WE ACHIEVED IN 2016

- Deepened staff engagement through the launch of our employee value proposition (EVP)
- Refined key performance areas and accountability throughout the business
- Accredited as a top employer in 2016 and 2017 by the Top Employers Institute
- Learnership programme in its fourth year and continued to deliver exceptional recruits helping to address the skills shortage issue in the property sector

2017 PRIORITIES

→ Enrich employee engagement practices
→ Promote a values-driven culture
→ Energise a culture of reward and recognition
→ Maintain equitable remuneration practices
→ Maintain relevant organisational structures
→ Refine key performance areas
→ Continue leadership development
→ Advocate ethical leadership
→ Continue change management
→ Invest in human capital development
→ Accelerate transformation
→ Ensure employee demographics are relevant

Link to executive directors' remuneration: REM

Not achieved X Achieved ✓ Continuous process

GROW REPUTATION

Our brand is the essence of who we are and is the glue that holds our business together. We differentiate ourselves through a dedicated people-centric approach to business, focusing on excellence in the context of relationships. The strength of our brand is the key factor in our success in a market that is fiercely competitive.

Growing our reputation in the execution of our business in all aspects of what we do leverages off relationship capital.

HOW WE MEASURE UP: Targets and KPIs

Ethics survey results:

Target: Maintain result
2016: A
2015: A
2014: A

REM **BBBEE contributor level:**

Target: < 4
2016: 3
2015: 3
2014: 6

External brand valuation:

2016: R6.3 billion

WHAT WE ACHIEVED IN 2016

- Undertook a brand valuation for the first time – the brand is valued at R6.3 billion (Achieved)
- Entrenched **"We're not landlords, we're people"** at all levels (Continuous process)
- Instilled culture of consistent and ethical behaviour, which is measured by the results from our ethics surveys (Continuous process)
- Introduced co-ordinated approach to retail marketing, with pilot projects launched at some of our retail centres (Continuous process)
- Ranked fifth in the EY 2016 Excellence in Integrated Reporting survey (Continuous process)

2017 PRIORITIES

- Advance integrated thinking
- Promote integrated stakeholder engagement
- Increase brand value, awareness and compliance
- Build a strong employer brand
- Improve service to all stakeholders
- Attract and engage brokers and tenants in a focused manner
- Explore and maintain communication platforms
- Actively manage reputation
- Embrace corporate governance
- Promote ethical business practices
- Contribute positively to BBBEE
- Strategically invest in communities for maximum, measurable impact
- Remain relevant to the societies in which we operate

Link to executive directors' remuneration: REM **Not achieved** X **Achieved** **Continuous process**

DELIVERING SUSTAINED STAKEHOLDER VALUE

We are about relationships. Value for Redefine is about meeting our stakeholder goals, which we measure by the outputs we deliver to our stakeholders that support the outcome of long-term relationships of trust. We strive to distribute value to our stakeholders in several ways. Some of these manifest themselves in financial value while others bring about more intangible benefits.

TENANTS

VALUE DISTRIBUTED	STAKEHOLDER GOAL	
R4.5 million quality space **R80.2 million** spent on tenant installations	BE A LANDLORD OF CHOICE	We want to own and manage spaces that enable individuals and businesses to thrive. This necessitates that we develop relationships of trust with our tenants, whereby they understand that our chief concern is to see them flourish.

INVESTORS AND FUNDERS

VALUE DISTRIBUTED	STAKEHOLDER GOAL	
Delivered distributions of **86.0 cents** per share, amounting to **R3.7 billion** during the year To return growth of **12.9%** Paid interest of **R2.1 billion**	BE AN INVESTMENT OF CHOICE	Deserving the trust that our shareholders and investors place in us when they invest in Redefine is our goal. We want to be more than a safe place for their investment, we want to offer our investors and shareholders sustainable growth that is responsible to the planet and to the people in our value chain.

PROPERTY BROKERS AND SUPPLIERS

VALUE DISTRIBUTED	STAKEHOLDER GOAL	
R2.5 billion distributed to suppliers	BE A BUSINESS PARTNER OF CHOICE	Ensuring that our relationships with property brokers, development partners, suppliers and service providers are mutually beneficial is key – supporting growth and value for our partners and for Redefine.

EMPLOYEES

VALUE DISTRIBUTED	STAKEHOLDER GOAL	
Invested **R7.8 million** in training and development Paid **R239.7 million** in remuneration	BE AN EMPLOYER OF CHOICE	Our people are our success – we therefore seek to support their continued growth and development in line with this understanding.

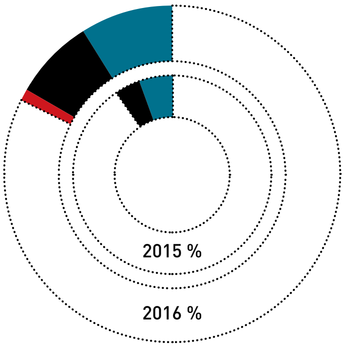
COMMUNITIES

VALUE DISTRIBUTED	STAKEHOLDER GOAL	
R1.5 billion in contributions to society through direct and indirect taxes, and community investments including donations, in-kind contributions and associated management costs New developments contributed to job creation and community upliftment	BE A COMMUNITY PARTNER OF CHOICE	We believe that our business has the ability to be an agent of social change – that is, the ability to pursue financial success in a way that also yields societal benefits. We believe that this is achieved through collaborative relationships on all levels of our business and in the communities in which we operate.

Value created

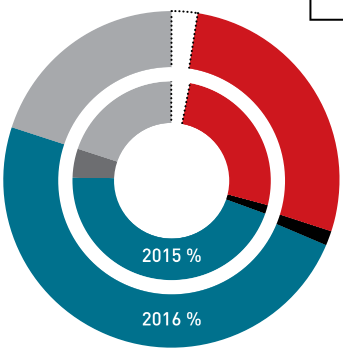
Redefine is in the business of generating cash.

Cash value generated



	2016 R'billion	2015 R'billion	% change
Revenue	6.5	6.5	(0.3%)
Investment income	0.1	-	100.0%
Interest received	0.6	0.3	94.8%
Equity-accounted result of associates	0.7	0.4	89.7%
Profit from discontinued operations	0.0	-	100.0%
Property and other operating expenses	(0.3)	(0.8)	(67.2%)
VALUE GENERATED	**7.6**	**6.4**	**19.4%**

Cash value distributed



	% contribution	2016 R'billion	2015 R'billion	% contribution
Employees	3.1%	0.2	0.2	3.3%
Providers of debt (interest)	27.9%	2.1	1.7	26.4%
Government (taxation)	1.5%	0.1	0.1	1.5%
Shareholders	48.2%	3.7	2.9	44.8%
Minorities	0.2%	0.0	0.3	4.1%
Municipalities	19.3%	1.5	1.3	19.9%
VALUE DISTRIBUTED	**100.0%**	**7.6**	**6.4**	**100.0%**

BOARD OF DIRECTORS

The calibre and commitment of our leadership is key to achieving our vision. Our Board is responsible to our stakeholders for the delivery of this vision. For full CVs please refer to AGM.

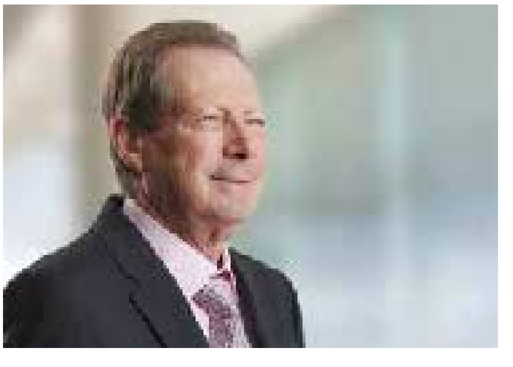
Leon Kok (45)
Financial director
BCom, BCom Hons (Acc), CA (SA)

Marc Wainer (68)
Executive chairman

Andrew König (49)
Chief executive officer
BCom, BAcc, CA (SA)

Ntombi Langa-Royds (54)
Independent non-executive director
BA (Law), LLB

Marius Barkhuysen (60)
Independent non-executive director



David Nathan (67)
Independent non-executive director
CA (SA)

Günter Steffens (79)
Independent non-executive director

David Rice (60)
Chief operating officer

Mike Ruttell (58)
Executive director: development
BSc QS, MRICS, HBS AMP

Michael Watters (57)
Non-executive director
BSc Eng (Civil), MBA

Harish Mehta (66)
Independent non-executive director
BSc, MBA

Bernie Nackan (72)
Lead independent non-executive director
BA Econ, SEP

Phumzile Langeni (42)
Independent non-executive director
BCom, BCom Hons

EXECUTIVE CHAIRMAN'S INTERVIEW

How would you describe the operating environment during the 2016 financial year?

Redefine has a diversified portfolio, with exposure locally and abroad. So when we talk about the external context, we use a wide-angle lens.

Locally, we've faced a roller-coaster ride of highs and lows. 2016 was a watershed year for South Africa. Following the local government elections in August, we've entered a new era of competitive politics. In politics, as in business, competition drives delivery, making us work harder, shake off complacency and find solutions.

On the ground, however, we are in a similar position to last year, facing almost non-existent economic growth; with social and political issues – such as the #FeesMustFall Campaign and the standoff that took place between the finance minister and sections of government – exacerbating uncertainty. In light of this, business confidence is falling to levels we had hoped not to revisit following Nenegate in December 2015. Add rising administered prices to the mix, and you can begin to understand the challenging local context in which we find ourselves.

Internationally, things have been far from quiet. In the aftermath of Brexit, economic prospects for Britain look bleak in the short to medium term, as the complexities of the world's most complicated divorce play themselves out amid continuous market reactions. As a result of this uncertainty, the sluggish growth prospects for the Eurozone are set to continue.

What does this mean for Redefine?

From our perspective, uncertainty creates opportunity for those agile and courageous enough to embrace it. Take, for example, the international low interest rate environment, perpetuated by the global financial crisis and subsequent economic fallout, which has created an opening for us to exploit attractive offshore yield spreads by investing offshore through in-country debt funding. This, coupled with a resultant natural Rand hedge on capital, has made offshore investments appealing.

During the year, we were able to secure a momentous international deal. The acquisition of EPP in Poland was a game changer for our international strategy. It has the scale, growth opportunities through asset management, developments and acquisitions and, most importantly, the right local partner to take a major part of our international business to the next level. It has also brought us close to major investors in Echo, mainly Pimco and Oaktree, through which we are exploring further business opportunities.

EPP sought a dual listing on the LuxSE and the JSE during the year. We consider this a powerful strategic move to generate growth and development in an exciting offshore jurisdiction. Listing significantly improves access to expansionary capital and allows existing and future shareholders to invest in a dynamic and highly attractive environment. Both Pimco and Oaktree have indicated their support for the listed vehicle and would consider providing additional capital as and when required.

The Pivotal Fund deal currently underway in South Africa is another major win for us, driving our local strategy to improve quality forward through a single transaction. The transaction was motivated by our strategic intent to recycle capital by disposing of secondary (office) assets and replacing them with prime assets such as those owned by Pivotal. We believe this deal sustains value for Pivotal's shareholders too, offering the Company's shareholders an opportunity to convert to a REIT structure that guarantees dividend payouts, exposure to hard currency earnings and enhanced liquidity.

The opportunity presented itself as a result of the challenging macroeconomic climate. Development funds like Pivotal are facing a number of challenges, including the increased cost of capital and a sluggish leasing environment which has put pressure on the feasibility of developments and their returns.

So, yes, the business climate is difficult. But we are poised to see through the challenges to the opportunity, and that is what sets us apart.

What do you believe enables this ability to see opportunity where others see only difficulty?

In my mind, the most important differentiator is our people and our belief that people are at the centre of what we do. Relationships are always dynamic, and so are we. Our ability to remain focused, relational and agile, despite our growing size, will continue to set us apart. Understanding this, we have spent a great deal of time and effort on preserving and nurturing our people-focused ethos. This focus remains across all facets of the business, ensuring a single-minded purpose and dogged alignment that we believe will see us through the growing uncertainty around us.

We say 'property is our commodity – people are our business.' We want to build a business that is based on people who live our values. It's still a work in progress, and always will be, but I believe this separates us from our competition and ensures our adaptability going forward.

Your role as an executive chair has been controversial at times. Why has Redefine taken this unconventional approach to corporate governance?

I don't mind being a bit controversial. I've come to understand that our shareholders acquire our shares for different reasons. We believe that our role is to make their investment work hard. I think that the role of corporate governance, in particular, is to protect shareholder value. In our case, that means understanding best practice and making it work within our context while ensuring that all the necessary checks and balances remain in place. The roles between Andrew, our chief executive officer, Bernie, our lead independent non-executive director, and me are very different but clear. I don't see my position as executive chairman as a long-term one, but for now, our roles are functional and value-accretive.

Recently, we completed a thorough review of our Board and committee structures to enhance our corporate governance and accelerate transformation. Changes to the Board were made. Günter Steffens, an independent non-executive director, and Michael Watters, a non-executive director, have both stepped down from the Board. I extend my gratitude to both for their significant contributions to Redefine over the past few years.

In addition, David Rice, our chief operating officer, and Mike Ruttell, our executive director for development, will withdraw from the Board in the coming year but will remain key members of our executive management team and standing invitees to Board meetings.

I want to take this opportunity to thank both David and Mike for their service and invaluable insight on Redefine's Board.

In the new year, Bridgitte Mathews will join the Board as an independent, non-executive director. We welcome Bridgitte and the wealth of experience she brings to the Board.

Looking ahead, what do you see for Redefine in the short, medium and long term?

Look, we go through cycles – we've been here before. Since I've been in this business, I've seen several recessions. When things are difficult, you make decisions that keep you moving forward despite the challenges and, in the end, you come through stronger.

At the moment, the climate is tough and is set to remain that way. This affects us daily. What we do is simple: we sell space. But, as with any product, people are reluctant to make long-term commitments if money is tight and they're uncertain about what lies ahead. Businesses and individuals alike are looking for ways to cut costs. As a result, the property industry currently is a game of musical chairs, with tenants moving from one space to the next in search of a better deal. In this environment, we're focused on tenant retention and are not actively pursuing local acquisitions. This focus will continue until we see real growth in our economy.

Notwithstanding these difficulties, we've been successful in securing a number of large-user, high-profile tenants across the portfolio. And I believe this is a testament to the way we operate.

The work we started five years ago to improve the quality of our portfolio – work which will largely be complete after the Pivotal acquisition, as well as a determined focus on efficiency and on people – the relational side of our business, will be what enables us to not only weather the storm but grow because of it. And when, not if, the economy improves, all the hard work and lessons learnt during these tough times will have positioned us for further growth.

Finally, any closing thoughts you'd like to share?

Yes – I'd like to thank our shareholders – your support is invaluable to our success. To our Board – thank you for your backing and guidance during the year. To our management team, especially Andrew and the rest of our executive committee, thank you for your dedication throughout the year.

Finally, to our tenants and investors – thank you for your continued support, and to our employees – thank you for moving Redefine forward during these challenging times and making things happen.

Marc Wainer
Executive chairman

OUR STRONG PURPOSE AND DOGGED ALIGNMENT IS WHAT WILL ENSURE OUR CONTINUED GROWTH IN THESE UNCERTAIN TIMES

MARC WAINER – EXECUTIVE CHAIRMAN

CHIEF EXECUTIVE OFFICER'S REVIEW

Overview

Our integrated report is the window into our business, a tool for engaging with our stakeholders and bringing together the most pertinent information on what matters most to our ability to create sustained value.

While economic uncertainty and financial market volatility remained pervasive themes throughout 2016, our people-centric business model and vision of being 'the best in all aspects of what we do' has enabled our achievement of a 7.5% growth in our full-year distribution to 86 cents per share, in line with market expectations.

Connecting with change

Real estate is a long-term asset class, and our focus is on delivering value for our stakeholders in the short, medium, and long term. And for us, value goes beyond financial returns – encompassing the relationships we build and the societal value we add. But, in the face of the prevailing economic, social and political uncertainties, which impede our capacity to predict and prepare for the future, how do we make this happen?

This was a recurring question we asked ourselves during 2016 as unpredictable events, or black swans, such as Nenegate and Brexit (easily digestible names we've given to market-altering events) continued to dramatically shift the goalposts on how we deliver real value to all our stakeholders.

The broader truth we're facing is that our business environment becomes more unpredictable with each passing year, increasingly defined by instability, uncertainty and disruption. Emerging economies are slowing, and growth in many developed countries is dependent on extreme monetary policies that will inevitably end. Business growth, long term and inclusive in nature, is becoming harder and harder to come by, leading to anti-establishment rage across the globe.

In this globalised and rapidly changing context, there is no such thing as business as usual. We need to navigate an extraordinarily complicated path, which requires constant engagement, reflection and agility to adapt to the resultant opportunities. In this endeavour, we believe that engagement, shared purpose and strong alignment to what matters most are mission-critical.

Aligning our business with what really matters

We may not be able to befriend the black swan, but we believe that we can tame it by honing our efforts and harnessing the collective power of our employees' passion through our shared focus and values.

Our mission of delivering sustained stakeholder value in a shifting context was the starting point for developing our refreshed strategy. By carefully assessing the opportunities and risks inherent in our new normal environment, we determined five areas that are most material to our ability to create and sustain value. We then concentrated our efforts on aligning our business and employees with focal point, using our mission, vision and values as a constant guide.

We believe that this step towards greater connectivity or alignment is one that is more congruent with who we are, and this unique approach is what sets us apart. For us, it's all about relationships, and that is why, despite, or maybe because of, the challenges we face, we will continue to move forward.

These five top-of-mind focal points guide our strategic choices and actions, much like the points on a compass does in an unknown terrain.

Operate efficiently

We believe that efficiency should not be solely driven by cost, but centred on increasing real business value in all aspects of what we do.

With this in mind, we realigned our employee structures during 2016, critically evaluated specialist non-core functions, successfully integrated 2015 acquisitions and enhanced our senior management capacity as part of a broader asset and property management strategy. This more focused approach has allowed us to home in on areas that are key to enhancing our tenants' experiences, thus improving our tenant retention and increasing occupancies, offering a buffer against rent reversions.

In a challenging market, capitalising on alternative revenue streams in the non-GLA space has become a priority for Redefine.

Property is embedded in the economy and the community. The properties we acquire and develop, as well as the way we manage these properties, has a significant impact on both. By embracing sustainability in all aspects of what we do, we seek opportunities to deliver enduring value and mutual benefit to our stakeholders.

In this regard, renewable energy has been an ongoing focus. The rise in administered prices, fast-progressing green energy technologies, favourable exchange rates, as well as previous concerns around the instability of electricity supply are complementary drivers promoting investment into sources of renewable energy, which also bolster the growth potential of green leases for tenants.

At Black River Park, for example, by adopting solar technology, we have been able to reduce energy costs and save approximately R7 million over the past 40 months, with monthly savings of between R1 million in winter and R200 000 in summer. With the third phase now online, we anticipate monthly savings to increase by at least 25%. In addition to this, all new developments incorporate solar-generated electricity, and there are a number of solar projects underway on existing buildings.

OUR INTEGRATED REPORT IS THE WINDOW INTO OUR BUSINESS,

A TOOL FOR ENGAGING WITH OUR STAKEHOLDERS AND BRINGING TOGETHER THE MOST PERTINENT INFORMATION ON WHAT MATTERS MOST TO OUR ABILITY TO CREATE VALUE

ANDREW KÖNIG – CHIEF EXECUTIVE OFFICER

Invest strategically

We are in the business of generating cash flow in order to enable sustained growth in value. We do this by allocating capital where we believe the best market opportunities lie and reduce risk by diversifying our property portfolio. To this end, we continue to invest in well-located properties that are high value, high quality and younger (meaning more efficient), with a focus on blue-chip tenants to improve efficiency and secure growth in rentals – all of which result in an improved cash flow.

Locally, our investment strategy is to continue expansion across the traditional sectors by developing vacant land in under-represented areas with an emphasis on portfolio improvement by acquiring, expanding, protecting and adding value through redevelopments. We also focus on recycling capital through the disposal of assets no longer aligned with our long-term investment strategy.

Accordingly, 2016 provided the groundwork for the offer we made to acquire the entire issued share capital of The Pivotal Fund. This acquisition will position Redefine more competitively in the commercial property sector and diversify our current ownership base by partnering with new co-owners, Abland, in existing co-ownership ventures.

Our diversification into an alternative asset category – student accommodation – gained momentum during the year. Our R750 million redevelopment of Hatfield Square, which will provide 2 200 beds, is currently underway; the acquisition of Midrand Varsity Lodge for R476 million and the conversion of the ABSA campus (near Wits) commenced during the year with 330 beds due to come on stream at the beginning of 2017 and a further 1 000 beds planned for the second conversion phase.

We continuously evaluate our properties and strategic equity stakes for their long-term capital appreciation prospects, as well as sustained income-earning potential. If the price is right and all other uses have been exhausted, we sell secondary assets to recycle the capital into opportunities that have stronger long-term growth prospects.

A major disposal during the year was the sale of our R2.2 billion government-tenanted office portfolio to Delta, which acquired approximately 60% of this portfolio, valued at R1.3 billion, in return for Delta shares.

Our international investment strategy is centred on geographic diversification and taking advantage of positive initial yield spreads. We concentrate on capturing development and asset management opportunities to counter low growth rates locally. Investments into offshore assets, totalling R5.34 billion, were made during the period; 25% of offshore assets are now located in the UK, 39% in Europe (Poland and Germany) and 36% in Australia.

This year we significantly expanded our offshore footprint through a Polish commercial property deal, leading to the creation and inward listing of EPP. The transaction entailed an initial 75% investment into a €1.2 billion high-yielding commercial platform comprising 18 properties by Redefine, with the remaining 25% held by our Polish partners (Echo Investment SA). Redefine onsold 25% to a selected group of co-investors and 5% to Redefine's executive directors. Subsequent to the issue of new shares to other investors through the inward listing, we now hold 38.5% in EPP. The deal is the largest-ever real estate investment transaction in Poland, as well as the largest single transaction of income-generating real estate assets in central eastern Europe.

Optimise capital

Redefine has income-earning property assets under management with a fair market value of approximately R73 billion, with almost 23% thereof invested offshore. During the year, we widened our international safety net through offshore, yield-accretive acquisitions, which, given the uncertain domestic funding and volatile currency situation, have been financed in the same currency.

For the 2016 financial year, R3.3 billion of the capital deployed was equity funded (excluding the recent capital raise). While recycling capital provided R1.4 billion available for deployment with the balance (mostly international) debt funded, for the first time in Redefine's history, recycling of capital exceeded acquisitions.

During July, we launched a book-build 15 days after Brexit – making us the first property company to do so, and were very pleased with the outcome of the solid investor support. We received applications for R1.8 billion at a price of R11.25 per share (1% greater than the 15-day volume-weighted average price), in excess of our target of R1.5 billion, to which we adhered. The recent capital raise has contained Redefine's LTV within our comfort zone of no more than 40% (currently 39.5%).

During the year, our market capitalisation breached R60 billion for the first time on the back of increased shares in issue and an improved share price. Our credit metrics have also remained sound, with Moody's refreshing its unchanged credit rating during the year.

International investor interest in Redefine at the end of September increased to 24%, driven by monetary easing, the over-sold Rand and Redefine's attractive forward yield.

An emerging top risk is the continued uncertainty in the financial markets, and the consequences thereof – especially when it comes to managing exchange rate risk. Redefine's 25% income exposure to offshore jurisdictions necessitated a careful review of our policies around hedging foreign currency (income) exposures, which we introduced during 2016, fortuitously before Brexit.

Engage talent

We understand that there is nothing more powerful than our employees' passion and initiative to optimise the opportunity inherent in our brand promise by being the best in all aspects of what we do. We have concentrated our efforts to deepening employee engagement by improving communication and encouraging discretionary effort to go above and beyond the call of duty.

During 2016, our employees were once again encouraged to give feedback on their jobs and work environment by participating in an employee engagement survey. Redefine achieved an overall engagement capital score of 77%, well above the 60% benchmark set (2015: 73% with a benchmark of 60%). The engagement capital score is a metric designed to give the organisation an overall score of employee commitment, discretionary effort and intent to remain with the Company.

We are also proud to announce that we have been recognised as a Top Employer in South Africa for 2017 by an independent global certification company. This is the second consecutive year that Redefine has received this certification of excellence in recognition of our 'exceptional' employee offerings and working environment.

Grow reputation

We are deliberate in our attempts to integrate social thinking into our business, that is, focusing on entrenching a values-driven culture and the importance of relationships in enabling our day-to-day business.

In this regard, stakeholder engagement is key. During the year, we continued to focus on improving our engagement through the creation of a centralised stakeholder database to ensure our stakeholders' legitimate needs are identified and addressed.

Recognising the centrality of our brand in providing sustained value, we also undertook a brand valuation. The insights gained have allowed us to draw a roadmap going forward to ensure our brand value and strength continues to grow and contribute to our future success.

Outlook and appreciation

Over the last few years, local economic growth has continued to trend downwards, and we are likely to only produce 0.5% growth in 2016. In the short term, we expect growth rates to increase marginally to around 1.5% in 2017, due to expected lower inflation and a stronger Rand, together with the recovery of the South African agricultural sector from the worst drought in decades. While this is an improvement, it is still well below the level needed to create sustained growth in demand for commercial property space.

In fact, an overview of the demand side of the economy suggests that we can expect a tight economic situation for all our stakeholders, including consumers, investors and the public sector. I believe that productive investment remains the panacea for future economic growth and job creation, and the lack of confidence by investors is deeply concerning. It is, therefore, imperative that all facets of South Africa strive to advance the well-being of economic and business environments.

On the international front, the prospect of low interest rates, volatile exchange rate movements and tepid growth are set to continue.

Despite the gloomy local environment weighing heavily on our domestic operation (office rental growth in particular), we are forecasting our distribution growth per share to be between 7% and 8%. This is thanks to the flatter local interest rate hiking cycle, the introduction of our currency hedging strategy (pre-Brexit), which has to some extent cushioned the stronger Rand, the opportunity to restructure our international funding and the inclusion of the full-year benefit of EPP.

Looking ahead, one thing we can be sure of is that the unknowns will outweigh the knowns. While this will test our mettle, I believe it will also create opportunities for us at Redefine to become the best in all aspects of what we do.

I would like to thank our people for walking the talk when it comes to living our values every day and for striving to be the best version of who they can be. It is this passion that sets our organisation apart. I would also like to extend my gratitude to our Board for its guidance and oversight during the year.

I believe that together we are building a legacy of which we can all be proud – we are well on track to be the best REIT in South Africa.

Thank you.

Andrew König
Chief executive officer

THE KEY BENEFIT TO INTEGRATED REPORTING

IS THE WAY IT HAS DEEPENED OUR SUSTAINABILITY FOCUS AND HELPED EMBED GREATER LEVELS OF INTEGRATED THINKING THROUGHOUT OUR ORGANISATION

LEON KOK – FINANCIAL DIRECTOR

Our financial performance and our value creation for our shareholders is measured through the increase in distribution per share and the generation of growth in tangible net asset value per share, which amounts to a total return basis of 12.9% (2015: 19.6%).

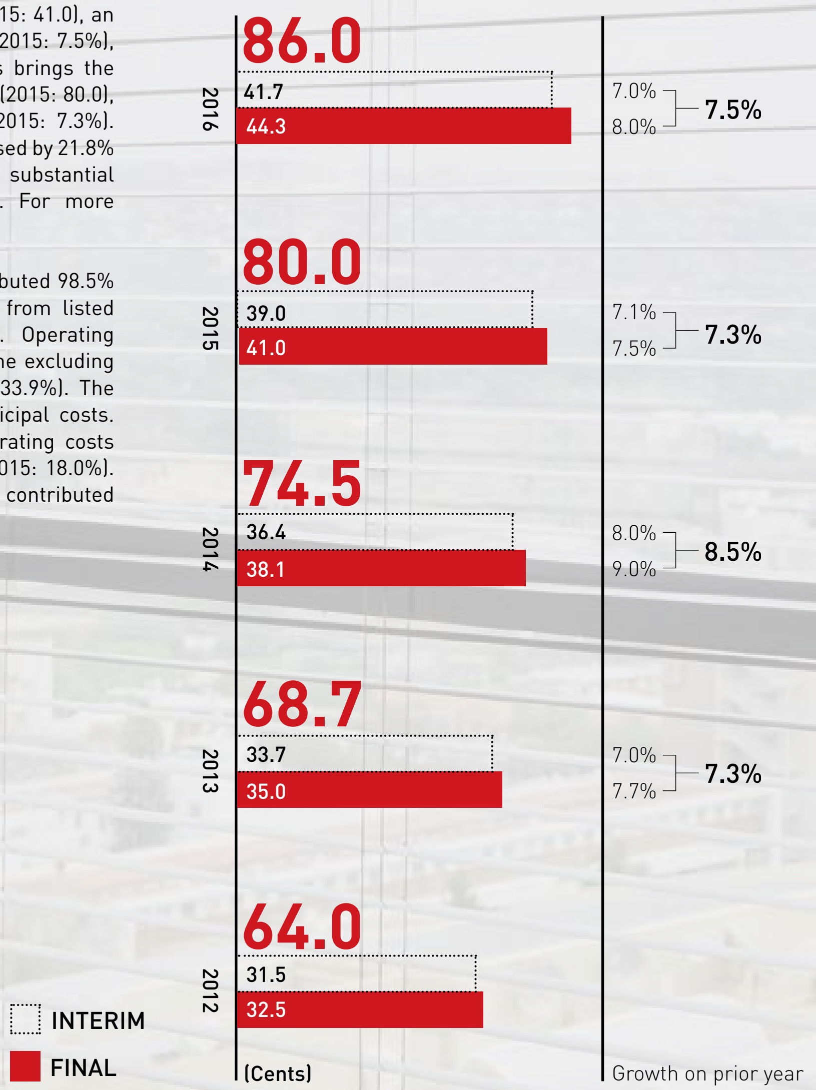
Distribution

The Board declared a distribution of 44.3 cents per share for the six months ended 31 August 2016 (2015: 41.0), an increase of 8.0% on the comparable period (2015: 7.5%), which is in line with market guidance. This brings the full-year distribution to 86.0 cents per share (2015: 80.0), resulting in year-on-year growth of 7.5% (2015: 7.3%). Gross distributable income for the year increased by 21.8% (2015: 36.3%), benefiting from a number of substantial quality acquisitions made in recent years. For more information, see our AFS.

Property portfolio revenue for the year contributed 98.5% of total revenue (2015: 94.8%) and income from listed securities represented 1.5% (2015: 5.2%). Operating costs were 34.4% of contractual rental income excluding straight-line rental income accruals (2015: 33.9%). The increase is predominantly from higher municipal costs. Net of electricity and utility recoveries, operating costs were 17.9% of contractual rental income (2015: 18.0%). Redefine's international property investments contributed 25.9% of distributable income (2015: 17.0%).

The Company's use of distribution per share as a relevant measure of results for trading statement purposes remains unchanged from prior periods.

DISTRIBUTION PER SHARE GROWTH



Simplified distributable income statement

The simplified distributable income statement provides a functional analysis of the contributors to our financial result.

	2016 R'million	2015 R'million	Change %
Net property income	**4 244**	**3 154**	**34.6%**
Listed security income	163	685	(76.2%)
Fee income	32	107	(70.1%)
Total revenue	**4 439**	**3 946**	**12.5%**
Administration costs	(180)	(170)	5.9%
Net operating profit	**4 259**	**3 776**	**12.8%**
Net finance charges	(1 330)	(1 075)	23.7%
Taxation	2	(7)	(129%)
South African distributable income	**2 931**	**2 694**	**8.8%**
International distributable income	1 023	539	89.8%
Distributable income	**3 954**	**3 233**	**22.3%**

Refer to the AFS for a traditional IFRS statement of profit and loss and other comprehensive income.

LANGEBERG MALL, WESTERN CAPE

NET PROPERTY INCOME

Net operating income (NOI) from the property portfolio grew year on year by 34.6% (2015: 28.6%) driven mainly by the completed developments and acquisitions during the current and prior years. The active portfolio's NOI growth was 4.1% (2015: 3.1%). This modest growth is as a result of a muted and competitive letting environment and general cost pressures.

We define properties owned for the full period in both years as the active portfolio.

The active portfolio margin was well maintained at 80.1% (2015: 80.4%), despite the relatively subdued revenue growth of 4.5% (2015: 5.1%) which bears testimony to responsible cost management.

LISTED SECURITY INCOME

The variance in listed security income relates to the Fountainhead acquisition which was implemented in August 2015. And as a result, the property assets are included in Redefine's property portfolio in 2016. In 2015, Fountainhead was classified as listed securities income for 11 months of the year.

FEE INCOME

The decrease in fee income on the prior year of 70% relates predominantly to fees (development, asset and property management) no longer earned from Fountainhead.

ADMINISTRATION COSTS

The growth in administration costs on the prior year of 5.9% is largely driven by payroll-related costs and other general inflationary cost increases.

NET FINANCE CHARGES

Net finance charges increased by 25.1% on the prior year due to the higher average cost of borrowings as well as Redefine's increased interest-bearing borrowings as explained in the financial capital section. This was partially offset by higher capitalised interest due to the development activity as explained in the manufactured capital section.

INTERNATIONAL DISTRIBUTABLE INCOME

The increase in international distributable income on the prior year of 90% is driven by the realisation of the Bondi loan, the increased shareholding in Cromwell and Redefine International respectively and the implementation of the investment in Poland through EPP in the last quarter of 2016.

Simplified statement of financial position

The statement of financial position shows the position of the Group's assets, liabilities and equity at 31 August, and reflects what the Group owns, owes and the equity attributable to shareholders.

As a REIT, the assets on our statement of financial position generate our income, through both capital appreciation and rental income, while the liabilities and the equity line items reflect where our funding was obtained. Refer to the AFS for a traditional IFRS statement of financial position.

	2016 R'million	2015 R'million
Property assets	72 687	63 821
Goodwill and intangible assets	5 304	5 367
Other assets	1 821	1 301
Total assets	79 812	70 489
Shareholders' interest	49 641	45 137
Interest-bearing borrowings	28 190	23 582
Total funding	77 831	68 719
Deferred tax and other liabilities	1 981	1 769
Total equity and liabilities	79 812	70 488

THE PRIMARY DRIVERS OF OUR STATEMENT OF FINANCIAL POSITION ARE:

WHERE WE INVEST – our **manufactured capital** which is our investment properties, listed securities and investments in associates and joint ventures and collectively referred to as 'property assets'

HOW WE FUND – our **financial capital** is shown in the balance sheet as shareholders' interest and interest-bearing borrowings

Sources and uses of capital

The following funding and investment activities were undertaken to extend our platform for sustained value creation as evidenced in our growth in net asset value.

HOW WE FUND – SOURCES OF CAPITAL

R1.4 billion Recycling of capital	**R3.3 billion** Equity raised
R4.0 billion International debt	**R0.2 billion** Local debt

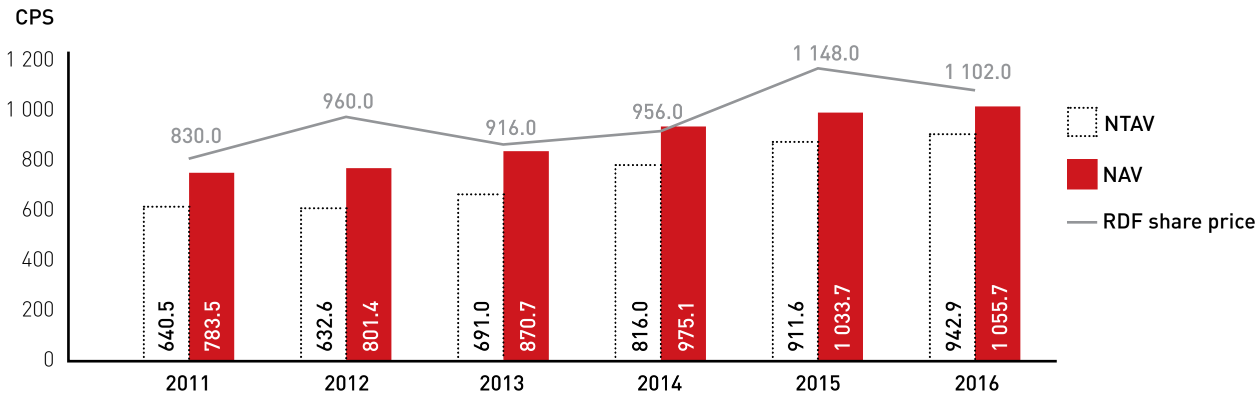
R8.9 billion

WHERE WE INVEST – USES OF CAPITAL

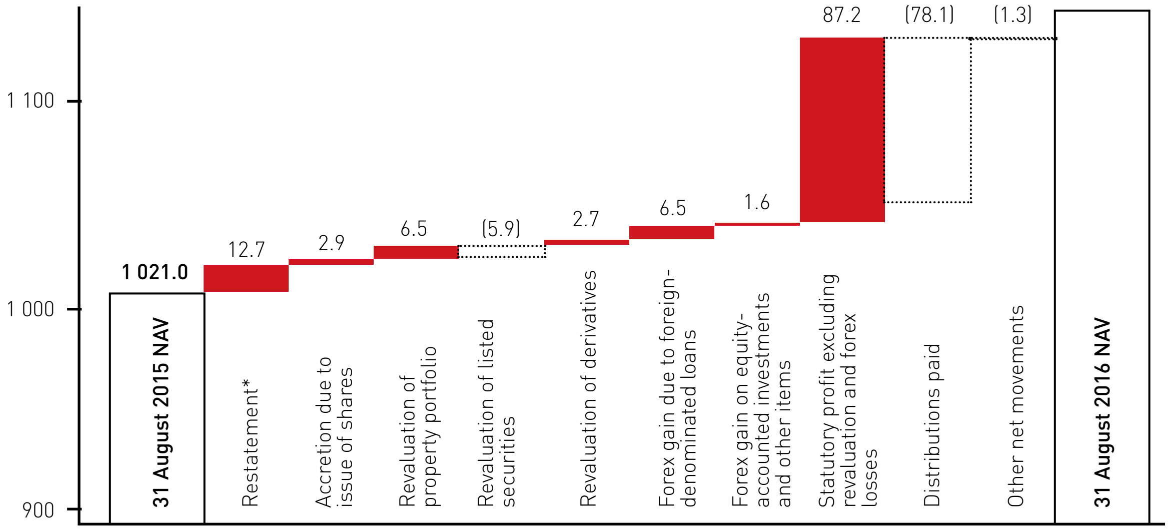
R0.2 billion Working capital	**R1.7 billion** Developments
R0.3 billion Loans advanced	**R1.0 billion** Local acquisitions
R5.7 billion International investments	

R8.9 billion

GROWTH IN NAV



DRIVERS OF GROWTH IN NAV

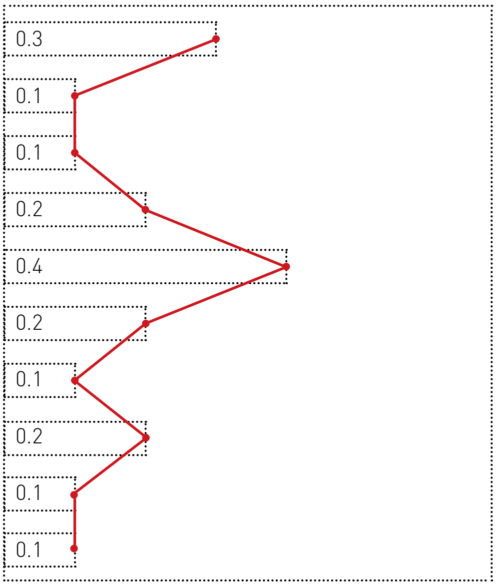


* Refer note 2 in AFS for a detailed explanation on the restatement.

Sensitivity analysis

Redefine has a diversified asset base which is robust and capable of absorbing risks to provide a platform for sustainable growth. Given the environment we operate in and the current economic conditions, we are subject to a number of variable factors outside of management control. The analysis below provides some insight to these and the potential impact thereof on the distributable income per share:

2017 OUTLOOK SENSITIVITY ANALYSIS	FORECAST 2017 IMPACT (CENTS PER SHARE)
Change in vacancy by 10 000m²	0.3
Change in municipal charges by 5%	0.1
Change in bad debts by R5 million	0.1
Change in admin costs by 5%	0.2
Change in interest rate by 50bps	0.4
Change in international listed securities distribution by 1%	0.2
Change in local listed securities distribution by 1%	0.1
Change in ZAR/GBP exchange rate by R1	0.2
Change in ZAR/EUR exchange rate by 10 cents	0.1
Change in ZAR/AUD exchange rate by 10 cents	0.1



Appreciation

During the year, our 2015 integrated report was ranked fifth in the top 10 positions in EY's Excellence in Integrated Reporting Awards 2016.

Our integrated report is an outcome of our ongoing efforts to enhance communication with our stakeholders in a forthright manner that addresses prospects and challenges, and remains for us a benchmark for disclosure and accountability. It also offers our stakeholders a window into how we are creating value both inside and outside of the Company. The key benefit to integrated reporting is the way it has deepened our sustainability focus and helped embed greater levels of integrated thinking throughout our organisation. We are delighted to receive recognition that our integrated reporting journey is on the right track and it motivates us to continue improving our stakeholder communication.

I believe that the progress we have made in our integrated reporting bears testimony to our stated vision of being the best in everything we do. The relentless pursuit of this vision by all my colleagues is a source of great inspiration and makes me extremely proud to be part of the Redefine family.

Prospects

We will continue to pursue our strategy of prudently managing our financial capital to provide an appropriate balance between debt and equity and the associated costs. This approach enables us to execute our strategy and sustain value creation. It reinforces our credit reputation with our lenders and maintains a robust capital base to secure Redefine's ability to provide sustainable returns to stakeholders despite financial market volatility.

Leon Kok
Financial director

WEMBLEY SQUARE, WESTERN CAPE

Creating value through governance

The Board of Redefine believes that governance contributes to value creation through enhanced accountability, effective risk management, clear performance management, greater transparency, ethical and effective leadership. Such sound corporate governance provides a critical foundation for achieving the Company's strategic objectives while protecting stakeholder value and living the Redefine values.

The role of the Board

The Board operates in terms of a detailed mandate and takes overall responsibility and accountability for the success and sustainability of the Company in the best interests of all stakeholders. Its role is focused primarily on exercising sound, effective leadership and independent judgement, when considering the Company's strategic direction and overall performance. The Board is also responsible for ethics and transformation, ensuring an effective governance framework, compliance with regulatory obligations and effective risk management.

LEADERSHIP, ETHICS AND CORPORATE CITIZENSHIP

- Principles and structures for good corporate governance are in place and are operating efficiently
- The code of business conduct entrenches a culture of intolerance towards unethical conduct, fraud and corruption
- Comprehensive registers are maintained of individual directors' interests and directors are obliged to disclose any potential conflicts of interest

STRATEGY, PERFORMANCE AND REPORTING

- The Board ensures value creation across the various capitals is integrated into the Company's strategy
- The Board assesses the Company's performance against the approved strategy using pre-determined KPIs
- Relevant frameworks and reporting standards used are appropriate and material financial and non-financial information reported is reliable

GOVERNING STRUCTURES AND DELEGATION

- The Board is constituted in terms of the Company's Memorandum of Incorporation (MOI) and in line with the King Code of Governance Principles (King Code)
- The Board charter regulates the parameters within which the Board operates and ensures the application of the principles of good governance in all its dealings
- Annual comprehensive evaluations of the Board are undertaken to ensure that the Board is in a position to add value to the business through the strong alignment of composition and skills to strategy
- The Board committees are competent to deal with the Company's current and emerging risks and opportunities and effectively discharge their duties

STAKEHOLDER RELATIONSHIPS

- Material stakeholders have been identified and formal mechanisms established to balance their needs, interests and expectations in the best interests of the Company over time
- Engagement strategies have been formulated to enable the Board to understand and respond to stakeholders' legitimate concerns

GOVERNANCE FUNCTIONAL AREAS

- The governance of risk involves achieving an appropriate balance between realising strategic opportunities for value creation while minimising adverse impacts
- Technology and information are governed in a manner which supports the organisation in setting and achieving its strategic objectives
- The governance of remuneration is linked to the achievement of strategic objectives and positive outcomes across the combined context of the economy, society and environment in which the Company operates
- Combined assurance continues to evolve and further enhance alignment from an enterprise risk management perspective

Statement of compliance

The Board subscribes to full compliance with applicable laws and regulations in the jurisdictions within which it operates. During 2016, with the exception of non-compliance with paragraph 3.65 of the JSE Listings Requirements in relation to the late disclosure of dealings in securities by a director of the Company, the Company was fully compliant with the requirements of the Companies Act, No 71 of 2008 (Companies Act), the Companies Act Regulations (Regulations) and the JSE Listings Requirements.

The annual REIT Compliance Declaration and the annual compliance certificate confirming the Company's compliance with the JSE Listings Requirements have been completed and will be submitted to the JSE in terms of the listings requirements.

King Code

We remain committed to the principles of King III and are mindful of the changes that King IV will bring about in our organisation. While we are preparing for the integration of the King IV recommendations, during the 2016 year, we continued to apply the King III recommendations as outlined in the King Code and materially entrenched the majority of these recommendations into the boards internal controls, policies, terms of reference and overall procedures. A checklist setting out how the company has applied the principles of King III is available on our website, **www.redefine.co.za**. The Group believes that it has complied fully with King III, while the chairman is not an independent non-executive (principle 2.16), a lead independent director has been appointed.

Leadership roles and functions

The Board is led by an executive chairman and therefore, in compliance with regulation 3.84(c) of the Listings Requirements and as recommended by the King Code, a lead independent director was appointed in 2014. The role of the chairman is distinct and separate from that of the chief executive officer (CEO) and there is a clear division of responsibilities. While the Board delegates authority to the CEO in accordance with the terms of the Board charter, the separation of responsibilities is designed to ensure that no single person or group has unfettered decision-making powers and that appropriate balances of power and authority exist on the Board.

LEADERSHIP ROLE	FUNCTION
EXECUTIVE CHAIRMAN	Responsible for leading the Board and for ensuring the integrity and effectiveness of the Board and its committees. Ensures high standards of corporate governance and ethical behaviour.
LEAD INDEPENDENT DIRECTOR	Maintains the effectiveness of the Board by providing leadership and advice when the executive chairman has a conflict of interest, without detracting from or undermining his authority. Provides support to the executive chairman, is available as a trusted intermediary for the other directors as necessary, and chairs a meeting of the non-executive directors at which the performance of the executive chairman is considered.
CHIEF EXECUTIVE OFFICER	Responsible for the effective management and running of the Company's business in terms of the strategies and objectives approved by the Board. Chairs the Company's executive committee, leads and motivates the management team and ensures that the Board receives accurate, timely and clear information about the Company's performance.

Transformation and changes to the Board

Bernie Nackan, Günter Steffens and Michael Watters are due to retire by rotation as non-executive directors of the Company at the annual general meeting on 9 February 2017. To allow for, *inter alia*, additional transformation at Board level, Günter Steffens and Michael Watters have decided not to make themselves available for re-election and the vacancy created by their retirement will be filled by the election of Bridgitte Mathews as an independent non-executive director of the Board.

In addition, and taking into consideration the King Code's recommendation of ensuring that the Board comprises a majority of non-executive directors, of whom the majority should be independent, David Rice and Mike Ruttell will withdraw as executive directors of the Company with effect from 9 February 2017. It is noted that both directors will remain standing invitees to Board meetings. The Board believes that these changes will address its composition with the overarching aim of enhancing its overall effectiveness while giving due attention to diversity considerations appropriate to achieving this aim.

For more information on our governance practices, including details of governing structures, governance functional areas and Board and committee mandates and attendance of meetings and remuneration report, refer to our CGR and AGM.

Board composition

The Company has a unitary Board structure consisting of executive and non-executive directors. Post the amendments referred to above, the Board will consist of 10 directors, seven of whom will be considered to be independent. Similarly, the amendments to be made to the Board have provided an opportunity to refresh the composition of the committees and as of 9 February 2017, three of our Board committees will be chaired by black, female, independent non-executive directors. Brief biographies of all directors outlining their skills and qualifications can be found in the AGM.

COMPOSITION PRE-CHANGE

COMPOSITION POST-CHANGE

Meeting schedule

The Board meets at least four times a year and additional meetings are arranged as and when circumstances dictate. Each meeting is conducted in accordance with a formal and structured agenda and Board papers are circulated timeously to ensure that directors are well informed and that debate and decisions are constructive and robust.

During 2016, the Board met on five occasions, one of which was a strategy and risk workshop.

How the Board spent its time

Financial performance	25%
Operational performance	25%
Strategy formulation and monitoring	20%
Governance and risk management	20%
Other	10%

DURING THE YEAR, THE BOARD FOCUSED ON:

INFORMING AND APPROVING the Company's strategy for the forthcoming financial year	**ENSURING** that the Company played its role as a responsible corporate citizen	**ENHANCING** governance structures, frameworks, policies, processes and procedures in line with best practice and regulation
ENSURING the implementation of appropriate remuneration policies and practices	**OVERSEEING** key performance and risk areas and ensuring effective governance, risk and capital management processes	**APPROVING** the annual and interim financial statements and assessed the Company as a going concern
PROVIDING effective and ethical leadership	**OVERSEEING** performance against targets and objectives	**ENSURING** balanced and understandable communication with stakeholders

Board appointments and succession planning

The Board has a formal and transparent process and policy in place for appointing directors. While the Board as a whole considers appointments, the authority to oversee nominations and carry out interview processes has been delegated to the nominations committee. In addition to experience experience, availability and likely fit, we also consider the integrity, as well as other directorships and commitments to ensure that a potential director will have sufficient time to discharge their role effectively. Furthermore, the nominations committee also considers race and gender diversity in their assessment.

Financial director

In accordance with the JSE Listings Requirements, the committee has considered and satisfied itself that Leon Kok, financial director, has appropriate expertise and experience to meet the responsibilities of his appointed position. The committee has also considered and satisfied itself of the appropriateness of the expertise and adequacy of resources of the finance function.

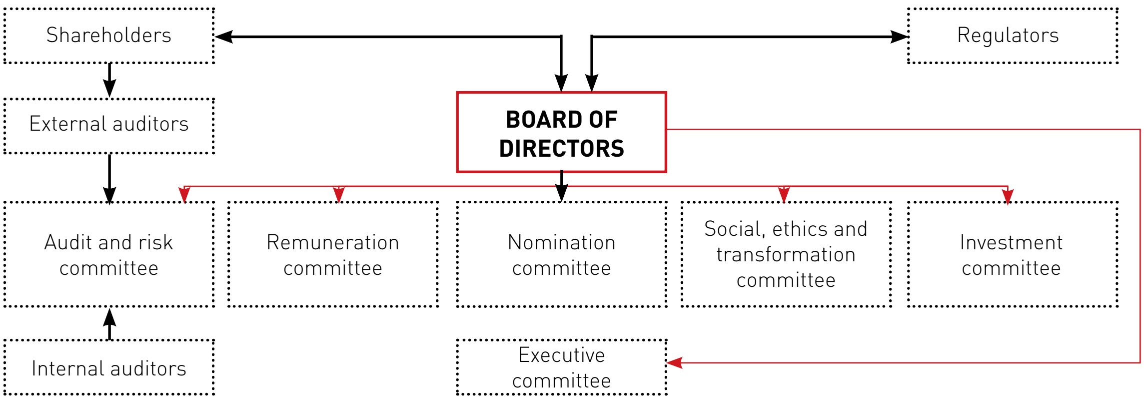
Company secretary

In compliance with paragraph 3.84(j) of the Listings Requirements, an annual evaluation of the company secretary, Bronwyn Baker, was carried out by the nomination committee, on behalf of the Board. The results of the evaluation confirmed that she demonstrates the requisite level of knowledge and experience to carry out her duties.

The Board is also comfortable that she maintains an arm's length relationship with individual directors and confirms that she is neither a director nor a public officer of the Company or any of its subsidiaries.

Governance framework and delegation of authority

The Company's governance structure provides for delegation of authority while enabling the Board to retain effective control. The Board delegates authority to established Board committees as well as to the CEO with clearly defined mandates.



Audit and risk committee

COMPOSITION

MEMBERS THROUGHOUT THE YEAR

D Nathan (chairman)
B Nackan
G Steffens

OTHER REGULAR ATTENDEES

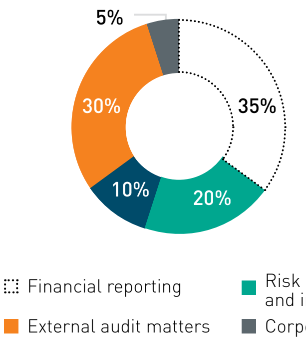
Executive chairman
Financial director
Head of finance
External auditors
Chief executive officer
Chief operating officer
Head of internal audit

MEETING SCHEDULE

During the 2016 financial year, the committee met on seven occasions, including an information technology workshop and two ad hoc committee meetings in relation to the external audit tender.

Meetings are planned in line with the Company's financial reporting cycle.

2016 FOCUS AREAS



COMMITTEE FOCUS FOR 2017

While the committee will continue to operate within its terms of reference and ensure that the meetings address all regular matters reserved for its consideration, the following additional key activities are expected to require the committee's attention during 2017:

→ Combined assurance
→ IT governance and business continuity
→ Risk and opportunity management

Remuneration committee

COMPOSITION

MEMBERS THROUGHOUT THE YEAR

G Steffens (chairman)
H Mehta
B Nackan

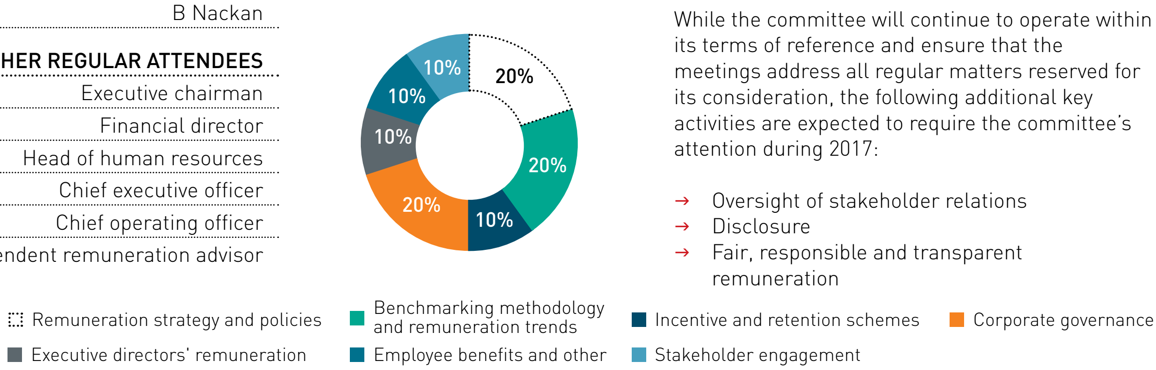
OTHER REGULAR ATTENDEES

Executive chairman
Financial director
Head of human resources
Chief executive officer
Chief operating officer
Independent remuneration advisor

MEETING SCHEDULE

During the 2016 financial year, the committee met on five occasions, including an ad hoc committee meeting in relation to the broad-based share incentive and restricted share schemes.

2016 FOCUS AREAS



COMMITTEE FOCUS FOR 2017

While the committee will continue to operate within its terms of reference and ensure that the meetings address all regular matters reserved for its consideration, the following additional key activities are expected to require the committee's attention during 2017:

→ Oversight of stakeholder relations
→ Disclosure
→ Fair, responsible and transparent remuneration

The Board aims to link the governance of remuneration with the achievement of strategic objectives and positive outcomes across the combined context of the economy, society and environment in which the Company operates. It believes that remuneration must be fair, reasonable and transparent. During the year under review, the mandated remuneration committee has devoted additional effort to initiate effective shareholder dialogue on remuneration and has paid close attention to the design, implementation and disclosure of remuneration policies and practices, particularly as they relate to the members of the Board and executive management. The Company's remuneration report can be found in the AGM.

Sponsor

The Company fully understands the role and responsibilities of the sponsor as stipulated in the Listings Requirements and has cultivated a good working relationship with its sponsor, Java Capital. The Company is satisfied that the sponsor has executed its mandate with due care and diligence for the year under review.

Social, ethics and transformation committee

COMPOSITION

MEMBERS THROUGHOUT THE YEAR

D Nathan (chairman)
L Kok
N Langa-Royds
M Ruttell

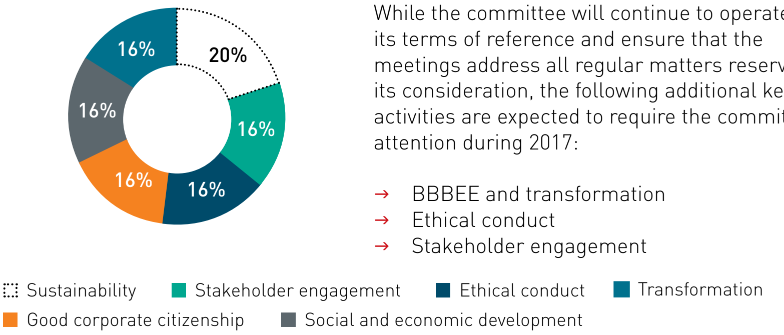
OTHER REGULAR ATTENDEES

Head of human resources
Head of marketing and communications
Retail asset manager
Head of utilities

MEETING SCHEDULE

During the 2016 financial year, the committee met on four occasions.

2016 FOCUS AREAS



COMMITTEE FOCUS FOR 2017

While the committee will continue to operate within its terms of reference and ensure that the meetings address all regular matters reserved for its consideration, the following additional key activities are expected to require the committee's attention during 2017:

- BBBEE and transformation
- Ethical conduct
- Stakeholder engagement

Nomination committee

COMPOSITION

MEMBERS THROUGHOUT THE YEAR

B Nackan (chairman)
H Mehta
G Steffens

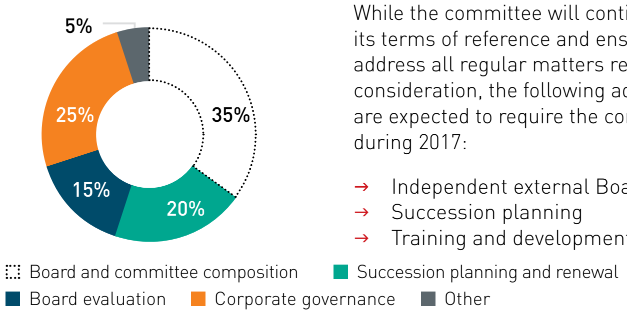
OTHER REGULAR ATTENDEES

Executive chairman
Financial director
Head of human resources
Independent external advisor
Chief executive officer
Chief operating officer

MEETING SCHEDULE

During the 2016 financial year, the committee met on four occasions.

2016 FOCUS AREAS



COMMITTEE FOCUS FOR 2017

While the committee will continue to operate within its terms of reference and ensure that the meetings address all regular matters reserved for its consideration, the following additional key activities are expected to require the committee's attention during 2017:

- Independent external Board evaluation process
- Succession planning
- Training and development

Investment committee

COMPOSITION

MEMBERS THROUGHOUT THE YEAR

B Nackan (chairman)
A König
D Rice
M Wainer

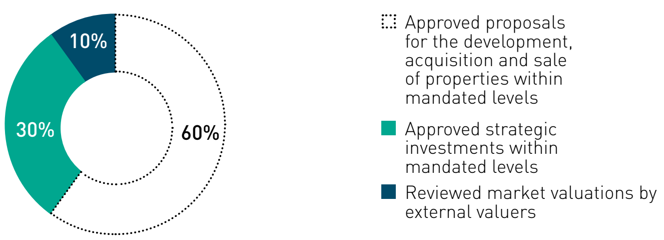
OTHER REGULAR ATTENDEES

Head of acquisitions and disposals

MEETING SCHEDULE

During the 2016 financial year, the committee met on four occasions.

2016 FOCUS AREAS



FINANCIAL CAPITAL

What financial capital means to Redefine

Our financial capital is the pool of funds that is available to us for deployment and includes debt and equity funding as well as the capital profits retained from the recycling of assets.

We are tasked with investing the capital received from our equity and debt funders responsibly in order to return financial capital to them in the form of sustainable distributions and interest payments at responsible levels of risk.

Creating value

How we manage and utilise our financial capital is fundamental to our ability to create sustained value for our stakeholders, particularly the financial stakeholders. Our ability to access cost-effective funding either through equity or debt is a key determinant of our commercial success. Our debt metrics have been further strengthened, and the Group's ability to manage its total cost of capital makes a significant contribution to the sustainability and its ability to fund expansion of its distributable income.

HIGHLIGHTS

Raised **R3.3 billion** in equity

Market capitalisation at **R58.1 billion**

Interest on **82.1%** of debt fixed

LTV at 38.5% despite significant highly geared international investment

Interest cover ratio improved to **4.3 times**

CHALLENGES	STRATEGIC RESPONSE
Downgrading of the South African sovereign credit rating will affect our ability to raise capital and funding, and increase the costs thereof	Liquidity has improved in debt capital markets which presents the opportunity to raise unsecured debt at competitive pricing levels.
Rising interest rates place pressure on maintaining our distributable income, negatively affecting our property valuations and the ability to raise further funding	Broaden funding sources following successful offshore placement of hard currency bonds. Exploit low interest rate environment in Europe.

Reflecting on 2016

In our 2015 integrated report, we reported on certain priorities for our 2016 financial year.

THIS IS HOW WE DID	Our performance	More information
Diversify funding sources to manage credit risk	Still in progress	Page 54
Reduce level of secured debt and assets to ensure funding flexibility	Achieved target	Page 55
Maintain credit rating to sustain investment profile	Achieved target	Page 55
Proactive capital management to provide a platform that sustains value creation	Achieved target	Page 53
Improve liquidity to ensure long-term sustainability	Achieved target	Page 53

KEY: Achieved target · Still in progress · Did not achieve target

Priorities for 2017

Target the lowest available cost of fixed and variable debt funding	
Optimise funding maturity profiles	**Broaden quality-rated funding sources**
Maintain LTV at or below 40%	**Improve investment profile** to maintain current forward yield
Optimise funding and tax structures	**Ensure visibility of income** through hedging
Maintain strong credit metrics	**Protect against interest rate fluctuations**
Optimise working capital	**Maintain liquidity**

How we source and use our financial capital

R'million	2016	2015
Stated capital	**36 526**	33 210
Interest-bearing borrowings	**28 190**	23 582
Funding structure	**64 716**	56 792
FUNDING RAISED DURING THE YEAR		
Issue of shares		
For cash	**1 549**	3 042
Dividend reinvestment plan	**1 797**	1 616
For assets	**-**	6 522
TOTAL EQUITY RAISED	**3 316**	11 180
INTEREST-BEARING BORROWINGS RAISED		
Bank funding	**4 695**	3612
Secured	**(480)**	2 501
Unsecured	**5 175**	1 111
Debt capital market funding	**(87)**	213
Bonds	**25**	200
Commercial paper	**(112)**	13
Total funding raised	**7 924**	**15 005**

Managing our liquidity profile to meet future cash requirements and debt maturities

Liquidity risk is managed through proactive renegotiation of short-term debt maturities, optimisation of maturity profiles and ensuring there is a funding plan in place for each asset acquisition or disposal. Redefine maintains a healthy level of undrawn, committed revolving bank facilities to meet immediate funding needs and cover short-term debt maturities. Revolving bank facilities reduce the need to hold unproductive cash resources and are cost-effective as the cash earns interest at the borrowing rate versus the cash deposit rate. 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.

UNDRAWN COMMITTED FACILITIES

2016	2015	2014
R3.4 billion	**R2.9 billion**	**R2.0 billion**

Extending our maturity profile

Redefine manages its maturity profile by aiming to spread the repayment dates to ensure that no more than 25% of the Group's interest-bearing borrowings mature in any given calendar year. Redefine proactively reviews its facilities and extends, restructures (for better terms) and renews upcoming maturities. Redefine actively monitors the financial markets, which assists in the fast and efficient execution of a funding plan for any new acquisition opportunities that may arise.

Maturities between each of the sources of finance are spread in order to mitigate the risk of refinancing. As a result, at 31 August 2016, Redefine had R7.0 billion in the short-term portion of interest-bearing borrowings. This included the €250 million (R4.0 billion) 12-month bridge facility raised for the purchase of the EPP transaction. Shortly after its financial year, Redefine successfully placed secured bonds with a principal amount of €150 million (R2.4 billion) bearing a coupon of 1.5%, exchangeable in five years into ordinary shares of Redefine International PLC, the proceeds of which were used to partially refinance the bridge facility. An additional R2.6 billion has been refinanced shortly after year end.

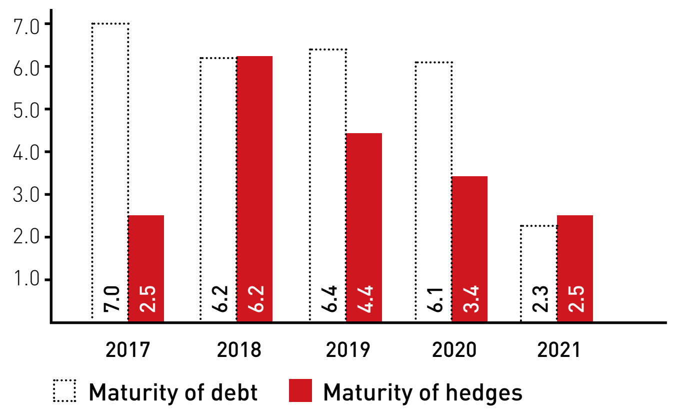
AVERAGE TERM OF DEBT

2016
2.5 years

2015
3.3 years

2014
3.2 years

MATURITY PROFILE OF DEBT AND HEDGES (R'BILLION)



Maintaining adequate protection against interest rate movements

Volatile interest rate movements result in increased borrowing costs, reducing distributable income. International and local economic conditions impact on 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 South African interest rate borrowings by entering into derivative instruments (interest rate swaps and caps). The Board has set a hedging target of 75% of South African interest-bearing borrowings to be fixed for as long as possible. To take advantage of the lower interest rate environment internationally, Redefine prefers to fix where possible, its interest on international borrowings.

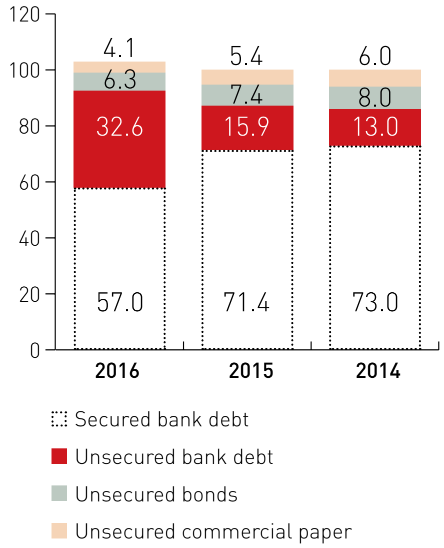
% OF SOUTH AFRICAN DEBT HEDGED

2016	2015	2014
82.1%	81.3%	78.0%

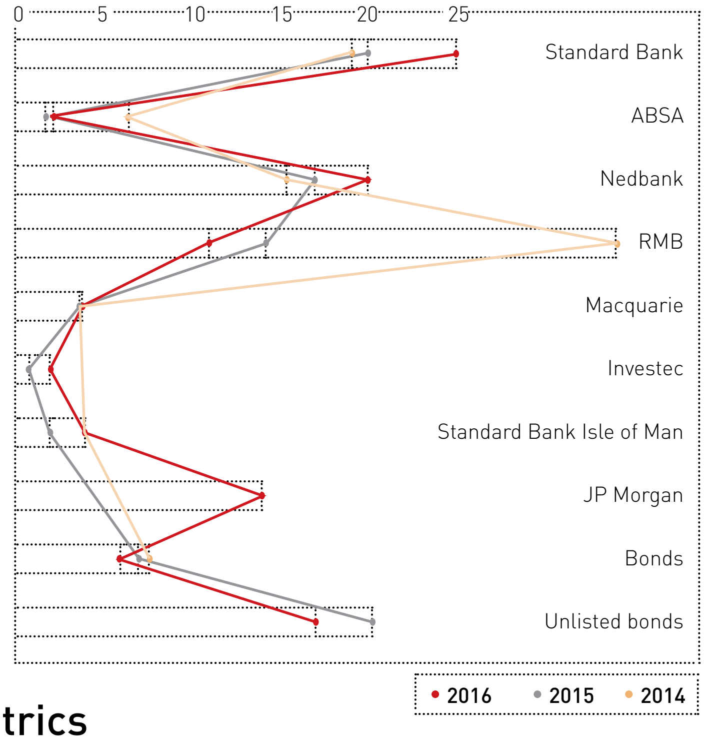
Diversifying our funding sources

Concentration risk may arise from a credit crisis, the introduction of Basel III requirements or prudential limits, which are imposed by debt providers. Redefine limits the concentration risk by diversifying the sources of funding among financial institutions (the banks) and the debt capital market. The size and the quality of our unsecured assets, as well as the equity headroom on unencumbered assets, allows us to arrange unsecured debt. Management's target is to source approximately 20% of its total debt funding from the debt capital market in order to avoid concentration risk among the major financial institutions.

SECURED VERSUS UNSECURED SOURCES OF DEBT (%)



SOURCES OF DEBT (%)



Maintaining strong credit metrics

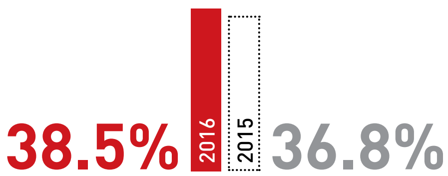
We strive to maintain an average LTV target range of 35% to 40% believing this is the optimal level of gearing over the long term. On 11 May 2016, Moody's repositioned the national scale rating. As a result of the recalibration, Redefine's national credit rating has improved and has been adjusted to the following:

GLOBAL LONG-TERM BAA3	GLOBAL SHORT-TERM P-3
NATIONAL LONG-TERM AA2.ZA	NATIONAL SHORT-TERM P-1.ZA

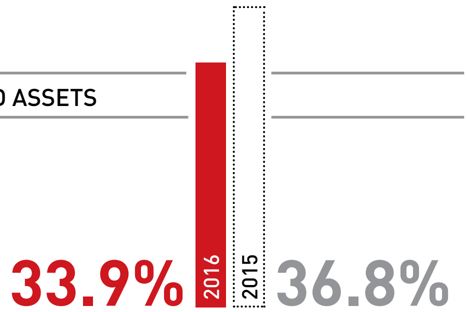
The rating was refreshed during July 2016 and remains unchanged.

Redefine has encumbered R38.8 billion (2015: R37.4 billion) of its property assets against secured borrowings of R16.4 billion (2015: R16.8 billion). For unsecured lenders (currently R11.8 billion), R56.3 billion of property assets are available (the remaining unsecured property assets of R33.9 billion plus the secured assets' funding headroom of R22.4 billion) to support their exposure. Redefine is looking to increase its level of unsecured borrowings by leveraging this situation, which has the added benefit of providing the unsecured lender with a diversified asset pool.

LTV



UNSECURED ASSETS



MANUFACTURED CAPITAL

What manufactured capital means to Redefine

Our manufactured capital is our diversified property asset platform comprising local and international property investments which effectively represents the deployment of financial capital.

We are tasked with allocating our manufactured capital to ensure the highest and best use to sustain long-term value creation.

Creating value

Through the disciplined application of our business model – the active management of our property asset platform, including acquisitions, developments and disposals – we optimise our manufactured capital, enabling us to provide sustained income and capital growth for all our stakeholders.

HIGHLIGHTS

Reduced vacancy to **4.9% from 5.4%** in a tough trading environment

Expansion into under-represented sectors through developable bulk of **1.5 million m^2**

Completed developments totalling **R2.2 billion**

Made an offer to acquire the entire issued share capital of the **Pivotal Fund**

Expanded geographic footprint into Poland through a **44.9% equity stake** in EPP

Disposed of a significant portion of the government-tenanted office portfolio to the **Delta Property Fund**

CHALLENGES	STRATEGIC RESPONSES
South Africa's muted economic growth profile has culminated in stagnation	Limited national economic growth challenges us to focus inward, ensuring a sharper focus on operational efficiency and effectively managing relationships. We have also focused on improving the quality of our assets. We have widened our international footprint through offshore, yield-accretive acquisitions which, given the uncertain domestic funding and volatile currency situation, have been funded in the same currency as the country of investment, creating a natural hedge.
Low growth in international markets	Invest in growth markets where there is opportunity to grow through acquisition, development and extension to existing assets.
Inefficiencies at municipalities affect property management and development	We build and maintain strong relationships with key town planning consultants and council officials in order to understand and anticipate the legislative hurdles to developments and reduce inefficiencies.
Continued rising utility costs	We continue to explore means to enhance the operational efficiency of our buildings through green technologies and preventative maintenance programmes.
Increased competition for property assets	Explore investing in new markets and alternative asset classes.

Reflecting on 2016

In our 2015 integrated report, we reported on certain priorities for our 2016 financial year.

THIS IS HOW WE DID	Our performance	More information
Diversify exposure to new asset classes outside of the traditional property sectors	●	Page 76
Strong focus on enhancing the value of core assets	●	Page 61 - 62
Refine long-term master plans for the development of key assets	●	Page 1 - 62
Deal with the electricity supply crisis	●	Page 96
Alternative uses to be exhausted before disposal of non-core assets	●	Page 61, 76
Expand into markets offering growth and secure income streams	●	Page 77
Let vacant space	●	Page 66, 70, 73
Manage tenants' credit and concentration risks	●	Page 18, 68
Continue to maintain margins and maximise cash flow	●	Page 40
Maintain a strong focus on tenant retention and relationships	●	Page 60

KEY: ● Achieved target ● Still in progress/ongoing ● Did not achieve target

Priorities for 2017

Expand foreign income and capital growth opportunities at low risk	
Optimise asset allocation between defensive and secondary properties	
Explore investments outside traditional sectors	Limit **speculative development to a maximum 5%** of portfolio value
Maintain a long-term strategy per asset	**Exploit non-GLA income** opportunities
Recycle capital to sustain **future growth**	Extend lease expiry profile and **reduce vacancies**


CENTURION MALL, GAUTENG

Local property portfolio

DELIVERING ON OUR KEY BUSINESS ACTIVITIES FOR OUR LOCAL PORTFOLIO

Despite stiff headwinds facing South Africa's economy, as well as political uncertainty, our local portfolio has performed satisfactorily, with the ongoing pressure on the office portfolio negatively impacting overall portfolio growth on a like-for-like basis. In these challenging times, a sharper focus on operational efficiency and managing relationships with all stakeholders remains key.

Realigning staff structures to cope with additional demands was also top of mind during the year in order to ensure we are managing our properties with a specialist focus as effectively and as efficiently as possible.

During the year, the bulk of our local focus has been on protecting, expanding and improving our existing properties rather than on acquisitions. While our number of properties decreased from 333 in 2015 to 312 in 2016, **the average property value increased from R154 million in 2015 to R164 million in 2016.**

	2016				
	OFFICE	RETAIL	INDUSTRIAL	SPECIALISED	TOTAL
Number of properties	119	82	109	2	312
Total GLA (m² million)	1.3	1.3	1.9	-	4.5
Vacancy (%)	8.7	3.6	3.4	-	4.9
Asset value (R'billion)	18.7	21.5	11	0.4	51.6
Average property value (R'million)	157.0	262.5	100.5	205.2	164.3
Valuation per m² (excluding undeveloped bulk) (R'000)	14.1	16.6	5.6	15.2	11.2
Value as % of portfolio	36.3	41.7	21.2	0.8	100.0
Average gross rent per m² (R)	117.8	140.6	41.8	147.0	92.2
Weighted average retention rate by GLA (%)	89.4	90.9	93.7	100.0	91.8
Weighted average renewal rental growth by GLA (%)	3.4	6.5	3.5	-	4.5
Weighted average portfolio escalation by GLA (%)	7.6	7.5	7.2	8.4	7.8
Weighted average lease period by GMR (years)	3.3	3.1	5.7	4.8	3.8

WE WORK CLOSELY WITH OUR TENANTS TO HELP ACHIEVE THEIR BUSINESS OBJECTIVES while, at the same time, increasing the value of our portfolio

2015				
OFFICE	RETAIL	INDUSTRIAL	SPECIALISED	TOTAL
139	86	106	2	333
1.5	1.3	2.0	-	4.8
8.5	4.3	3.8	-	5.4
19.5	20.8	10.5	0.4	51.2
141.0	242.1	100.0	197.5	154.0
13.4	15.7	5.4	15.6	10.8
38.0	40.7	20.5	0.8	100.0
115.20	140.20	42.30	139.30	109.20
91.3	79.7	89.1	100.0	86.7
(8.0)	4.0	(5.0)	-	(3.0)
7.4	7.3	7.8	-	7.5
4.9	6.3	7.7	-	6.0

DAVID RICE – CHIEF OPERATING OFFICER

Delivering value

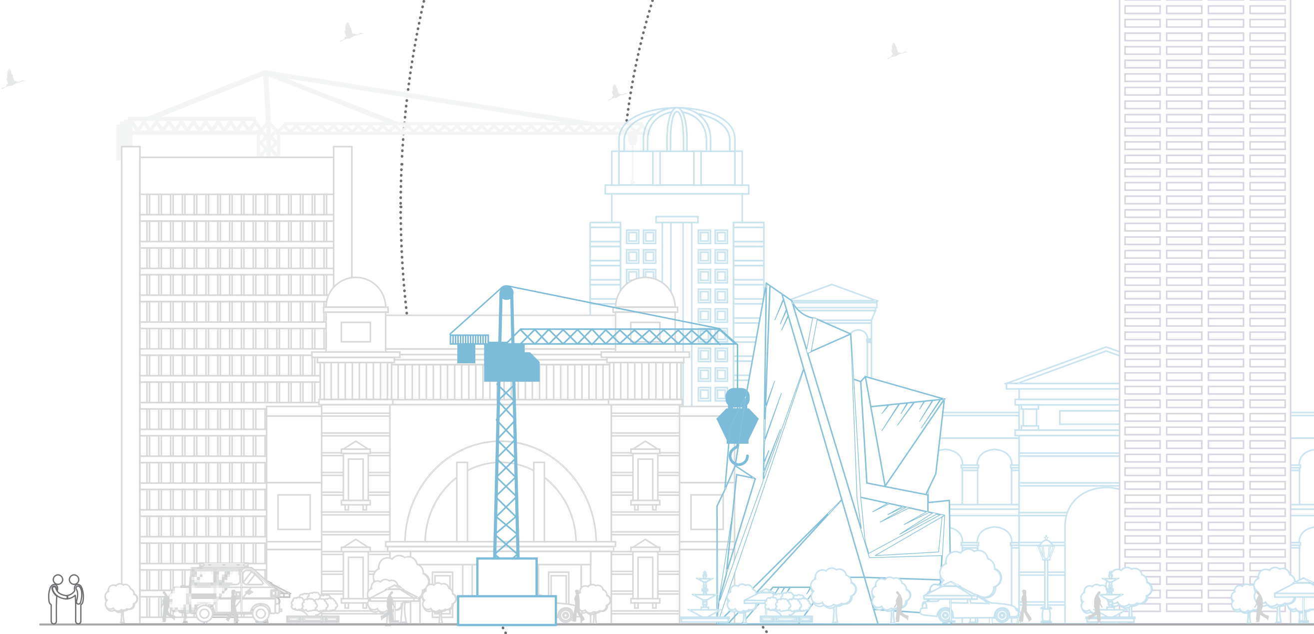
Our focus is on delivering sustained value to our stakeholders through the execution of our **primary business activities of acquiring, disposing, developing and managing properties.**

BUSINESS ACTIVITIES SUPPORTING VALUE CREATION

ACQUIRING

During 2016, Redefine acquired and transferred four properties with a GLA of 21 547m² for an aggregate consideration of R228 million, at an initial yield of 9.4%. We also acquired three development properties for R286 million. The vacant land has an area of 369 285m² available for development (Redefine's share: 153 104m²).

On 30 August 2016, Redefine announced an offer to acquire all of the Pivotal shares from Pivotal shareholders by scheme of arrangement. Following implementation of the scheme, Pivotal shareholders will receive approximately 138.54 Redefine shares and 9.38 EPP shares for every 100 Pivotal shares held. The Pivotal acquisition is in line with Redefine's strategy to diversify, grow and improve the quality of its portfolio and recycle its capital through disposing of non-core assets and replacing them with prime assets. The acquisition positions Redefine even more competitively in the commercial property sector in line with its strategic intent to become the landlord of choice in A-grade office space in sought-after areas in South Africa.



MANAGING

During the year, leases covering 492 126m² were renewed at an average rental increase of 3.3%, with the retention rate of a pleasing 92%. Net arrears improved to R39.8 million from R41.8 million in 2015.

We focused on realigning our staff structures to better execute our strategy. This included enhancing our senior management structure as part of a specialist asset and broader property management strategy.

There are now four distinct functions in operation. They are asset management, acquisitions and disposals, property management, and development management. The asset managers determine the strategy for their portfolios, and acquisitions and disposals, property management and development management serve as support functions in enabling the achievement of those strategies.

DEVELOPING

In the office portfolio, new buildings are enticing tenants out of older buildings, resulting in consolidation and relocation. New entrants to the marketplace are few and far between due to limited local economic growth and subdued foreign direct investment. In the retail environment, extensions often trigger a full upgrade to remain competitive.

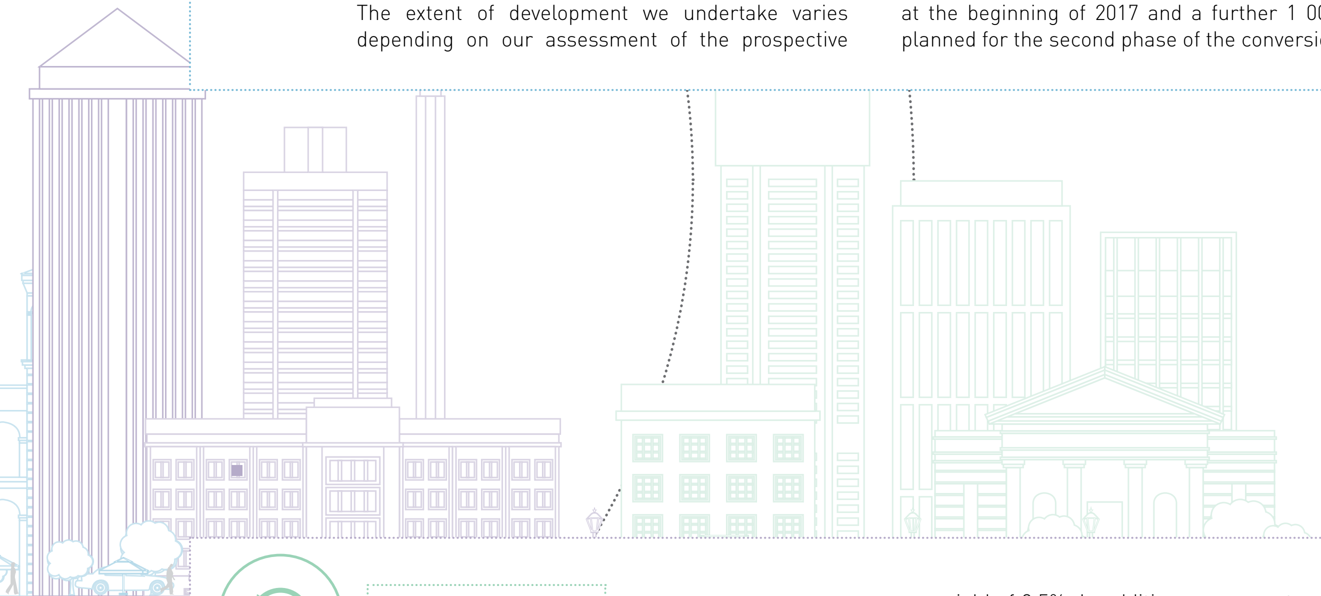
In general, the market is demanding modernised, sustainable buildings. So, in answer to this, Redefine's new commercial buildings aim for a minimum four-star design and build rating with the Green Building Council of South Africa (GBCSA).

We are also proud to say that we have piloted an industrial rating tool in collaboration with GBCSA and we now await the first green star rating in South Africa for a new industrial building.

The extent of development we undertake varies depending on our assessment of the prospective returns. Development returns are considered higher risk than those available from existing income-producing properties and, as a result, we target returns that are commensurately higher. As part of our overall risk management process, we have limited the maximum total speculative development exposure to not more than 5% of our portfolio value. During the year, we completed projects totalling R2.2 billion.

Redevelopment projects in the existing portfolio with an approved value of R1.1 billion, at an average yield of 6.4%, are in progress. New development projects covering 156 876m^2 of GLA with an approved value of R2.5 billion, at an average yield of 9.2%, are presently in progress.

Our diversification into student accommodation has gained momentum. The R757 million conversion of Hatfield Square to provide 2 200 beds is currently underway. The conversion of the ABSA campus in Parktown (on the doorstep of Wits) into Yale Village has commenced with 332 beds coming on stream at the beginning of 2017 and a further 1 000 beds planned for the second phase of the conversion.



DISPOSING

On a continuous basis, each property is critically evaluated and assessed in terms of our investment criteria.

During 2016, we successfully recycled capital to part-fund development as well as new acquisitions, and our recycling of secondary assets exceeded acquisitions.

Redefine disposed of 16 properties with a GLA of 177 189m^2, which did not meet its investment strategy, to various buyers for an aggregate consideration of R1.4 billion, at an average yield of 8.5%. In addition, agreements, subject to the usual conditions precedent, were concluded for the disposal of properties for an aggregate consideration of R431.5 million, with a GLA of 82 067 m^2 at an average yield of 7.2%.

In line with its strategy to dispose of its government - tenanted portfolio, Redefine concluded an agreement with Delta to dispose of 15 office properties with a GLA of 191 567m^2 at an average yield of 16.4% for R1.3 billion in exchange for 162 043 079 Delta shares. The effective date of the transaction was 1 April 2016. Redefine will dispose of the balance of its government-tenanted portfolio on a deal-by-deal basis.

Developments

GAUTENG   KWAZULU-NATAL   WESTERN CAPE

NEW DEVELOPMENTS IN PROGRESS

INDUSTRIAL	
Brackengate infrastructure phase 1	R334 million
34 Wrench Road	R194 million
Midway Park	R109 million
Golf Air Park III	R79 million
S & J infrastructure phase 1	R66 million
OFFICE	
Rosebank Link	R661 million
Rosebank Towers	R315 million
STUDENT ACCOMMODATION	
Hatfield Square	R757 million

NEW DEVELOPMENTS COMPLETED

INDUSTRIAL	
Ushukela Industrial Park	R190 million
OFFICE	
90 Rivonia Road	R980 million

REDEVELOPMENTS COMPLETED

RETAIL	
Centurion Mall phase 1	R294 million
Southcoast Mall phase 1	R130 million
Maynard Mall	R20 million
OFFICE	
The Towers Foreshore	R533 million
Essex Gardens	R17 million
INDUSTRIAL	
18 Halifax Road	R17 million

REDEVELOPMENTS IN PROGRESS

RETAIL	
Kenilworth Shopping Centre	R280 million
East Rand Mall	R233 million
Centurion Mall phase 2	R200 million
Benmore Gardens Shopping Centre phase 2	R76 million
Stoneridge Centre phase 1	R41 million
Southcoast Mall phase 2	R40 million
Sammy Marks Square	R8 million
OFFICE	
Sandhurst Office Park	R79 million
Rosebank Corner	R20 million
STUDENT ACCOMMODATION	
Yale Village	R77 million

We believe 90 Rivonia Road added another quality asset for Redefine and will become one of SANDTON'S FLAGSHIP BUILDINGS

MIKE RUTTELL – EXECUTIVE DIRECTOR: DEVELOPMENT

Our top 10 properties by value

CENTURION MALL

Location	Pretoria, Gauteng
Sector	Retail
GLA (m^2)	120 202
Property valuation (R'million)	4 060
Occupancy	92%*
Average footcount per month	1.2 million
Major anchor tenants	Checkers Hyper, Woolworths, Edgars, Pick n Pay, Truworths, Foschini and Mr Price
Redevelopment cost (R'million)	494

** due to development activity*

BLUE ROUTE MALL

Location	Tokai, Western Cape
Sector	Retail
GLA (m^2)	55 496
Property valuation (R'million)	1 326
Occupancy	100%
Average footcount per month	0.7 million
Major anchor tenants	Checkers, Woolworths, Edgars, Foschini, Truworths and Mr Price

EAST RAND MALL

Location	Boksburg, Gauteng
Sector	Retail
GLA (m^2)	31 257
Property valuation (R'million)	1 314
Occupancy	98%
Average footcount per month	1.0 million
Major anchor tenants	Woolworths, Edgars, Truworths, Mr Price and Foschini
Redevelopment cost (R'million)	233
Ownership	50%

Our top 10 properties by value (CONTINUED)

KENILWORTH CENTRE

Location	Claremont, Western Cape
Sector	Retail
GLA (m^2)	48 575
Property valuation (R'million)	1 158
Occupancy	99%
Average footcount per month	0.8 million
Major anchor tenants	Pick n Pay, Woolworths, Checkers and Game
Development cost (R'million)	280

BLACK RIVER OFFICE PARK

Location	Observatory, Western Cape
Sector	Office
GLA (m^2)	52 605
Property valuation (R'million)	1 061
Occupancy	97%
Key tenants	Dimension Data and Times Media Group

MATLOSANA MALL

Location	Klerksdorp, North West Province
Sector	Retail
GLA (m^2)	64 968
Property valuation (R'million)	1 017
Occupancy	100%
Average footcount per month	0.3 million
Major anchor tenants	Pick n Pay, Checkers, Woolworths, Edgars, Truworths, Foschini and Mr Price

GOLDEN WALK

Location	Germiston, Gauteng
Sector	Retail
GLA (m^2)	45 129
Property valuation (R'million)	968
Occupancy	98%
Average footcount per month	1.3 million
Major anchor tenants	Pick n Pay, Shoprite, Woolworths, Edgars and Mr Price

THE TOWERS

Location	Foreshore, Western Cape
Sector	Office
GLA (m^2)	62 028
Property valuation (R'million)	924
Occupancy	92%
Key tenant	Standard Bank
Development cost (R'million)	533

90 RIVONIA ROAD

Location	Sandton, Gauteng
Sector	Office
GLA (m^2)	39 276
Property valuation (R'million)	895
Occupancy	79%
Key tenant	Webber Wentzel
Development cost (R'million)	980

N1 CITY MALL

Location	Goodwood, Western Cape
Sector	Retail
GLA (m^2)	37 241
Property valuation (R'million)	882
Occupancy	100%
Average footcount per month	0.9 million
Major anchor tenants	Checkers, Pick n Pay, Woolworths and Edgars
Ownership	58%

Sectoral reviews

Retail portfolio

KEY INDICATORS

- Retail portfolio value increased from R20.8 billion to R21.5 billion with a GLA of 1.3 million m^2 (2015: 1.3 million m^2)
- Rent to turnover ratios averaged 7.3%
- Footcount in our shopping centres has declined by 1% on average, substantially due to development activity
- The vacancy rate has decreased to 3.6% (2015: 4.3%) across the portfolio
- The tenant retention rate by GLA was 90.9% this year, with an average growth in renewal rentals of 6.5%, a satisfactory result in a tough market
- Trading densities grew 5.4% (like-for-like basis) and 7.3%, excluding development properties

CHALLENGES	OPPORTUNITIES
Increased competition with the risk of overtrading in certain metropolitan nodes	**We differentiate our assets by:** → Correcting the tenant mix → Redeveloping and extending to introduce new tenants → Developing innovative ways to attract shoppers to our centres → Changing the focus of centre marketing to drive footcount and dwell time
Shrinking tenant pool due to the difficult operating environment	We work closely with our tenants to support their businesses and offer insight through analytics.
Consumer spending remained under pressure due to living cost increases, lacklustre wage growth and inadequate job creation, as well as escalating debt	Focus on tenant mix to ensure our offerings are meeting consumer trends, including the need for price-sensitive products and to take advantage of the spending power in those consumer markets and categories that are showing resilience.
Continuing increase in crimes perpetrated in malls	Differentiating our malls through increased security measures that do not inhibit the shopping experience is key. These measures include licence plate recognition, well-trained security services and partnering with industry groups such as Consumer Goods Council of South Africa.

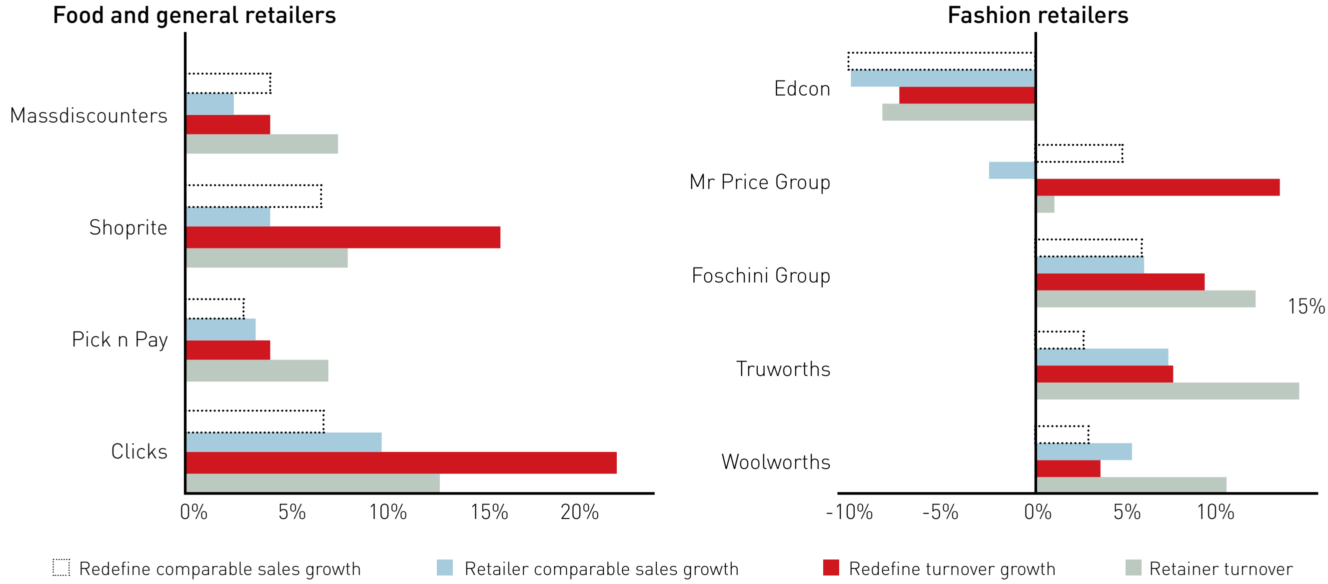
Overview

Retail is becoming increasingly competitive – and with ongoing pressure on consumer spending, South Africa's ever-growing retail sector is beginning to show cannibalisation. Industry data is showing a shift in key metrics that drive the performance of shopping centres. These include growth in trading densities (turnover/m^2) and the fact that footfall has slowed in larger malls. Major contributing factors include increased competition due to increased supply in the retail space over the past two to three years, as well as the slowing economy and cannibalisation of retail spend, especially among bigger shopping centres. In this context, retailers have become more circumspect in their expansion plans and err on the side of caution.

Our leasing strategies are increasingly informed by detailed analytics of performance information. Master leasing plans are being put in place at all of the assets with a specific focus on reducing the number of underperforming tenants while driving relevance and differentiation.

Rental affordability in retail is a function of turnover efficiency/trading densities. One of the retail division's key strategic objectives involves maximising densities at our centres thereby driving increased rental levels. We expect continued tension in retail lease negotiations and, strategically, we will need to manage the balance between escalations and vacancies. Cannibalisation naturally leads to higher occupancy costs, which will continue to remain under pressure from increasing administered costs. New global entrants are grappling with the cost to build to European specifications and the returns required by landlords and are insistent on long-term leases with low commencing rentals, CPI-linked escalations and unusual renewal options.

TURNOVER GROWTH



Responding strategically

Competition is on the rise and the way people shop and spend their leisure time continues to evolve. It has become increasingly clear that while online sales continue to grow, physical space remains at the heart of how people shop. We believe that customers want destinations that provide more than just shopping experiences. Our strategy is to focus on creating outstanding places for modern consumer lifestyles that differentiate us from our competitors.

KEY FOCUS ON THE RETAIL PORTFOLIO INCLUDED:

CONTINUED DEVELOPMENT ACTIVITY TO UPGRADE AND EXPAND TO DEFEND MARKET SHARE AND DIFFERENTIATE OUR EXISTING CENTRES

To retain our customer base and remain relevant, various redevelopments to expand and upgrade major malls totalling R885 million are underway (at a yield of 6.4%), with R425 million in developments completed during the year (at a yield of 7.8%).

The new wing of East Rand Mall (7 200 m^2) opened in February 2016, and was officially launched in April. Footfall and initial trading performances are encouraging. Letting of phase 2 at Centurion Mall's redevelopment is progressing well.

Tenants have started to take occupation of phase 1 of the Kenilworth expansion (6 500 m^2), which began trading during November. Vacancy at the mall is only 2% despite the disruption caused by the expansion work.

Benmore Gardens Shopping Centre is preparing for phases 2 and 3, which will be completed in late 2017 and early 2018 respectively.

Renovations to the popular Southcoast Mall have been successful in increasing foot traffic and trading densities. The tenant mix has been reconfigured, including a Food Lover's Market being added, together with an upgrade and extension to the Checkers store. Furthermore, enhancements to the centre include the addition of a Dischem store, together with the reconfiguration of space to suit other key tenants.

A FOCUS ON BETTER MARKETING, ENHANCING TENANT MIX WITHIN OUR RETAIL SPACES BASED ON ANALYTICS AND TENANT MONITORING REMAINS KEY

Based on data analytics, a fashion brand has taken the anchor tenant position in a Redefine mall for the first time at the East Rand Mall.

Measuring the return on marketing spend more strictly and looking at increasing foot traffic and dwell times at the malls remain key. We have introduced internal marketing managers for key centres on a trial basis to support this objective. Furthermore, we are investigating the use of a flat parking fee at certain centres to increase shoppers' dwell times.

We have identified opportunities to improve our non-GLA offerings, which are becoming a major component of our differentiation strategy. (For more information on our non-GLA strategy, please see the case study on page 69)

We have engaged in heightened tenant monitoring – concerning performance (size optimisation), store roll-outs (improved tenant mix) and potential failures/exits in order to ensure the proactive management of occupancy.

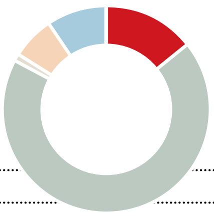
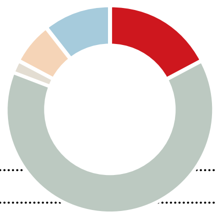
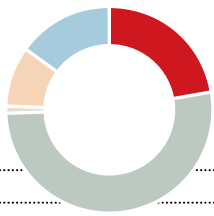
USE OF TECHNOLOGY TO ENHANCE SHOPPING EXPERIENCES

We have piloted the use of an easy, pain free licence plate recognition parking access control system, which is also making the lives of our shoppers more convenient. Shoppers register on a website for seamless entry and exit from the parking garage without tickets, coins or queues, as the system registers the shopper's licence plate. The system also allows for interactive centre information and exclusive rewards, tailored to each individual, to be sent to shoppers' mobile devices. With regard to payment, the system is secure, using industry-standard encryption for payment. The system was piloted at Benmore Gardens shopping centre.

Outlook retail sector

South African mall owners are likely to weather the storm by focusing on portfolio positioning through differentiation, improving tenant mix, innovative leasing strategies and focused cost control. Ongoing demand for space from international retailers will continue to drive occupancy and rental growth in select locations.

On the consumption side, the slower pace of household spending is also expected to continue, given the stagnant job market, softer income growth and rising cost pressures ranging from surging food inflation and higher fuel prices to rising debt service costs. These factors will continue to depress business confidence and have a negative impact on consumer confidence.

	RETAIL SPLIT BY VALUE	RETAIL SPLIT BY GMR	RETAIL SPLIT BY GLA
Community centre	14%	17%	22%
Regional shopping centre	69%	64%	52%
Small free-standing centre	1%	2%	1%
Other	7%	7%	10%
Neighbourhood centre	9%	10%	15%

Benmore Gardens – Redevelop, Re-tenant, Relaunch

ACQUIRED AS PART OF THE FOUNTAINHEAD PORTFOLIO, BENMORE GARDENS IS A 25 000M² COMMUNITY CENTRE LOCATED IN THE HEART OF SANDTON.

When acquired, the mall essentially comprised a floor of offices, half a floor of banks and two levels of retail. It was clear that an opportunity existed to improve the tenant mix, and revamp the mall.

We are currently on site, relocating the four banks to the old office level and introducing a new entrance off an underutilised parking level. We believe this will assist customers with convenient and secure on grade parking for all their banking needs.

In late 2017, a new and enlarged, full-spec Woolworths supermarket will open on the first floor, and the old banking area will be re-tenanted with a number of new niche retail offerings. The ground floor will continue to be anchored by Pick n Pay and Dischem, and will also enjoy a full cosmetic revamp.

Non-GLA income – Thinking outside the GLA box

IN A CHALLENGING MACROECONOMIC ENVIRONMENT, CREATIVITY IS KEY. BY CAPITALISING ON ALTERNATIVE REVENUE STREAMS IN THE NON-GLA SPACE, WE ARE ABLE TO GROW OUR REVENUE IN A NEW WAY.

Non-GLA income refers to the income we can derive from spaces within our portfolio that do not form part of our typical revenue streams. This includes promotional courts, kiosks, pop-up stores, in-mall media, exterior media, digital media, exhibitions and entertainment, fibre, connectivity, wi-fi, rooftop management and innovation.

Alternative media campaigns can add significant value to a site that goes beyond the direct financial revenue generated. Shoppers expect a brand experience in a mall. Furthermore, larger brands are looking for fresh ways to entertain and engage consumers. Creative campaigns can meet this need, adding atmosphere and design appeal to a building. This, in turn, influences customers who may dwell longer, and the advertising, which is ideally located close to point-of-sale, will often prompt shoppers to buy. In-mall campaigns and exhibitions may even attract new visitors to a mall – increasing mall exposure.

Retail is not the only place where opportunities for non-GLA income exist however, as office and industrial buildings also offer excellent space for signage. In addition, we have seen tremendous potential and additional revenue by installing central fibre infrastructure in key office buildings. We are then able to rent our infrastructure to tenants' service providers to use, providing the fibre connectivity our tenants require while maximising our income and streamlining the provision of this essential service.

Office portfolio

KEY INDICATORS

Office portfolio value decreased from R19.5 billion to R18.7 billion principally due to disposals of secondary assets, with a GLA of 1.3 million m^2

The portfolio is 62% let to A-grade tenants with a balanced tenant mix of 24% to single-tenanted and 76% to multi-tenanted properties

Vacancies were at 8.7%, which is higher than the prior year's 8.5% due to challenging economic conditions and oversupply in the market

Retention rate by GLA was 89.4% this year; however, the cost of retaining tenants is high

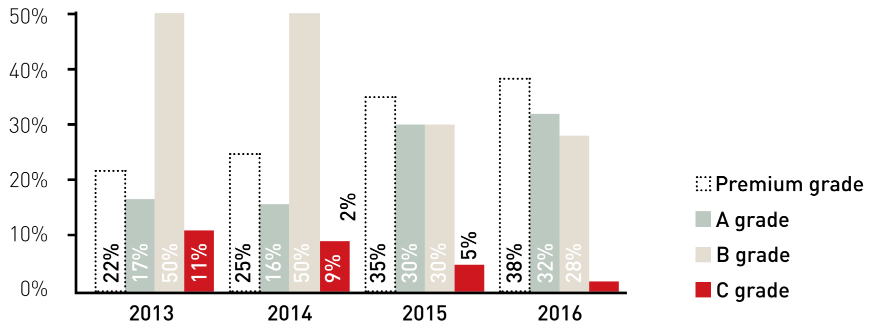
Average growth in renewal rentals of 3.4% was a satisfactory result in a tough market

CHALLENGES	OPPORTUNITIES
The economic slowdown, coupled with an oversupply of office space continues to place pressure on rentals and returns across the office portfolio	We continue to improve our product offering to remain competitive and working proactively to incentivise prospective tenants to relocate through innovative deal structures and tenant installation offerings combined with competitive rentals.
We have seen a growing trend towards tenant representation in the market and corporate real estate solutions (CRES), a consulting service to tenants offered by some of the larger brokering houses. This places growing pressure on property owners to remain competitive, driving down asking rentals and increasing the cost of tenant installations	Stronger relationships with the major CRES representatives which in turn also allow access to a broader range of prospective tenants in the market. This, therefore, is an area we continue to focus on in managing our properties, and we believe that our newly aligned staff structures allow for more robust stakeholder engagement across all areas of the business.

Overview

The office property market remains competitive, but the right assets continue to attract interest. Secondary properties however, remain under significant pressure to retain and gain tenants.

OFFICE SECTOR VALUE PER GRADE



Responding strategically

Redefine's strategy – to improve the profile of our office portfolio by acquiring modern properties in high-demand nodes, redeveloping and upgrading existing well-located properties – places us in a stronger position than previously. We are now far more invested in areas such as Sandton and Rosebank, for example, and have sold off what we deemed to be secondary properties and will continue to do so. Today, Redefine's exposure to these nodes is approximately R6 billion, with this exposure set to rise with the Pivotal acquisition. Redefine's new home, Rosebank Towers, a 25 000m^2 office block, has been fully let with rentals upwards of R185/m^2 (net of operating costs), reflecting the interest in the Rosebank node, and supporting our decision to develop the Rosebank Link on spec.

KEY FOCUS AREAS IN THE OFFICE PORTFOLIO DURING THE YEAR INCLUDED:

FOCUSED PROPERTY MANAGEMENT AND NURTURING TENANT RELATIONSHIPS TO SECURE LONG-TERM TENANCIES GOING FORWARD

We are continuously reviewing and optimising our office tenant profile in favour of long-term leases. In addition, in this fiercely competitive market, we have continued our efforts to retain tenants and preserve cash flow, while trying to achieve growth in rentals. During the year, we introduced a leasing campaign, called Space2Spec, to ensure the leasing of selected properties is even more attractive by allowing the new tenant to customise the rental on selected properties.

DRIVING DEVELOPMENT, AS WELL AS REFURBISHMENT AND REDEVELOPMENT OF WELL-LOCATED PROPERTIES, TO REMAIN COMPETITIVE IN A TOUGH LEASING MARKET

During the year, we completed several developments, totalling R1.5 billion, at a yield of 7.5% including 90 Rivonia Road in Sandton. This eye-catching property has earned a GBCSA four-star green SA design rating, with its 'As Built' rating soon to follow.

The Towers in Cape Town was also completed and the building expects to get a three-star green rating from GBCSA after its first year of operation.

Rosebank Towers is Redefine's third premium-grade commercial office building built to specifications and will host our new head office. This building is expected to have a four-star green design and 'as built' rating from the GBCSA. It is scheduled for completion in November 2016.

Redefine has begun redevelopment of the Rosebank Mews into a premium-grade, four-star, green-rated office block of approximately 18 213m^2 with an abundance of parking, access to the Gautrain, restaurants and retail outlets. This R661.2 million redevelopment into a well-positioned Rosebank landmark, Rosebank Link, is scheduled for completion in December 2018.

TARGETING FLEXIBLE WORKSPACE COMPANIES OPERATING WITHIN THE SOUTH AFRICAN MARKET TO CAPITALISE ON THIS MARKET TREND

The need for better utilisation of accommodation is increasing, with many companies reverting to open-plan environments, without dedicated workspaces – even for their executives. The demand for downsized-premises, remote office solutions due to traffic, operating costs and entrepreneurial business growth are key drivers behind these trends. Furthermore, the need for modern office design is growing. It is estimated that there are approximately 50 new flexible workspace companies operating within the South African market.

To capitalise on this trend, we have partnered with a flexible workspace solutions company, to grow our exposure in this area of the market. This partnership sees the development of approximately 5 000m^2 across seven sites.

DISPOSING OF OUR NON-CORE PROPERTIES

There is a strong move towards consolidation of office space to improve operating efficiencies and incorporate remote offices. At the same time, tenants require improved building efficiencies and quality of space. The result is an increase in the development of P-grade assets, which is increasing vacancy rates in A- and B-grade properties. This places significant pressure on property owners to reduce rentals and increase incentives leading to very little real growth in rentals with Rosebank being a notable exception.

Over the last four years, we have continued to restructure our office portfolio to cope with the challenging macroeconomic environment by disposing of secondary properties. In line with this strategy, we disposed of approximately 60% of our government-tenanted office portfolio to Delta.

Outlook for office portfolio

A sharp focus on operational efficiency, portfolio quality and strong relationships with key stakeholders will continue to drive growth and open the door to opportunities in the office space.

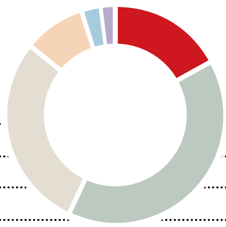
There is no doubt that the office property landscape is changing and we need to be able to deliver on these future needs. Facilities that allow office workers to get on with their day-to-day lives with as little hassle as possible will continue to be in demand; as will the right location and access to facilities. Demand for serviced offices and flexible leases will also increase as more staff members work remotely.

The need for older properties to be retrograded via green star ratings will increase, as more companies are required to report on their broader impact on the environment. Our aim is for all new offices to have at least a four-star green rating and we are making progress on rating existing buildings. We hope to be able to certify a number of them by the end of the next financial year.

A good relationship with tenants, their representatives and brokers remains crucial as these and other trends unfold, and those property owners who fail to maintain these high levels of trust and delivery will struggle. The right product will still work and achieve good value despite the challenging economic environment.

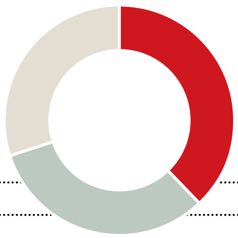
90 GRAYSTON, GAUTENG

OFFICE VALUE SPLIT BY LOCATION



Greater Johannesburg	17%
Sandton	40%
Western Cape	29%
Pretoria	9%
KwaZulu-Natal	3%
Other	2%

OFFICE VALUE SPLIT BY GRADE



Premium grade	38%
A grade	32%
Secondary (B and C grade)	30%

Industrial portfolio

KEY INDICATORS

Industrial portfolio value increased from R10.5 billion to R11.0 billion, with a GLA of 1.9 million m^2 (2015: 2.0 million m^2)

Vacancies improved to 3.4% (2015: 3.8%)

Retention rate by GLA was 93.7% this year

Average growth in renewal rentals of 3.5%

Expansion into under-represented areas through development

CHALLENGES	OPPORTUNITIES
Increasing vacancies in less desirable nodes is causing pressure on rental growth in these facilities	Redefine's strategic redevelopment of secondary assets enhances the value of the portfolio and mitigates long vacancy periods. Securing longer leases with national tenants enhances the quality of tenure, converting these secondary assets into core assets.
Tenants neglecting their maintenance responsibilities	Proactive property management and tenant liaison to focus on the quality of our assets, thereby minimising loss and damage.
Utility billing inefficiencies by local authorities causing an increase in our cost of managing utility payments and recoveries	During the year, we continued with the roll-out of our smart metering project implementation to further enhance how we manage consumption, supplier utility billings and tenant recoveries. Furthermore, our manufacturing tenants have access to their consumption profiles, enabling real-time demand planning.
Poorly maintained municipal infrastructure adds pressure on the functionality and value of properties in certain nodes	We continue to assess the areas in which we operate and seek to establish relationships with the municipalities we deal with in order to secure better outcomes.

Overview

In a fiercely competitive market, the strategic location of industrial buildings in proximity to major highways, close to ports and surrounded by sound road infrastructure, remains key to securing longevity in tenant tenure where cost efficiency is paramount. While rental defaults are increasing among smaller businesses, vacancies in the modern logistics sector remain low and land to purchase is scarce.

The industrial market is far from buoyant, with low growth in new rentals. However, our portfolio's long lease profile has proven to be defensive in challenging market conditions.

Responding strategically

Redefine has a diversified industrial property portfolio, offering a wide spectrum of usable areas to cater for manufacturing, warehousing and small- to medium-sized enterprises. This balanced sub-sector spread continues to enhance Redefine's defensive property asset pool while we continue in monitoring sector trends to capture opportunities as they arise.

KEY FOCUS AREAS IN THE INDUSTRIAL PORTFOLIO DURING THE YEAR INCLUDED:

FOCUS ON PROACTIVE MANAGEMENT WITH SPECIFIC ATTENTION TO IRREGULARITIES IN MUNICIPAL CHARGES AND PREVENTATIVE AND SCHEDULED MAINTENANCE PROGRAMMES

Redefine has gone through a restructuring process during the past financial year, appointing an inland and coastal general manager to head up the property management structures within the Company; thereby enhancing the focus on the day-to-day management of Redefine's fixed assets nationally.

FOCUS ON TENANT RETENTION AND SIGNING NEW LEASES

We have designed and implemented an asset improvement roadmap to enhance tenant retention and buffer against rent reversions as it is costly for tenants to relocate. Therefore, improved facilities assist our tenants in managing the cost of occupation while meeting their operational requirements.

The recently launched Space2Spec letting incentive is expected to improve letting in the industrial portfolio – being the first of its kind on industrial vacancies.

We have also included key design elements in warehousing developments to functionally differentiate our offering.

FOCUS ON LOGISTICS ASSETS

Redefine's focus on investing in logistics assets has proven to be sound as technology in supply chain equipment continues to improve. New reach and turret trucks have height capacities of 14m and over 17m respectively. Redefine's focus is to provide top-quality logistics facilities to accommodate these improvements in handling equipment. We engage with stakeholders in the industry on a continuous basis to ensure that our offering remains relevant and in demand.

IDENTIFY KEY NODES TO ENHANCE OUR INDUSTRIAL PORTFOLIO

Transport costs, including the cost of road tolls, impact heavily on where tenants decide to locate their operations. We therefore focus on key nodes that appeal to our tenants' interest in saving on transport costs where possible.

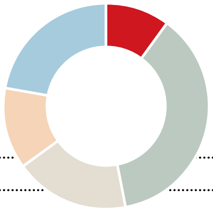
Redefine's development of vacant land in Cape Town (off Bottelary Road on the R300), Gauteng (S&J land next to the Geldenhuys interchange) and KZN (Cornubia) represents a national development pipeline of approximately 1.8 million m^2 of developable bulk. This was acquired at a competitive cost and results in expansion opportunities that offer good returns (despite the push-back on rentals) in what is becoming a resilient sector.

During the year, we completed uShukela Industrial Park in Cornubia (for more information, see case study). We completed Waltloo Industrial Park in Pretoria East during the year, 34 Wrench Road in Isando is in progress, with completion expected in February 2017.

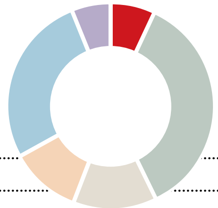
Outlook for industrial portfolio

The demand for mid-sized units is mostly driven by smaller SMME-type businesses and is expected to remain sustainable in the medium to long term. Should Transnet be able to deliver on its intention to re-establish freight rail as a dominant means of transport, we expect older, established industrial nodes with access to rail and railway sidings to go through a rapid renaissance, while demand for quality logistics facilities is expected to continue.

INDUSTRIAL GLA BY TYPE



INDUSTRIAL VALUE BY TYPE



	Industrial GLA by type	Industrial value by type
Warehousing	10%	7%
Heavy-grade industrial	37%	36%
Light manufacturing	18%	13%
Industrial units	13%	11%
Modern logistics	22%	27%
Other	-	6%

uShukela Industrial Park – capturing opportunities

THE MUCH ANTICIPATED CORNUBIA LINK BRIDGE AND INTERCHANGE SCHEDULED FOR COMPLETION IN THE FIRST QUARTER OF 2017 WILL PROVIDE CORNUBIA BASED BUSINESSES MULTIPLE AND UNENCUMBERED ACCESS TO MAIN ARTERIAL ROUTES AND A DEDICATED LINK INTO THE HEART OF UMHLANGA'S NEW TOWN CENTRE.

The roadway will be the second access route linking Cornubia to the N2. The link bridge and interchange form part of an extension to the Umhlanga Ridge Boulevard crossing over the N2 freeway adjacent to the flagship Porsche dealership.

This link will form a part of the new Go! Durban Integrated Rapid Public Transport Network, a priority transport project that combines existing and new rail systems with Bus Rapid Transit systems, road, pedestrian and bicycle facilities.

The multimillion-rand link bridge will ensure that Cornubia is the best-connected and accessible A-grade industrial estate in KwaZulu-Natal, adding value to our newly completed uShukela Industrial Park.

uShukela is a 27 196m^2 greenfield industrial development featuring 16 mid-size units ideal for light manufacturing, warehousing, logistics and similar applications. The industrial park is approximately 30 minutes from the port and the Durban CBD. Furthermore, the new N2 highway interchange will provide free-flow accessibility to the greater Cornubia precinct and uShukela Industrial Park, firmly positioning it as an ideal location for businesses looking for a strategically located industrial hub.

High-return investments

We continue to pursue creative and opportunistic investments where we believe value can be unlocked.

UNLOCKING VALUE IN STUDENT ACCOMMODATION

Student accommodation is a new asset class for Redefine and while it is still small, exposure is likely to increase, with our ultimate intention to list it as a specialist play. There remains a huge undersupply – resulting in a massive demand for student housing. For Redefine in particular, it provides an opportunity to recycle well-located secondary offices. Our exposure to student accommodation is only through our 51% holding in Respublica, a company that specialises in the development and management of student residences. Our R750 million redevelopment of Hatfield Square, which will provide 2 200 beds, is currently underway; the acquisition of Midrand Varsity Lodge for R476 million and the conversion of the ABSA campus (near Wits) into Yale Village commenced during the year with 332 beds due to come on stream at the beginning of 2017 and a further 1 000 beds planned for the second conversion phase. We are mindful of the risks associated with the #FeesMustFall campaign and will monitor developments in this regard closely.

CAPTURING OPPORTUNITY THROUGH LOCAL LISTED SECURITIES

Our local listed securities have a portfolio market value of R2.1 billion and mostly been acquired through recycling activity. These investments remain opportunistic and not necessarily long term in nature and are available to support liquidity as the need arises.

EXTRACTING VALUE THROUGH ADDITIONAL OPPORTUNISTIC INVESTMENTS

While we pursue opportunities to enhance our income, we continue to comply with REIT status limits on non-property income.

Opportunistic investments include:

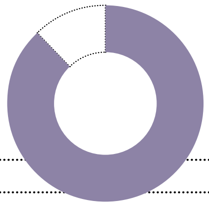
- Loans of R0.9 billion to joint venture partners
- Solar PV projects totalling R68 million in progress and new developments incorporating solar PV
- Non-GLA income opportunities to be exploited – such as connectivity and in-mall media

Outlook for high-return investments

In a challenging market, property developers and investors are exploring new asset classes and sub-sectors that they otherwise might not have invested in a few years ago, and recycling non-core assets that they may ordinarily have disposed of. Redefine remains an agile organisation that is able to capitalise on opportunities as and when they present themselves. Going forward, capitalising on alternative revenue streams will remain a focus.

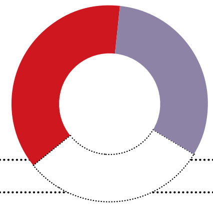
International portfolio

INTERNATIONAL COMPOSITION



Direct properties	10%
Listed securities	90%

GEOGRAPHIC SPREAD



Australia	38%
UK	32%
Europe	30%

	UNITED KINGDOM	AUSTRALIA	EUROPE
REDEFINE'S INTERESTS	Redefine International PLC 30.1% International Hotel Properties Ltd 27.5%	Cromwell Property Group 25.5% Northpoint a joint venture with Cromwell	Echo Polska Properties 44.9% Retail joint venture with RI PLC in Germany
EXPOSED TO	35% retail 33% offices 24% hotels 8% industrial	97% offices 3% retail	77% retail 23% offices
SHARE OF ASSETS UNDER MANAGEMENT	GBP 380 million ≈ **R7.2 billion**	AUD 821 million ≈ **R8.9 billion**	EUR 696 million ≈ **R11.2 billion**
SEE THROUGH LTV	59%	62%	91%
KEY OPERATIONAL HIGHLIGHTS	Completion and integration of Aegon UK acquisition	Integration of Vallad acquisition and redevelopment of Northpoint	EPP listed on the JSE in September to broaden capital base
REDEFINE ACTIVITY IN 2016	Supported Redefine International capital raise for Aegon UK	Acquired well-located site in Melbourne for student accommodation	Finalised the EPP acquisition in 2016
STRATEGY	Leverage our holding to fund international expansion	Expanded exposure to student accommodation	Continued to expand in Euro-denominated growth market – Poland
Websites:	www.redefineinternational.com www.internationalhotelproperties.com	www.cromwell.com.au	www.echo-pp.com

International outlook

The trend of lower interest rates resulting in attractive initial yield spreads and low growth rates is set to continue. Investing in offshore markets that offer growth through expansion deals with the low growth experienced in these markets.

During the year, we introduced a currency hedging strategy (pre-Brexit), which has placed us in good stead going forward. We also see an opportunity to restructure our international funding and believe that with a full year's benefit of EPP along with expansion opportunities (principally in Poland), the year ahead for our international portfolio looks promising.

HUMAN CAPITAL

What human capital means to Redefine

Our human capital refers to our employees – our key resource and strategic differentiator. Their knowledge, skills, attitude and innovation enable us to realise our vision of being the best South African REIT.

Creating value

Our employee value proposition (EVP), which deepens staff engagement, strives to cultivate and harness the power of our employees' passion and commitment. In this way, we optimise the opportunity inherent in our brand promise, i.e. differentiating ourselves through a dedicated people-centric approach to business, and focusing on excellence to go above and beyond the call of duty.

HIGHLIGHTS

Accredited as a **Top Employer** in 2016 and for 2017 by the Top Employers Institute

Launched our employee value proposition **EVP campaign**

Improved our overall employee engagement capital score from **73%** to **77%**

Invested more than **R7 million** in training and development

Learnership programme in its **fourth year** with 72 learners graduating

CHALLENGES	OPPORTUNITIES
Retaining key staff in an environment where there is a shortage of experienced people	Strengthening our employee brand through deepened employee engagement strategies.
Living up to our people-centric brand promise	Improving the communication of our values and embedding them into everyday practices through performance management criteria.
Ensuring ongoing transformation in a context where, due to acquisitions, we onboard employees from other organisations who may not support the achievement of our employment equity (EE) targets. In addition, reaching a demographic balance is exacerbated by the shortage of specific skills in our sector	Continuing to grow talent through learning initiatives such as our learnership programme, leadership development programme and other internal development programmes.
Addressing key people dependencies	Again, we see opportunity in our ongoing efforts to grow talent from within by pursuing ongoing learning and leadership development.

This is not the remuneration report. Refer to the AGM notice for the full remuneration report.

Reflecting on 2016

In our 2015 integrated report, we reported on certain priorities for our 2016 financial year.

THIS IS HOW WE DID	Our performance	More information
Ongoing improvement of our employee engagement practices	●	Page 81
Refining key performance areas in order to accurately assess employee performance	●	Page 85
Continuing leadership development through formal and informal programmes	●	Page 85
Focusing on embedding organisational structures and values throughout the Group	●	Page 80
Ongoing efforts to reinforce our employer brand positioning	●	Page 81
Continuing change management due to our ongoing growth	●	Page 84

KEY: ● Achieved target ● Still in progress/ongoing ● Did not achieve target

Priorities for 2017

Focusing on further **utilising our human capital to advance our business and create value**

Enrich employee **engagement practices**	Promote a **values-driven culture**
Energise a culture of **reward** and **recognition**	Refine **key performance areas**
Accelerate **transformation**	Ensure **employee demographics** are relevant

Our human resources strategy

In our efforts to be the best in all aspects of what we do, we understand that there is nothing more powerful than our employees' passion and initiative in striving to be the best version of who they can be.

Our human resources strategy is focused on strengthening the intangible capital of our organisation by contributing to the success of the business, maximising our stakeholders' benefit through the creation of value for our employees, who then, in turn, create value for our organisation by delivering on our strategic matters.

Human capital delivering sustained value for stakeholders

Tangible **VALUE**

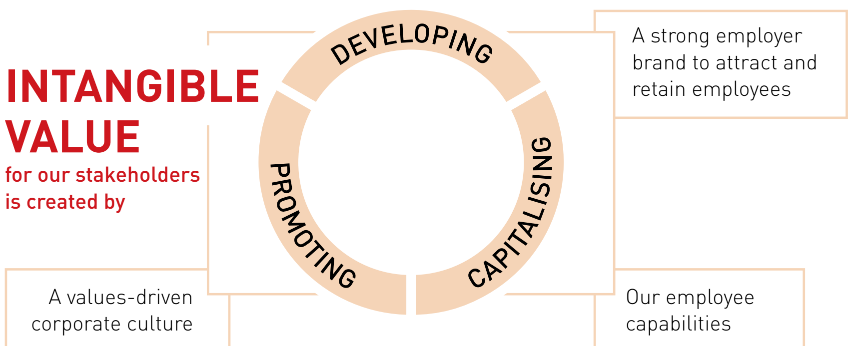
+

Intangible **VALUE**

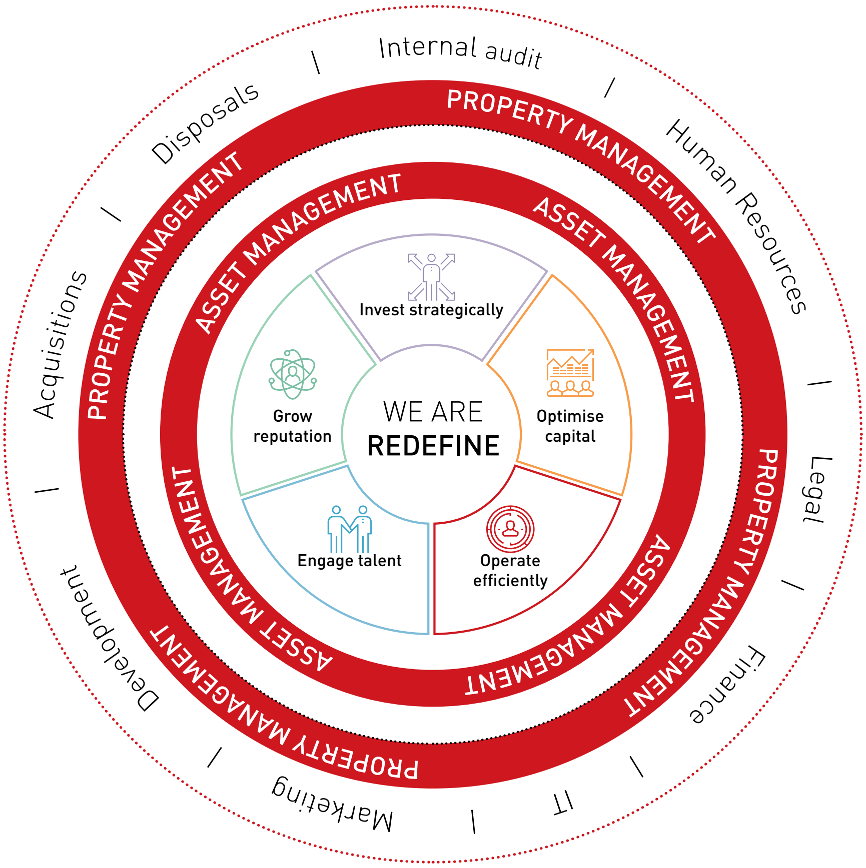
Our focus in human resources:
strengthening the intangible capital of the organisation

=

Stakeholder **VALUE**



Embedding organisational structures



Communicating our employee value proposition

Effective stakeholder engagement and communication is core to Redefine's ethos. While we have achieved good results from our employee surveys (detailed on page 82) and improved overall results on a year-on-year basis, we acknowledge that we can always improve on communication, and this remains a focus area.

During the year, we focused on enhancing our communications with our employees through the development of a clear employee engagement programme.

THE OBJECTIVE OF THE PROGRAMME WAS TO CREATE A CONSOLIDATED PLAN THAT ALIGNED, INTEGRATED AND SIMPLIFIED OUR COMMUNICATION OF STRATEGIC COMPANY PROJECTS TO:

- → Ensure consistent, structured and continuous messaging across the Company
- → Make it possible for employees to understand the full scope of the Redefine landscape, what Redefine has to offer, as well as their role within it
- → Eliminate over-communication and clutter, so that people can see and make the desired connections between the things that matter most
- → Motivate and mobilise employees through effective and inclusive engagement to deliver on the Company's vision and strategic objectives by being the best at what they do

WE FOCUSED ON MEETING THESE OBJECTIVES THROUGH AN INTERNAL EMPLOYEE VALUE PROPOSITION, AS ILLUSTRATED BELOW:

These themes were covered in the launch of the programme, as well as manager-led facilitated conversations (called Team Chats), where open dialogue was encouraged, enabling employees to recognise their part in the process and understand that their inputs were valued.

Going forward, all employee communication will be streamlined using these themes and will culminate in our internal promise to 're-imagine real value', which promotes the understanding that the value our employees bring to our organisation is as much who they are as it is what they do.

Understanding our engagement

Research has established that employees who are engaged, i.e. motivated and passionate about achieving organisational outcomes, drive business success. These employees are more customer-focused, innovative, and creative. All factors that are vital to ensuring long-term sustainability in an increasingly competitive knowledge-based economy.

Our employee engagement survey is a critical part of understanding our employees' levels of engagement. During 2016, our employees were once again provided with the opportunity to share their opinions regarding their jobs and their work environment by participating in the 2016 employee engagement survey. This is the third year we have asked our employees to participate in this confidential, web-based survey, asking their opinions on topics such as career and professional development, manager quality and rewards and recognition.

The survey was conducted in April 2016. **Approximately 71% of our workforce completed the survey,** ensuring the results can be viewed as credible and representative of the current levels of employee engagement. Redefine's scores were benchmarked using global results from over 400 like-sized organisations across more than 20 industries.

REDEFINE SCORE   BENCHMARK SCORE %

SURVEY CATEGORY

Engagement capital

High overall level of commitment, discretionary effort, and intent to stay

77% 60%

TOP ENGAGEMENT STRENGTHS

Leadership

Confidence in leadership in the organisation

70% 46%

Engagement capital (future)

Confidence in the future performance of the organisation and employee ability to pursue a successful career in the organisation

73% 52%

TOP ENGAGEMENT GAPS

Discretionary effort

Willingness to go 'above and beyond' the call of duty

AREA TO FOCUS ON IN 2017

88% 86%

Intent to stay

Shows intent to stay with the organisation

70% 67%

Redefine achieved an overall engagement capital score of 77% with the benchmark set at 60% (2015: 73% with a benchmark of 60%). The engagement capital score is a metric designed to give the organisation an overall score of the degree of commitment, discretionary effort and intent to stay exhibited by employees.

The score Redefine achieved indicated that employees reported an overall high level of engagement in the organisation. As such, we believe our employees are motivated to achieve the Group's goals.

While we saw improvements in all areas this year, the top gaps identified were discretionary effort and employee commitment as these scores, although higher than the benchmarks supplied, were not as elevated above the benchmarks as in other areas and will therefore be areas of focus.

We believe that our employee engagement programme and refined rewards and recognition programme will support our continued efforts to create an environment in which employees believe that they are valued, and in doing so, build discretionary effort and employee engagement.

Our employee engagement survey will be performed annually to monitor any developments in these scores.

Assessing our employer brand

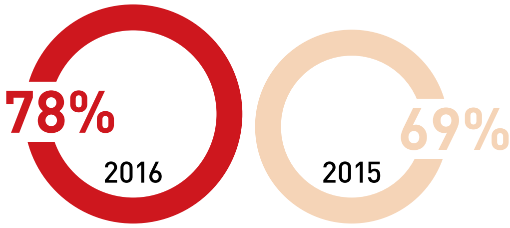
We have been recognised as a Top Employer in South Africa by The Top Employers Institute, for our exceptional employee offerings for the second consecutive year. Redefine is the only listed South African REIT that has been certified as a Top Employer 2017 in the certified group.

The Top Employers Institute globally certifies excellence in the conditions that employers create for their people.

The annual research recognises leading employers around the world – those that provide excellent employee conditions, nurture and develop talent throughout all levels of the organisation, and strive to continuously optimise employment practices.

During 2016, we improved our performance year on year by 9% and achieved an absolute score of 78% (2015: 69%).

PERFORMANCE AS AN EMPLOYER BRAND



Cultivating our culture and values

Belief in an organisation's mission, vision and values is one of the most effective drivers of engagement. People work hard for what they believe in.

Our mission is to create sustained value for all our stakeholders. Our culture is relational. A few years ago, we embarked on a journey of transforming our corporate culture to support the positioning strategy of redefining relationships.

We ensure our culture resonates with our employees by focusing on living our brand daily, leveraging the strength of diversity within Redefine and embracing change.

Living our brand

Our brand is one of our most valuable assets and what differentiates us in the marketplace. Our brand promise is not only delivered through our portfolio offerings, but also through the behaviour of our employees — or our brand ambassadors — who represent the brand at every touchpoint with external stakeholders.

Redefine's relational business model means that an aligned workforce, where each employee has a clear sense of our vision, mission and values, is an important part of the way we do business. A key component of our human capital management is embedding our unique culture and values throughout the Group. This is done through various platforms including onboarding, internal marketing, roadshows and internal communication platforms such as our Team Chat forums. These sessions ensure key themes and important information flows from senior management to teams throughout the business. Line managers are encouraged to facilitate two-way communication with their teams to share key messages, but to also identify areas for consideration to enhance employee engagement.

At Redefine, our unique approach to relationships with each other and our other stakeholders is **OUR KEY DIFFERENTIATOR**

Andrew König
Chief executive officer

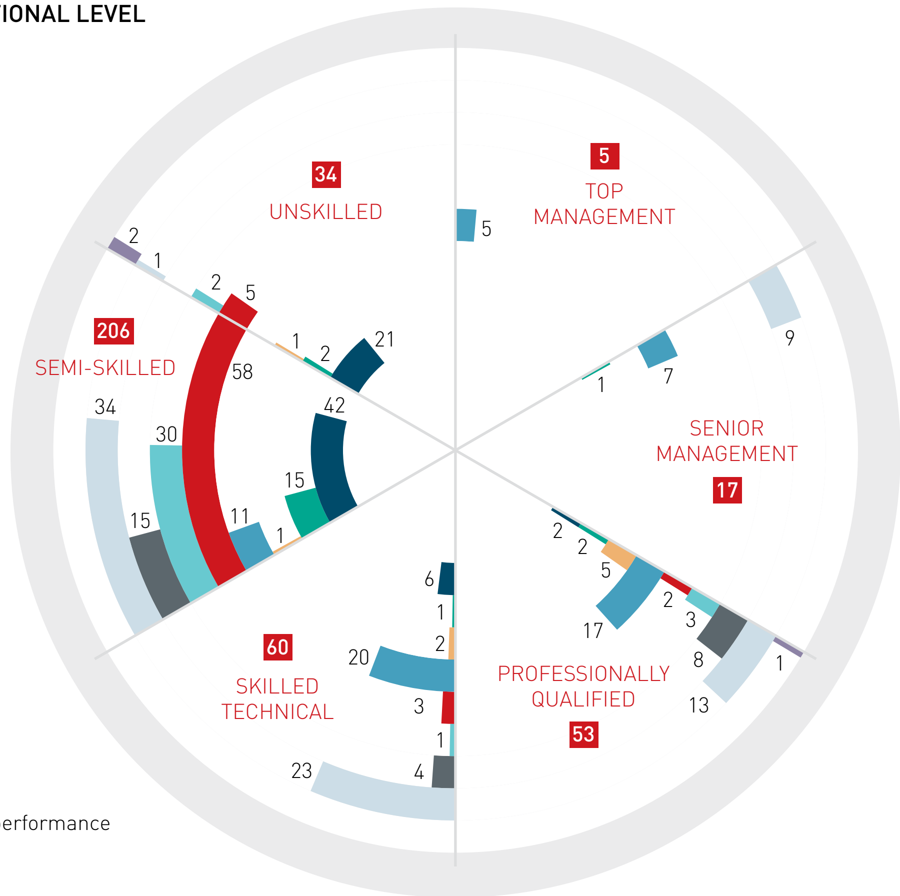
Leveraging the strength of diversity

We understand that the diverse knowledge and skills of our workforce benefit our entire organisation, fostering creativity and expanding our approach to problem-solving and thus our responsiveness to changing conditions.

In line with the strategic matters of the business to enhance and improve the core property portfolio, new properties are acquired and new employees transferred to the existing business. When properties are sold, the employees associated with these assets are transferred out of the business as a part of the sale agreements with the new owners, and these business transactions can have an impact on our employment equity statistics and is therefore an area in which we continue to face challenges. In addition, reaching a demographic balance is exacerbated by the shortage of specific skills in our sector. We remain focused on increasing the number of employees from designated groups and continue to proactively seek and develop the right candidates – those candidates who best support our overall business objectives.

We support the principles of diversity and practise equality of opportunity among all our employees, and we have adopted a broad diversity policy to ensure that, over time, we promote gender diversity among senior management.

EMPLOYEE EQUITY BY OCCUPATIONAL LEVEL



DESIGNATED GROUP AS AT 31 AUGUST 2016

	TOTAL
Black male	71
Coloured male	21
Indian male	9
White male	60
Black female	68
Coloured female	36
Indian female	27
White female	80
Foreign nationals	3

For more information on our overall performance with regard to BBBEE, see page 90.

Embracing change

Change is the new normal and organisations can be overwhelmed by change. We operate in a volatile market that requires us to anticipate and respond to change quickly and, with the slowing pace of economic growth, we require novel business models to deliver on strategic objectives and stakeholder expectations. To keep our employees focused, our leaders continue to build change capability by encouraging open communication, facilitating collaboration, making information clear and available and building assurance and self-confidence rather than making promises of stability and security.

Working towards a common goal

We want our people to understand how their work supports the short- and long-term goals of our organisation. We recognise that by clearly communicating strategically aligned goals, we ensure that time is not wasted on unrelated tasks. Managers are able to identify goals which have been missed, enabling them to step in and easily steer a project back on track.

To achieve this alignment, we have followed an approach that has cascaded our strategic goals and objectives throughout the organisation. This allows each employee to understand how their daily actions contribute to the overall success of the Group and ensures that resources are aligned with strategic matters. During 2016, objectives and goals were cascaded to all levels of the business to ensure all employees understood the value they bring and the role they have to play in making Redefine the best REIT.

Managing and rewarding performance

We believe that performance management offers us the opportunity to help further our employees' competencies while recognising our people for their contributions to our business.

During our strategy-cascading process, strategic matters were broken up into business objectives, goals and key performance indicators (KPIs) to measure the achievement of these elements against a predetermined set of goals. Living the brand promise, **"We're not landlords. We're people."** is central to our business and also forms part of our behavioural competencies and performance review process. We want our people to know that the value they bring to our organisation is as much who they are, as it is what they do.

The process of creating, monitoring and evaluating KPIs that are aligned with strategic objectives is ongoing and needs constant focus and attention in the ever-changing world in which we operate in order to ensure we have clear KPIs and targets to support the business.

For futher information refer to the remuneration report in the AGM.

Growing our skills base

Redefine continues to develop talent from within by giving employees the opportunity to acquire skills, knowledge and competencies in their roles. Redefine uses a blended approach, which includes on-the-job training, coaching, workshops, structured programmes (including learnerships and graduate programmes) and study bursaries for tertiary education.

We are committed to making financial resources available for the training and development of staff. Through Redefine's various business-specific training initiatives, we aim to reach our annual training target of 80% of the workforce attending a minimum of one training event in the year. Redefine is committed to identifying, transferring and developing scarce or critical skills to optimise competence in key areas of business.

Leadership development

Having the right leadership in place does not happen of its own accord. Rather, it is the result of a rigorous selection and development process.

At Redefine, we take leadership development seriously. We believe that leadership development, that is, any activity that expands the capacity of individuals to perform in leadership roles is a key way to ensure our business is moving forward, and to ensure we are growing leaders from within.

Taking it one step further, we not only develop leadership capabilities, but also measure the effectiveness of our leaders by introducing a leadership survey. This assesses the level of responsible leadership displayed by senior leaders and evaluates their commitment to exemplifying Redefine's values.

In this way, we also deal with the risk of key person dependency within our organisation. This is a key risk and involves a situation where one individual is solely responsible for an area within the business, and there is no succession plan in place. We are dealing with this risk proactively, ensuring that key individuals are being mentored, coached and developed as future leaders.

Learnership programme

Our learnership programme offers graduates and school-leavers from designated groups the opportunity to gain real work experience. The programme has far-reaching consequences for the graduate, Redefine Properties, the property sector and the economy in general. South Africa faces a shortage of skills and suitably qualified and experienced individuals. The property sector in particular only has access to a small pool of quality employees. Our learnership programme creates an exciting opportunity for the learnership candidates, yet it also grows the pool of qualified and skilled people entering our sector.

The programme entered its fourth year during 2016. Starting with only five learners in 2013, the programme has grown to include 27 learners and will expand to the Cape Town region in the coming year.

Starting with only five learners in 2013, the programme has grown to include
27 learners
this year and will expand to the Cape Town region in the coming year

	TOTAL
Number of training interventions	3 542
Man-hours spent in training	15 918
Direct cost of training (course costs + other costs such as travel, accommodation, catering, venue, etc.)	R3.5 million
Total cost of training (direct + salaries of qualifying categories)	R7.8 million

What social and relationship capital means to Redefine

Property is embedded in the community, as a consequence Redefine sees social and relationship capital as the link between our business and society. By managing this capital, we are able to create and identify new opportunities to deliver enduring value and mutual benefit to the societies in which we operate.

Creating value

Property is our commodity, but people are our business. We differentiate ourselves through a dedicated people-centric approach to business, focusing on excellence in the context of relationships. We nurture this culture internally and extend it externally in the way we engage with and add value to the lives of our stakeholders.

HIGHLIGHTS

Ranked fifth
in EY's 2016 Excellence in Integrated Reporting Awards

Piloted an integrated approach to our **retail marketing**

Development of our Customer Relationship Management **(CRM) platform**

Maintained a **level 3** rating for BBBEE

Brand valued at **R6.3 billion**

Relaunched our website
with a fully integrated vacancy portal

CHALLENGES	OPPORTUNITIES
The accurate measurement of our return on investment for our marketing initiatives remains a challenge	With the completion of our CRM database, as well as the completion of the vacancy portal on our website, more direct marketing initiatives can be launched, with measurement tools built into the process. This will assist in increasing our reach, managing data and measuring our results more accurately.
We continue to explore partnerships with NGOs and other businesses with regard to our CSI initiatives. During the year, however, we faced a setback in an existing partnership due to the termination of the Property Foundation initiative	We remain committed to creating value for all our stakeholders. Our challenges in 2016 have inspired us to review our strategy, finding opportunities to contribute to broader value creation that is more aligned with our core business. Going forward, we will focus on the consolidation and implementation of our national strategy, which will include CSI initiatives throughout our portfolio and concentrate on contributing space in line with our core business focus.
Delivery and alignment of our brand: taking it from the head space into the contact space	Commenced with the CRM platform and continuous employee engagement programmes.

Reflecting on 2016

In our 2015 integrated report, we reported on certain priorities for our 2016 financial year.

THIS IS HOW WE DID	Our performance	More information
Operational alignment to safeguard delivery on our brand promise	Still in progress/ongoing	Page 80, 88, 89
A continued focus on improving stakeholder engagement, including the creation of a centralised stakeholder database to ensure stakeholders' legitimate needs are identified and addressed	Still in progress/ongoing	Page 88
Further exploration into collaboration with other funders in order to intensify our efforts in specified communities	Did not achieve target	Page 91
Relaunch our corporate website	Achieved target	Page 88

KEY: Achieved target · Still in progress/ongoing · Did not achieve target

Priorities for 2017

Completing phase 1 and scoping and implementing phase 2 of our **CRM project**
Enhancing our website and implementing our digital strategy with supporting measurement tools
Finalising consolidated national CSI strategy, which includes CSI initiatives throughout our portfolio, such as retail centre initiatives, vacant space donations and non-GLA space donations

NICOLÉ VOS WITH BUSKAID, 90 GRAYSTON, GAUTENG

Growing our brand

An organisation's brand is its essence and personality – communicated both internally and externally – and if well managed, can be a valuable intangible asset. Managing Redefine's brand and reputation is, therefore, an ongoing priority.

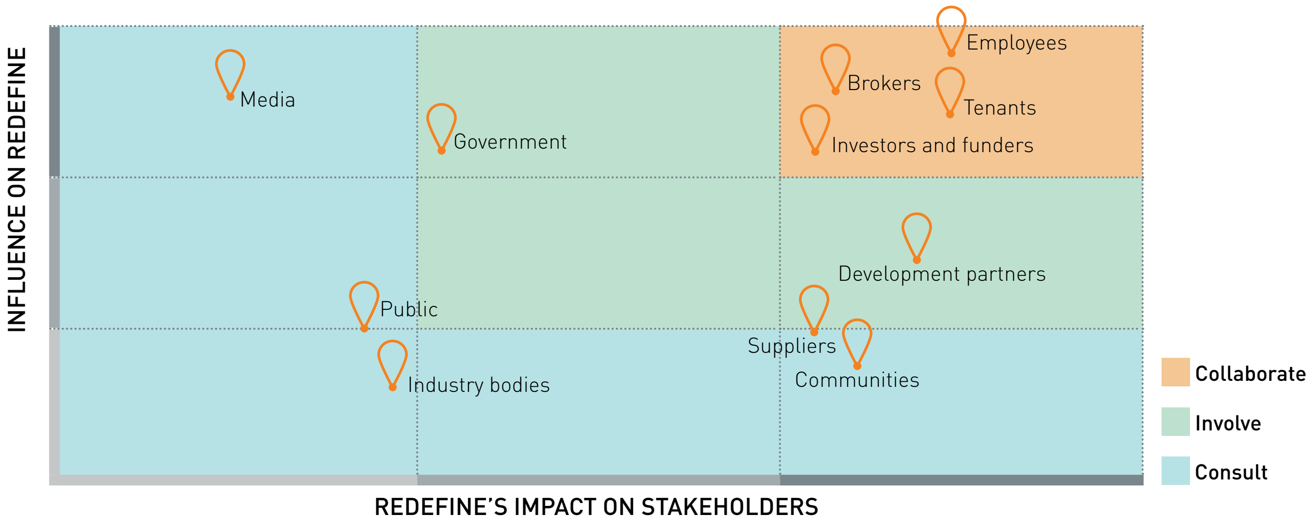
Our brand positioning statement: 'Redefining Relationships' is communicated to external stakeholders through creative advertising campaigns, and through our tagline: **"We're not landlords. We're people".** To continue growing our brand and to keep Redefine at the front of our stakeholders' minds, we have continued to leverage the success of our initial advertising campaign during the year. Staying true to the brand's 'irreverent' personality, a new campaign was launched, which included a series of radio, television, print and digital adverts developed to convey the human face of our brand. We also relaunched our website, a key communication platform for all our stakeholders, as well as a new employee intranet.

Ensuring positive stakeholder engagement that enhances our business

Integrating stakeholder engagement is not only fundamental to ensuring effective operations and delivering on our growth mandate, but it has been identified as a potential key differentiator.

We identify our key stakeholders in order to engage with them in the most effective manner. Our stakeholder engagement approach is designed to respond to our stakeholders' legitimate concerns and help form collaborative partnerships. Key stakeholders are prioritised according to their influence on us and our influence on them. We categorise these relationships as collaborate, involve or consult or based on the level of mutual influence.

For more information on how we have engaged with our stakeholders and what we have done to address their legitimate needs and concerns, please refer to the SES.



Assessing our brand strength

We are pursuing an integrated approach to stakeholder engagement. In order to understand where we need to improve, evaluating our success to date is essential. To ensure our brand is growing and contributing to the future success of the Group, we conducted a brand valuation.

Our brand valuation provided valuable insights into our messaging consistency across platforms, how we are positioning our employees as brand ambassadors, including their familiarity with our brand promise and buy-in to this promise, our operational alignment with our brand and overall delivery on this brand promise when we deal with external stakeholders.

SOME OF THE KEY INSIGHTS GAINED FROM THE BRAND STRENGTH ANALYSIS ARE:

● ● ●	Employees understand the brand promise, values and strategy of Redefine. There is a strong commitment from employees and management to live the brand
● ● ○	There is room to improve the understanding of our employees in non-management roles, on how to deliver on our brand promise in their daily activities
● ● ●	Redefine is agile and adapts well to changing market trends, meeting our stakeholders' desire for innovation
● ● ○	However, commitment to and achievements of our sustainability efforts are not well communicated
● ○ ○	There is a disconnect between the customer experience of our tenants, in particular lower-graded buildings
● ● ●	Redefine is seen as a thought leader in the sector
● ● ○	Redefine's presence in social media is weaker than that of our competitors
● ● ●	There is a strong brand advocacy through our brokers and tenants

KEY: ● ● ● Positive ● ● ○ Room for improvement ● ○ ○ Negative

We also strive to get a better understanding of the effectiveness of the communication with key stakeholders and how that impacts on their perceptions. To this extent, we once again commissioned our independently run annual perception research study to measure, through qualitative and quantitative measures, the perceptions of our investors and analysts.

ALTHOUGH THE FEEDBACK WAS GENERALLY POSITIVE, TOP ISSUES RAISED IN THE LATEST PERCEPTION SURVEY INCLUDE:

- Clarity on Redefine's strategy (overall and concerning international investments)
- Transparency on our transformation strategy (at Board level and in general)
- Independence of the Board was raised as a concern
- The role of the executive chairman
- Clarity on our investment case and value proposition

Ensuring progress

We recognise that great brands are built from the inside out and that our external marketing efforts will never outweigh the impact of what our employees think, say and do. This year, we launched our internal employee engagement campaign, whereby our EVP was synthesised and overtly communicated and all business messages were streamlined and communicated through newly launched platforms. Our EVP reflects our customer value proposition internally and supports our brand delivery to our other stakeholder groups

Through these endeavours, we believe we create organisational alignment and equip our people to be brand ambassadors in a competitive market. For more information on our employee engagement initiatives undertaken this year, please see page 82.

We have also commenced work to formulate a consolidated tenant engagement strategy, supported by our CRM system, which will prompt, automate and track our engagements with our tenants in a consistent manner through all touchpoints.

Our investment case and value proposition for investors is communicated through many platforms, such as investor presentations and this report. However, our investor perception survey highlighted that there was an opportunity to enhance communication in this area. As a result, in 2017 we will develop an improved communication plan to ensure we convey our strategy, investment case, value proposition and progress on strategic matters clearly and consistently.

Focusing on broad-based empowerment

We believe that broad-based black economic empowerment (BBBEE) is a pragmatic strategy that seeks to address historical inequalities and mobilise the potential of all South Africans. We embrace the objectives of BBBEE and believe that it is essential to play our part in moving South Africa forward.

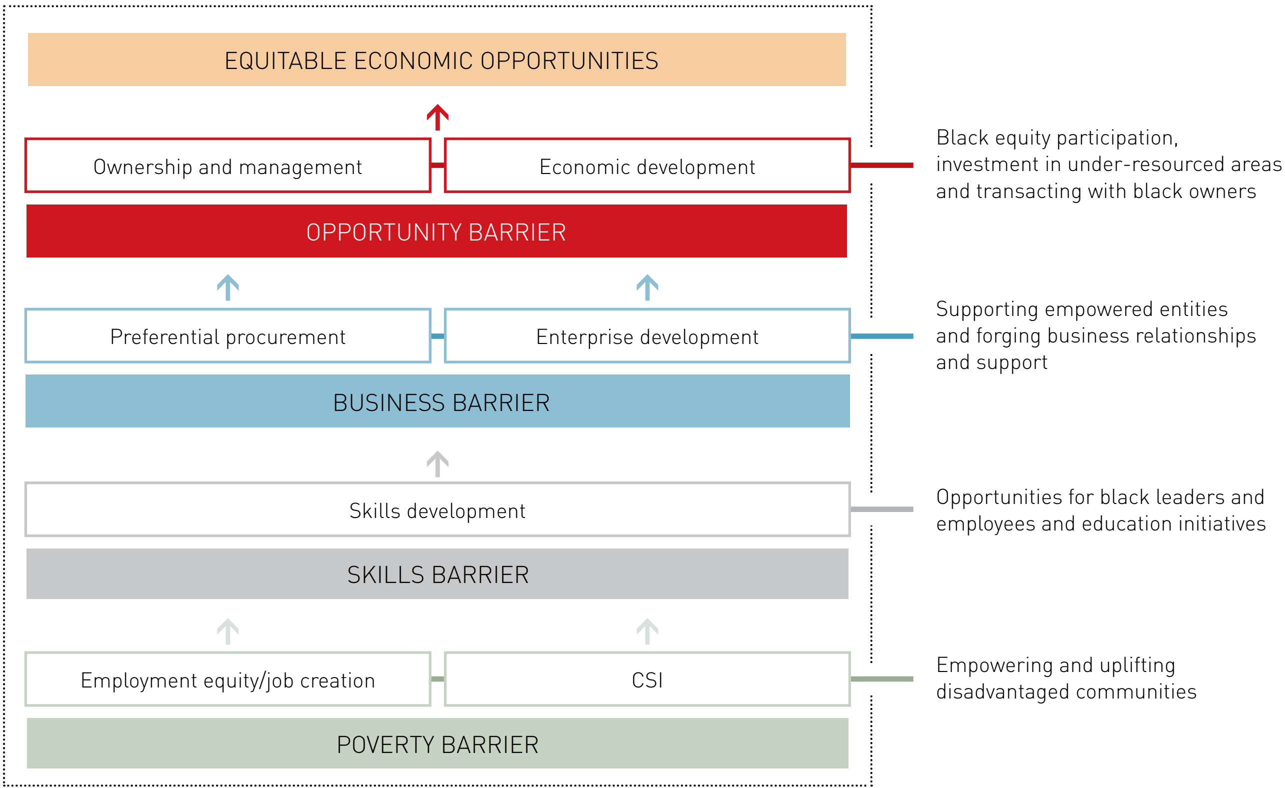
Redefine's approach to transformation is to create benefits for the wider society in the areas in which it operates, by generating opportunities for learning and training.

Redefine's approach to transformation

To reaffirm our commitment to empowerment, we have established an empowerment trust, focused on initiatives that improve education and training through the provision of scholarships and bursaries as well as community development programmes. Beneficiaries include pre-school children, schoolchildren, and students at tertiary institutions, black entrepreneurs, community upliftment programmes and poverty alleviation organisations. The trust is operated independently and is managed by external, independent trustees. According to the trust's terms, all beneficiaries must be black South Africans, of whom at least 50% should be female.

The trust was established through the issue of 300 million Redefine shares valued at approximately R3 billion. The trust, which has been structured as a capital-preserving trust, will continue in perpetuity. Through the establishment of the trust, we have improved our ownership credentials, with approximately 31% of the Company being black-owned, and black female ownership amounting to 6%.

During 2016, Tshikululu Social Investments was appointed to administer the trust and all allocations. Work has commenced between it and trustees to formulate a strategy, vision and brand. Once this work is complete, the trust will be in a position to start identifying beneficiaries so that it is ready as soon as the first threshold to disposable income has been reached.



Our BBBEE performance during 2016

For the past 16 years, Empowerdex, South Africa's leading empowerment ratings agency, has undertaken an annual assessment of the status of the JSE-listed companies' black economic empowerment scores. We are pleased to be rated as the most empowered South African REIT in 2016 and 41st overall. We believe this achievement reflects our commitment to meaningful transformation, and we recognise that there is still much work to be done in this arena, particularly under the new codes.

31% black ownership

with 6% black female ownership

Maintained a

Level 3 contributor status

which provides us with a 110% BEE procurement recognition level which in turn benefits our valued clients' BBBEE scorecards

Creating shared value through community development

Our CSI initiatives are focused on education, development and upliftment as we believe these initiatives best support sustainable value creation and therefore our mission of sustained stakeholder value.

We favour projects in the communities that surround our buildings as a means of improving the well-being of our potential customer base and the community from which we hire our employees. When we evaluate potential projects, we also look at the potential social and economic impact in terms of the measurable long-term benefits and social changes they are able to deliver.

An example of such a project is Buskaid, an organisation that encourages musical talent in developing communities. Other investments include the Maharishi Institute, aimed at developing the experiential skills of high school graduates. Amandla EduFootball, a project we are passionate about, that creates sports-driven 'Safe Hubs' for youth in areas with few opportunities. We are also involved in bringing joy to children confined to hospital beds through the Reach for a Dream programme. Both our employees and project participants have something to gain from this interaction through employee volunteerism initiatives.

We are always looking for ways to maximise our contribution. While we were unable to find appropriate opportunities to collaborate with other funders, this year we reviewed our approach to CSI to identify potential opportunities that leverage off our core business. Going forward, we will focus on the consolidation and implementation of our national strategy, which will include CSI initiatives throughout our portfolio and will concentrate on contributing vacant space to organisations that we partner with.

INTELLECTUAL CAPITAL

What intellectual capital means to Redefine

Intellectual capital refers to the DNA of Redefine, the knowledge in our organisation that does not go home at night, which sets us apart. It's a key driver of sustainable growth. In other words, it is our intellectual property and encompasses our culture, our governance and leadership structures, our processes, our remuneration philosophy, our approach to risk management, as well as our property and relationship management systems. It is distinct from human capital in that it can be reproduced and shared.

Creating value

In an economy where there is an increasing reliance on intellectual capabilities, Redefine is of the view that the source of our economic value no longer depends only on our 'bricks and mortar' income-earning asset base, but how we manage and use these assets to extract the highest and best use. We also recognise that people are our business and our unique approach to relationships is what sets us apart.

Execution is more important than the strategy itself. In a fiercely competitive environment leveraging our intellectual capital enables us to implement our strategy in the most effective and efficient way possible, which in turn translates into increased prosperity for our stakeholders.

HIGHLIGHTS

Establishment of management committee as a **strategic** management leadership forum

Knowledge gained from **brand valuation** highlights opportunities

Implemented an **integrated approach** to strategic choices

Updated **information technology** systems to support business efficiencies

Entrenched a culture of **consistent and ethical** behaviour

Established intranet as a **knowledge-sharing** platform

CHALLENGES	OPPORTUNITIES
Our high rate of growth can result in culture dilution as new employees are brought into the organisation	A comprehensive onboarding programme that is mandatory for new employees, at all levels, enables us to introduce our employees to our culture from the outset. We also embed our values through visible leadership, staff communications and we strive to learn from our new employees.
Intellectual capital often resides in our human capital, that is, knowledge gained is not translated to systems and processes that exist in the organisation. Therefore, when employees leave, this knowledge leaves with them	We are focused on formalising our understanding of intellectual capital and ensuring it transfers across the organisation in such a way as to gain maximum sustainable benefit for the business and all stakeholders. We have commenced the implementation of our CRM system to ensure the central storage of information and knowledge-sharing.

Reflecting on 2016

In our 2015 integrated report, we reported on certain priorities for our 2016 financial year.

THIS IS HOW WE DID	Our performance	More information
Continued our journey of refining our definition of intellectual capital and actively managing it within our business	Still in progress/ongoing	Page 92 to 95
Focused on developing our CRM system and used this information as a tool for improved decision-making throughout the organisation	Still in progress/ongoing	Page 95

KEY: Achieved target · Still in progress/ongoing · Did not achieve target

Priorities for 2017

Harnessing the intellectual capital acquired through the **expansion of our senior management structure**
Integrating and aligning our assurance processes to maximise risk and governance oversight in support of our combined assurance approach
Optimising **information-sharing platforms**
Encouraging a **culture of innovation**
Evaluating the **security, functionality and efficiency** of business processes and systems
Translating learnings from stakeholder engagement surveys into sustainable business practices

Entrenching our values-driven culture

During 2016, living Redefine's values received a strong emphasis throughout our organisation to sustain a culture of consistent and ethical behaviour (one of the last variables under our control) in a challenging business climate filled with many distractions.

A continuing challenge in this regard, however, is the high rate of consolidation and acquisitions in our industry. Redefine welcomes the fresh intellectual capital and experience that new employees bring to the Company, but ensures that newcomers become closely aligned with our unique approach and strategic matters. We accomplish this integration through a comprehensive and mandatory induction programme.

During the year we refreshed our rewards and recognition programme to inspire excellence and encourage a culture of brilliance. The following five performance-based categories, grounded in living our ethos and values, were introduced:

- encouraging collaboration
- bringing passion and energy to everything we do
- delivering proactive service professionally
- behaving with integrity
- driving innovation

Integrated approach to sustainable value creation

To sustain growth, we need to manage more than just our finances and our properties. We need to make strategic choices that develop and preserve all our capitals – financial, manufactured, human, social and relationship, intellectual and natural.

Taking this broader perspective necessitates that we examine our operating context (see page 14) and our key relationships (see page 16) to determine the risks and opportunities specific to our business (see page 18). By prioritising these risks and opportunities, we have determined what matters most to our ability to create sustained growth for all our stakeholders. In an environment of many distractions, risks and opportunities, we focus on these matters most in making our strategic choices.

In this way, sustainability and integrated thinking are being extended to all aspects of our business to ensure a balance between meeting short-term stakeholder expectations and managing a long-term asset class.

Ensuring fit-for-purpose governance and leadership

We focus on maintaining a culture or operating model that is nimble and encourages decisive action. We have a relatively flat leadership structure, and this allows for agility and collaboration.

Our corporate governance structure provides for the delegation of authority while enabling the Board to retain effective control. The Board delegates authority to relevant Board committees and to the CEO with clearly defined mandates. The CEO and company secretary monitor and maintain the delegations of authority and ensure that they are reviewed on an annual basis.

While we remain committed to the principles of King III, in contradiction to King III recommended practice, our chairman is an executive director. King III, however, adopts a 'comply or explain' approach whereby entities are called to explain if and why they differ from the King III recommendations. Redefine has chosen to deviate from the recommendation as we believe it to be in the best interests of the Group. In order to preserve the Board's independence while ensuring that the right experience and skills are selected for the Board, we have a lead independent director and the roles and responsibilities of the executive chairman and chief executive officer are clear.

For more information on our summarised corporate governance review, see page 44 and for a detailed understanding, refer to CGR.

Supporting ethical leadership

Ethical leadership is fundamental to Redefine, and the Board subscribes to the highest levels of integrity in conducting the Company's business and in dealing with stakeholders. The Board has approved a formal code of business conduct that is central to the growth and sustainability of the Company and is designed to entrench a culture of intolerance towards unethical conduct, fraud and corruption.

This code of business conduct addresses Redefine's responsibilities to tenants, suppliers, shareholders, employees, authorities and the general public. It includes a whistle-blowing policy that offers several avenues for reporting unethical conduct.

For more information on corporate governance, see page 44 of this report or our separate CGR.

To assess ourselves and our ethical capital i.e. the value that is generated by an ethical organisational culture, we conducted a confidential web-based ethics survey during the year to determine our employees' perceptions of ethics policies and practices within the Group. While measuring this intangible capital is an ongoing challenge, we believe that this survey assists in gaining a better understanding of the ethical culture of the Group and provides an indication of the areas requiring improvement.

The Group's overall ethics rating was an A rating on a scale from D to AAA where AAA is the best result; this was the same in 2015. The survey results were very good for behaviour and integrity boundaries and uncovered no major ethical risks. Once again, the extent to which our leaders are seen to live our values and shape ethical conduct is excellent. Noteworthy drivers that improve ethical behaviour were identified as leadership, pride in the Company and practising the values that we hold. The extent to which people feel valued and the feeling that rewards were fairly allocated increased.

In order to assist in the elimination of dishonest practices and promote strong business relationships, Redefine has a whistle-blowing facility available to all stakeholders.

> We have an established
> **code of business conduct**
> that is central to the growth and sustainability of the Company and is designed to entrencha culture of intolerance towards unethical conduct, fraud and corruption

Risk management

The Board has overall responsibility for monitoring risk management and internal control. It recognises the importance of identifying and actively monitoring the full range of financial and non-financial risks. By regularly reviewing the risk appetite of the business, the Board ensures that risk exposure remains appropriate. The Board had delegated risk management to the audit and risk committee, supported by our internal audit division, which reviews the risk management plan and monitors developments. Day-to-day management of risk lies with line, senior and executive management and is underpinned by formal risk reviews conducted across all functional areas of the Group.

Our executive committee is responsible for the day-to-day management of risks. Their duty includes the ongoing identification, assessment and mitigation of risks as well as the design, implementation and evaluation of the internal control system and for ensuring its operational effectiveness.

Risk management process

IDENTIFY
The risks that are fundamental to achieving our strategy are identified using a top-down and bottom-up approach. The enterprise risk management (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.

RESPONSE AND ACTION
In line with the ERM policy, mitigating actions are assigned to each risk. The appropriateness of these responses is overseen by the audit and risk committee. Internal audit, as part of the risk-based audit plan, provides assurance on the appropriateness and effectiveness of these mitigating actions.

MONITOR AND REPORT
The risks are managed and monitored on an ongoing basis. Quarterly risk reports are provided to the audit and risk committee which in turn provides feedback to the Board.

For more information on our top of mind risks and opportunities, see page 18.

Systems that enhance the management of our property portfolio

Information and communications technology

To manage the responsibilities of property management and provide improved data management capacity that supports growth, Redefine invested over R34 million in information and communications technology systems. Our investment during the year focused on enhancing our property management software to improve budgeting and reporting. During the year, we also changed IT service providers.

Building and utility management

We are currently developing an internal benchmarking report to enable us to identify any property management costs that are outside the norm, which can then be investigated further. In time, we hope to link these benchmarks to industry norms to better inform our decision-making.

During the year, we took a decision to tender all our major services, including security, cleaning, hygiene, electrical and garden services to fewer contractors. This will reduce the number of contractors being dealt with. It also enables us to systematise our dealings with these contractors more effectively.

We also realigned our utility management process, with the administration of utilities now outsourced to external contractors. We could then redirect internal resources to growing our sustainability focus, looking at enhancing our specialist non-core functions such as solar PV.

Managing relationships

During the year, we continued developing our CRM system, using this information as a tool for improved decision-making throughout the organisation. For more information on this project, please see page 89.

NATURAL CAPITAL

What natural capital means to Redefine

We understand that nature underpins global wealth creation and that our properties are embedded in the environment. This includes all renewable and non-renewable environmental resources and processes that support current and future prosperity – we refer to this as 'natural capital'.

Creating value

We realise that the activities associated with the built environment such as constructing, operating, occupying and demolishing buildings, lead to the depletion of natural capital resources and the production of large quantities of waste.

Being cognisant that the exhaustion of natural capital results in a negative global impact, and that our business model is heavily dependent on this capital, Redefine believes that it is our moral obligation, as well as sustainable business practice, to ensure that we reduce and mitigate negative impacts on our natural capital stocks.

Our environmental strategy, therefore, focuses on facilitating the reduction of the Company's environmental footprint while maintaining a positive effect on asset values and a decrease in vacancy rates. We also wish to share positive practices and influence our delivery partners, retailers and visitors towards greater sustainability activity.

ULTIMATELY, WE SEEK TO CREATE A MORE SUSTAINABLE OPERATING ENVIRONMENT FOR THE BENEFIT OF ALL.

HIGHLIGHTS

Black River Park's PV plant phase 3 was commissioned, as well as Boulders phase 2 and a PV project at East Rand Mall.

Kicking off Redefine's **green star** rating journey on existing buildings

Total installed solar PV capacity of **4 MWp**

Completed an additional **2 600** smart metering installations

Launched **#OneSmallThing** as an internal sustainability campaign

Successful roll-out of a **standby generator** project to ensure security of electricity supply for key retail tenants

CHALLENGES	OPPORTUNITIES
Currency volatility is affecting the economic feasibility of projects such as the introduction of renewable energy **Influencing tenants to sign green leases committing to mutual disclosure and target setting**	The rise in administered prices, fast-progressing technologies, as well as the instability of electricity supply, continue to improve the business case for renewable energy and assist in bolstering the case for green leases for tenants.
Balancing natural and financial capital trade offs. For example: when deciding to install backup generators in key buildings, it made commercial sense to offset the financial loss of load-shedding. However, this decision will reduce our natural capital	We are continually pursuing viable means of producing alternative energy to counterbalance the adverse environmental effects of such measures. Innovation and technology continue to open up improved ways to operate and manage our properties, especially in terms of water and energy efficiency, and providing quality spaces for our tenants.
Ongoing negative consequences of a prolonged drought coupled with ageing infrastructure pose water security threats	Awareness of water consumption, early detection of leaks using smart meters and recycling of water.
Uncertain regulatory environment impedes ability to plan long-term sustainability interventions	Foster stronger relationships with regulatory bodies to influence policy.

Reflecting on 2016

In our 2015 integrated report, we reported on certain priorities for our 2016 financial year.

THIS IS HOW WE DID	Our performance	More information
Optimise energy management and efficiency opportunities in our existing buildings to remain competitive	Still in progress/ongoing	Page 98 to 101
Continue to roll out smart electricity and water metering to better manage our usage patterns and unlock potential savings opportunities	Achieved target	Page 99
Pursue further GBCSA existing building certifications	Still in progress/ongoing	Page 99

KEY: Achieved target · Still in progress/ongoing · Did not achieve target

Priorities for 2017

- Better understand our water usage and implement enhanced **water management systems**
- Continue to pursue **green star ratings** on our developments and existing buildings
- Continue to encourage our tenants to adopt **green leasing and green procurement principles**
- Continue to **optimise energy and water use** in our existing buildings
- Continue to implement **renewable sources of energy**
- Better understand our **waste management footprint** and investigate opportunities to reduce waste-to-landfill

We are invested in a long-term asset class; taking a long-term perspective is in our DNA. We understand that the reckless use of our natural resources today will negatively impact our ability to create value in years to come. Conversely, by embracing sustainability as a core value, we are driven to seek out opportunities to deliver enduring value and mutual benefit to our stakeholders.

Reducing our impacts

We operate in an environment where there are immediate constraints on the availability of resources, such as electricity, and growing concerns about future supply constraints of other natural resources, such as clean air and water. In this context, the case for more sustainable business practices is clear; driving our business to reduce our consumption of, or impact on, our natural resources is a logical strategy. We do this by pursuing the following:

Why we focus on greening our buildings

REDEFINE'S GREEN BUILDING STRATEGY SEEKS TO ACHIEVE TWO AIMS:

1. Green buildings **ATTRACT TENANTS** as tenants seek modern spaces that reduce costs and create the right atmosphere to support employee productivity; and
2. Green buildings **RETAIN TENANTS** as they enjoy the space they occupy and benefit from reduced operating costs.

A study conducted by the Harvard T.H. Chan School of Public Health Centre for Health and the Global Environment indicates that green building design optimises employee productivity and cognitive function.

GREEN BUILDINGS CAN DELIVER

Decrease in waste output	70%
Reduction in energy use	30-50%
Reduction in water usage	40%
Decrease in carbon emissions	35%

Offices with access to daylight and operable windows experience an increase of up to

18%

in productivity

How we reduce our impacts through greening

During the year, Redefine implemented a number of optimisation projects resulting in annual savings of 2 092 555 kWh.

Redefine's estimated energy savings over the past year is almost half the energy savings over the past three years, demonstrating our commitment to reducing our impacts through greening (as per Global Real Estate Sustainability Benchmark (GRESB) categories).

CATEGORY	ESTIMATED SAVINGS (MWh)
Building energy management systems upgrades/replacements	353
Installation of high-efficiency equipment and appliances	3 174
Installation of on-site renewable energy	675
Occupier engagement/information technologies	114
TOTAL	**4 316**

For more information on our progress in reducing our impacts, please see our carbon results, which are disclosed in our SES.

Why we certify

Redefine registered as a member of the Green Building Council South Africa (GBCSA) in 2013 and focuses on building all new developments to a minimum green star rating level 4, as certified through the GBCSA's assessment criteria on design and as built basis.

We have pursued certification with the GBCSA because we believe it adds value to our buildings and therefore our business. Green building presents the following benefits:

- → Lower operating costs
- → Higher returns on assets
- → Enhanced marketability
- → Reduced liability and risk
- → Ability to attract and retain government and other premium tenants
- → Responsible investing
- → Increased productivity
- → Minimising the costs and impacts of tenant churn

To date, Redefine has received **14 GREEN STAR-RATED CERTIFICATIONS.** During the year, we also began the journey of pursuing green star ratings on our existing buildings

Focusing on renewable energy

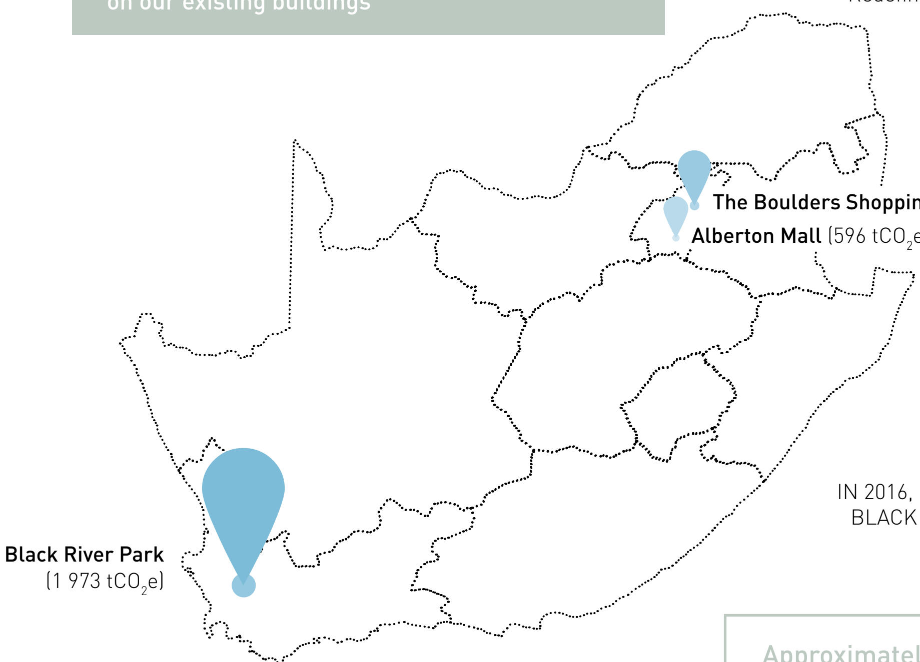
Renewable energy is also a clean source of energy that has a much lower environmental impact than conventional energy technologies and has a growing financial appeal due to the constant concerns of rising costs and the erratic availability of electricity in our South African context. In short, renewable energy is just more sustainable over the long term.

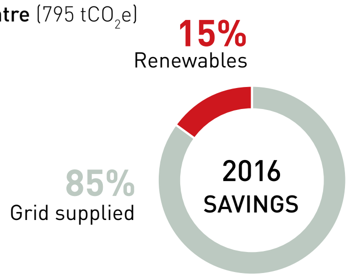
Solar energy currently represents the cheapest and most sustainable way to generate renewable electricity. The technology has also leapfrogged to such an extent that efficiencies are constantly improving as prices fall. As the panels use space on top of the commercial buildings, they shield it from the sun leaving it cooler, further lowering energy consumption.

During the year, Black River Park's PV plant phase 3 was commissioned, as well as Boulders phase 2 and a PV project at East Rand Mall. In the year to come, we will focus on the implementation of PV plants at Moreleta Park and Matlosana Mall.

Redefines' total installed solar PV capacity to date

= 4 MWp





IN 2016, **15% OF ELECTRICITY CONSUMPTION** FOR BLACK RIVER PARK, BOULDERS AND ALBERTON MALL WAS FROM RENEWABLE ENERGY

Implementing smart metering

Redefine believes that our measurement and verification strategy is pivotal to the successful use of energy across our portfolio.

Proper metering of electricity consumption is central to effectively managing the three main areas of utilities, namely:

- → Energy efficiency and sustainability
- → Utility recoveries
- → Utility expenditure management

Approximately **2 600 smart meters** were deployed during 2016, bringing the total number of smart metering points in the portfolio to about **4 100**

We will continue with the roll-out of smart meters during 2017

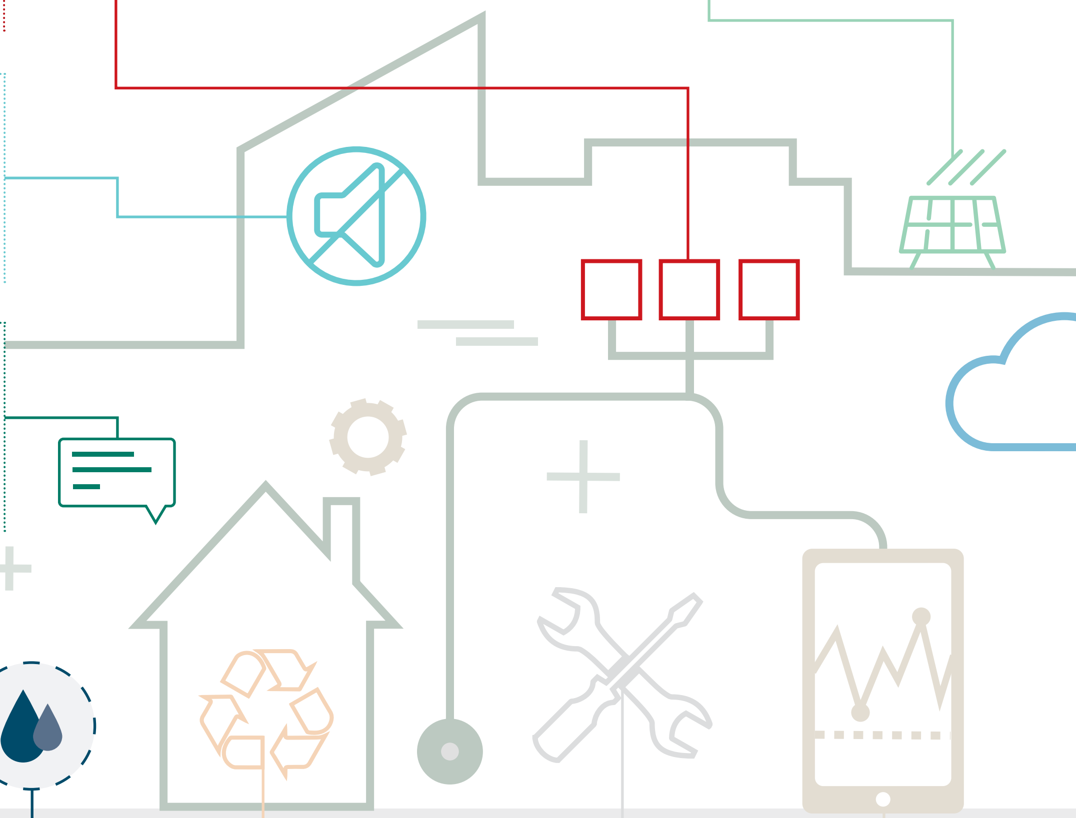
Holistic green building approach

Efficient heating, ventilation and air-conditioning (HVAC) systems
Reduced use of harmful refrigerants. Installation of efficient equipment and systems such as variable speed drives or ice plants.

Renewable energy sources
Alternative energy sources reduce the carbon footprint of the building.

Acoustics
Improved acoustics increase occupancy comfort and can be achieved through quiet HVAC systems and the use of sound-absorbing materials.

Green tenant guideline
Guiding tenants to ensure the use of environmentally friendly and energy- and water-efficient products throughout the building.



Water security, treatment
Solutions to mitigate water security and quality risks.

Water efficiency and recycling
Optimise water usage through efficient equipment and recycling opportunities such as grey water.

Waste-to-value opportunities
Recycling and re-using waste to generate sources of heating, cooling or energy for the building while reducing waste-to-landfill.

Metering and monitoring
Installation of smart metering to identify energy and water savings opportunities and influence behavioural drivers.

Operational efficiency
Smart operations decrease the waste of natural resources and increases the life span of equipment.

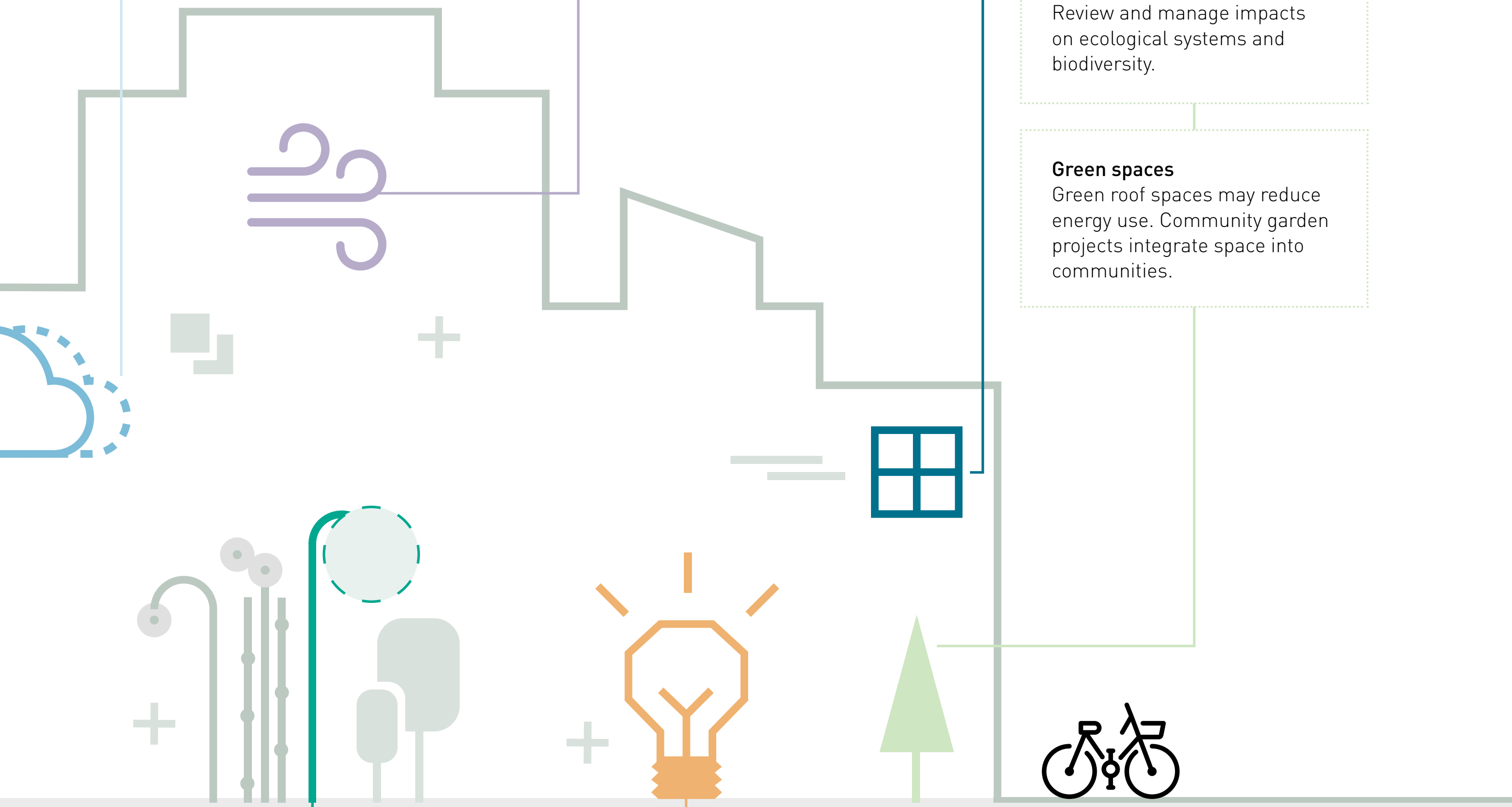
Indoor air quality and thermal comfort
Measurement of volatile organic compounds, CO_2, CO and degrees Celsius to ensure air quality. Improved air quality and thermal comfort result in greater occupancy productivity.

Low-emitting materials
Using non-toxic materials such as low volatile organic compounds paints improves air quality and environmental impact.

Natural light
Natural light reduces energy costs and enhances occupancy experience.

Biodiversity
Review and manage impacts on ecological systems and biodiversity.

Green spaces
Green roof spaces may reduce energy use. Community garden projects integrate space into communities.



Green cleaning
Using biodegradable products reduces the environmental impact of the building.

Energy-efficient lighting
Reduced energy costs and improved light quality for occupants.

Alternative transport opportunities
Reduced carbon emissions through the availability and access to shared and/or alternative transport opportunities.

SHAREHOLDERS' DIARY

Notice of annual general meeting and summarised audited financial statements posted to shareholders	30 December 2016
Integrated report and annual financial statements available online	30 December 2016
Annual general meeting	9 February 2017
2017 half-year end	28 February 2017
Summarised interim financial results for 2017	8 May 2017
Interim dividend declaration	8 May 2017
2017 financial year end	31 August 2017
Summarised annual financial results for 2017	6 November 2017
Final dividend declaration	6 November 2017

Please note that these dates are subject to alteration

ADMINISTRATION

REDEFINE PROPERTIES LIMITED

Incorporated in the Republic of South Africa
Registration Number 1999/018591/06
JSE Share Code RDF ISIN: ZAE000190252
Approved as a REIT by the JSE

Registered office and business address

Rosebank Towers, Office Level 5, 19 Biermann Avenue,
Rosebank 2196
PO Box 1731, Parklands 2121
Telephone +27 11 283 0000
Email **investorenquiries@redefine.co.za**
www.redefine.co.za

Independent auditors

KPMG Inc
85 Empire Road, Parktown 2193
Telephone +27 11 647 7111

Company secretary

B Baker
Telephone +27 11 283 0041
Email bronwynb@redefine.co.za

Transfer secretaries

Computershare Investor Services Proprietary Limited
Rosebank Towers, Office Level 2, 15 Biermann Avenue,
Rosebank 2196
Telephone +27 11 370 5000

Corporate advisor and sponsor

Java Capital
2nd Floor, 6A Sandown Valley Crescent, Sandton 2196
Telephone +27 11 722 3050

Investor relations

Should you wish to be placed on the mailing list to receive regular 'breaking news' email updates, please send an email to **investorenquiries@redefine.co.za**

DEFINITIONS

AFS	Annual financial statements
AGM	Annual general meeting
Arrowhead	Arrowhead Properties Limited, a company listed on the JSE
ASX	Australian Stock Exchange
AUD	Australian Dollar
BBBEE	Broad-based black economic empowerment
BEE	Black economic empowerment
bn	Billion
Bps	Basis points
CBD	Central business district
CEO	Chief executive officer
Companies Act	Companies Act, No 71 of 2008 (as amended)
CPS	Cents per share
CRES	Corporate Real Estate Solutions
CRM	Customer Relationship Management
Cromwell	Cromwell Property Group, a fund listed on the ASX
CSI	Corporate social investment
Delta	Delta Property Fund Limited
EE	Employment equity
Emira	Emira Property Fund Limited
EPP	Echo Polska Properties, listed on both the Luxembourg Stock Exchange and JSE
ERM	Enterprise risk management
EVP	Employee value proposition
Fountainhead	Fountainhead Property Trust
GBCSA	Green Building Council of South Africa
GDP	Gross domestic product
GLA	Gross lettable area
GMR	Gross monthly rental
GRESB	Global Real Estate Sustainability Benchmark
HVAC	Heating, ventilation and air-conditioning
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Council
IT	Information technology

JSE	Johannesburg Stock Exchange
King III	King Report on Corporate Governance for South Africa and the King Code of Governance Principles
KPIs	Key performance indicators
kWh	Kilowatt hour
Leaf	Leaf Property Fund Proprietary Limited
LPR	Licence plate recognition
LSE	London Stock Exchange
LTI	Long-term incentive
LTV	Loan-to-value ratio
MOI	Memorandum of Incorporation
MW	Megawatts
MWh	Megawatts hours
MWp	Megawatt peak
NAV	Net asset value
NGO	Non-governmental organisation
NOI	Net operating income
NTAV	Net tangible asset value
Pivotal	Pivotal Property Fund Limited
PV	Photovoltaic
Redefine/the Company/the Group	Redefine Properties Limited, a company listed on the JSE
REIT	Real Estate Investment Trust
Respublica	Respublica Student Living Proprietary Limited
RI PLC	Redefine International PLC, a company listed on both the JSE and LSE
STI	Short-term incentive
tCO_2e	Tonnes of carbon dioxide equivalent
ZAR	South African Rand

GROUP ANNUAL FINANCIAL STATEMENTS 2016

A YEAR OF

ALIGNMENT

REDEFINE PROPERTIES

We're not landlords. We're people.

About Redefine

Redefine is an internally managed Real Estate Investment Trust (REIT) with the primary goal of growing and improving cash flow to deliver quality earnings, which will underpin sustained growth in distributions, and support growth in total return per share.

Redefine is listed on the Johannesburg Stock Exchange (JSE) and has a **market capitalisation of R58.1 billion,** and is included in the **JSE Top 40 index**.

We manage a diversified property asset platform with a **value of R72.7 billion,** comprising local and international property investments.

Redefine shares are among the most actively traded on the JSE, making them a highly liquid, single-entry point for gaining exposure to quality domestic properties, and a spread of multiple international commercial real estate markets.

Total distribution per share **86 cents** [2015: 80 cents]	**OPERATING MARGIN** maintained at **80%**	**PROPERTY ASSETS** expanded by **R8.9 billion**
LOAN-TO-VALUE (LTV) RATIO maintained below **40%**	**TOP EMPLOYER 2017**	**MOST EMPOWERED REIT** in the 2016 Empowerdex survey

CONTENTS

The reports and statements set out below comprise the Group annual financial statements presented to the shareholders:

APPROVAL OF THE GROUP FINANCIAL STATEMENTS

The Group annual financial statements were prepared under the supervision of the financial director, Leon Kok CA (SA).

The Group annual financial statements set out on pages 6 to 89 were approved by the Board of Directors on 2 November 2016.

Our reporting suite

We remain committed to reporting transparently to our wide range of stakeholders through our reporting suite.

To view the full suite please visit our website www.redefine.co.za

INTEGRATED REPORT	GROUP ANNUAL FINANCIAL STATEMENTS	SOCIAL, ETHICS AND SUSTAINABILITY REPORT	CORPORATE GOVERNANCE REPORT	NOTICE OF ANNUAL GENERAL MEETING
An integrated presentation of the Group's performance in terms of the six capitals which is primarily aimed at investors and funders	A detailed analysis of the Group's financial performance for the year	A detailed account of the Group's sustainability performance for the year	Corporate governance structure, committee performance and other matters relating to the governance of the Group	Detailed information for shareholders to participate in the annual general meeting Includes: Summarised audited Group results, directors' report, Board of Directors, remuneration report, salient features of the MOI and material change statement
FRAMEWORKS APPLICABLE:				
→ IIRC's Framework → The Companies Act, No 71 of 2008, as amended → The JSE Listings Requirements → King III	→ IFRS → The Companies Act, No 71 of 2008, as amended → The JSE Listings Requirements → King III	→ The Companies Act, No 71 of 2008, as amended → King III	→ The Companies Act, No 71 of 2008, as amended → King III	→ The Companies Act, No 71 of 2008, as amended → King III → The JSE Listings Requirements

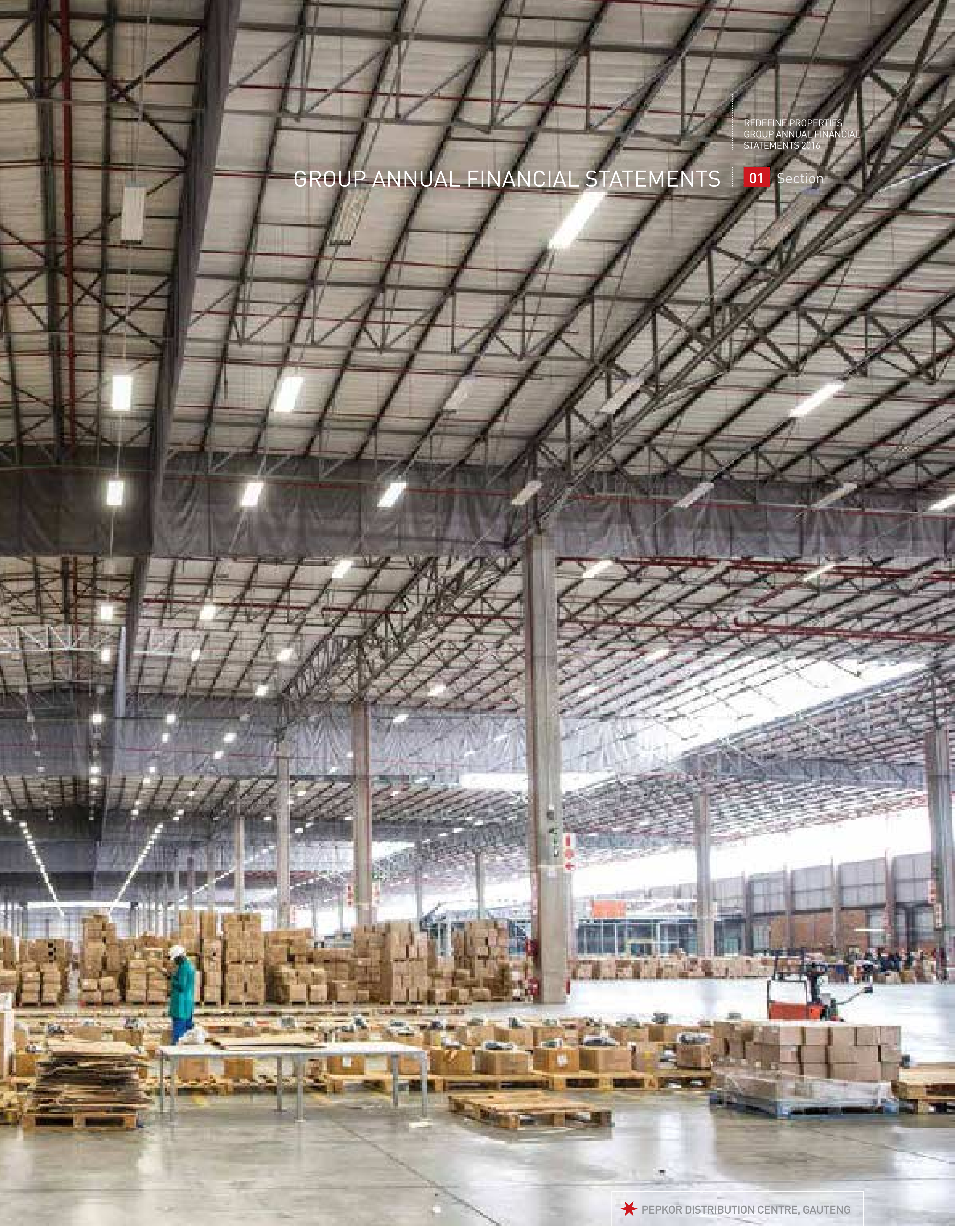
Feedback

Your feedback is important to us and will help enhance our reporting processes.
Please visit www.redefine.co.za or email investorenquiries@redefine.co.za

Our financial performance ENABLES THE DELIVERY OF LONG-TERM VALUE to all our stakeholders

GROUP ANNUAL FINANCIAL STATEMENTS

01 Section



PEPKOR DISTRIBUTION CENTRE, GAUTENG

DIRECTORS' RESPONSIBILITIES AND APPROVAL

FOR THE YEAR ENDED 31 AUGUST 2016

The directors are responsible for the preparation and fair presentation of the Group annual financial statements of Redefine Properties Limited. These financial statements comprise the statement of financial position as at 31 August 2016, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year ended, the accounting policies and the notes to the financial statements, in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, No 71 of 2008, as amended. In addition, the directors are responsible for preparing the directors' report.

The directors are also responsible for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management, as well as the preparation of the supplementary schedules included in these financial statements.

The directors have made an assessment of the ability of the Company and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the Group financial statements are fairly presented in accordance with the applicable financial reporting framework.

APPROVAL OF GROUP ANNUAL FINANCIAL STATEMENTS

The Group annual financial statements of Redefine Properties Limited, as identified in the first paragraph, were approved by the Board of Directors on 2 November 2016 and are signed by:

Andrew König
Chief executive officer

2 November 2016

Leon Kok
Financial director

2 November 2016

CERTIFICATE BY COMPANY SECRETARY

FOR THE YEAR ENDED 31 AUGUST 2016

In terms of section 88(2)(e) of the Companies Act, No 71 of 2008, as amended (the Act), I declare that to the best of my knowledge, for the year ended 31 August 2016, 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.

Bronwyn Baker

2 November 2016

AUDIT AND RISK COMMITTEE REPORT

FOR THE YEAR ENDED 31 AUGUST 2016

Meeting schedule and attendance	Members throughout the year	Committee members since	Meeting attendance
During the 2016 financial year, the audit and risk committee (the committee) met on six occasions. Meetings are planned in line with the Group's financial reporting cycle.	David Nathan (chairman)	17 March 2014	6/6
	Bernard Nackan	28 October 2009	6/6
	Günter Steffens	31July 2014	6/6

How the committee spent its time	
Financial reporting	35%
External audit matters	25%
Risk management and internal controls	20%
Internal audit matters	10%
Governance and other	10%

Other regular attendees
Executive chairman
Chief executive officer
Chief operating officer
Financial director
Group financial management
Head of internal audit
Representatives from KPMG as Group independent external auditors

All members of the committee are independent non-executive directors.

The chairman and members of the committee are elected by the Board and are subject to shareholder approval to be obtained at the Company's annual general meeting, which approval was obtained in February 2016. All members are suitably qualified and have the necessary expertise required to discharge their responsibilities. In accordance with the JSE Listings Requirements, the committee has considered and satisfied itself that Leon Kok financial director has appropriate expertise and experience to meet the responsibilities of his appointed position. The committee has also considered and satisfied itself of the appropriateness of the expertise and adequacy of resources of the finance function.

The committee acts for the Company and all of its subsidiaries (the Group), and is an independent entity accountable to the Board. It operates within a documented mandate and complies with all relevant legislation, regulation and governance codes, and executes its duties in terms of the requirements of King III.

The committee's terms of reference were approved by the Board and are reviewed on an annual basis.

COMMITTEE ACTIVITIES

The principal matters attended to by the committee during the year include:

External audit

The committee:

- Reviewed the external auditor's audit effectiveness, independence and objectivity and is satisfied that the auditor was independent of the Group;
- Approved, in consultation with management, the audit fee and engagement terms for the external auditors for the 2016 financial year;
- Reviewed and approved the non-audit services fees and ensured that the fees were within limits and in line with the non-audit services policy;
- Determined the nature and extent of allowable non-audit services and approved the contract terms for the provision of non-audit services;
- Reviewed and approved the external audit plan; and
- Reviewed the external audit reports and management's response thereto and considered their effect on the financial statements and internal financial control.

The committee confirms that the external auditor has functioned in accordance with its terms of reference for the 2016 financial year.

Financial statements

The committee reviewed the interim results and year-end financial statements, including the public announcements of the Group's financial results, and made recommendations to the Board for its approval. In the course of its review, the committee:

- Took steps to ensure that the financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), the JSE Listings Requirements, and the requirements of the South African Companies Act, No 71 of 2008, as amended;
- Considered the appropriateness of accounting policies and disclosures made; and
- Completed a detailed review of the going-concern assumption, confirming that it was appropriate in the preparation of the financial statements.

The committee was not required to deal with any complaints relating to accounting practices or the internal audit, nor to the content or audit of the financial statements, internal financial controls and related matters.

Integrated report

The committee fulfilled an oversight role regarding the Group's integrated report and the reporting process. Accordingly, it has:

- Considered the integrated report and assessed the consistency of operational, financial and other reports;
- Assisted the Board and the social, ethics and transformation committee in approving the disclosure of sustainability issues in the integrated report by ensuring the information is reliable and does not conflict with the financial results; and
- Recommended the integrated report for the year ended 31 August 2016 for approval by the Board.

Internal audit

The committee:

- Reviewed and approved the existing internal audit charter, which ensures that the internal audit function is independent and has the necessary resources, standing and authority within the organisation to enable it to discharge its duties;
- Satisfied itself of the credibility, independence and objectivity of the internal audit function;
- Ensured that internal audit had direct access to the chairman of the committee;
- Reviewed and approved the annual internal audit plan, ensuring that material risk areas were included;
- Reviewed the quarterly internal audit reports, covering the effectiveness of internal controls, material fraud incidents and material non-compliance with the Company's policies and procedures; and
- Considered and reviewed, with management and internal audit, any significant findings and management responses thereto in relation to reliable financial reporting, corporate governance and effective internal controls to ensure appropriate action was taken.

The internal audit function provided a written assessment of the effectiveness of the Company's system of internal controls and confirmed that, based on the results of work undertaken, it provided reasonable assurance regarding the adequacy and effectiveness of the systems of internal control.

The committee concluded that the head of internal audit provides appropriate leadership of the internal audit function, which remains effective in carrying out its mandate.

Internal financial control and compliance

The committee:

- Reviewed the quarterly funding reports prepared by management;
- Reviewed the quarterly legal and regulatory reports setting out the latest legislative and regulatory developments impacting the Group;
- Reviewed and approved the revised combined assurance framework;
- Fulfilled an oversight function with regard to tax governance and compliance;
- Monitored compliance with broad-based black economic empowerment (BBBEE) requirements; and
- Considered and, where appropriate, made recommendations on internal financial controls.

The committee considered the comments in the audit reports issued by the head of internal audit on the audits conducted and, together with other information available from management and the year-end external audit reports, determined that there were no material weaknesses in internal control and risk management. On this basis, the committee has made a recommendation to the Board on the effectiveness of the system of internal controls for inclusion in the directors' responsibility statement.

Risk management

The committee:

- Reviewed and approved the enterprise risk management policy and framework, the risk management plan, tolerance levels and most significant risks;
- Monitored fraud risk management, including the whistle-blowing facility;
- Monitored compliance with the risk management policy; and
- Reviewed the risk disclosures, including key sustainability risks, to shareholders to be included in the integrated report and advised the Board on their appropriateness.

The committee is reasonably satisfied that adequate compensating controls are in place in order to mitigate identified significant risks. The committee has monitored compliance with the risk management policy and is satisfied that the Group has complied with the policy during the year.

Information technology (IT) governance

The Board mandated the committee to provide oversight on IT governance. As such, the committee oversaw the implementation and review of all relevant IT governance mandates, policies, processes and control frameworks while ensuring compliance with all the standards adopted by the Company.

In order to assist the committee in the discharge of its duties in respect of IT governance, the committee mandated the Company's IT steering committee with the executive oversight of IT governance. The steering committee ensures that the IT strategy supports the business goals and objectives as well as the sustainability objectives of the Group. The steering committee is responsible for the implementation of, and measurement against, the IT governance framework and related initiatives in conjunction with the other existing oversight bodies.

COMMITTEE FOCUS IN 2017

While the committee continues to operate within its terms of reference and ensures that the meetings address all regular matters reserved for its consideration, the following additional key activities are expected to require the committee's attention during 2017:

- Combined assurance;
- IT governance and business continuity; and
- Risk managemen.t

On behalf of the audit and risk committee

David Nathan
Audit and risk committee chairman

2 November 2016

TO THE SHAREHOLDERS OF REDEFINE PROPERTIES LIMITED

We have pleasure in presenting the Group annual financial statements of Redefine Properties Limited for the year ended 31 August 2016.

Corporate overview

Redefine is a listed Real Estate Investment Trust (REIT). It derives rental income from investments in office, retail, industrial and specialised properties, and distributions from listed security investments.

Nature of the business

The nature of the business and operations are commented on in detail in the Company overview section of the integrated report.

Financial results

The financial results for the year ended 31 August 2016 are set out in detail on pages 14 to 89 of these Group annual financial statements.

International Financial Reporting Standards

The financial statements are prepared in terms of International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, No 71 of 2008, as amended.

Stated capital

The Company's authorised stated capital consists of 6 500 000 000 ordinary shares of no par value.

Pursuant to the general authority granted at the annual general meetings in February 2015 and February 2016, the following additional shares were issued during the year:

→ 95 989 000 shares were issued at an issue price of R10.30 per share on 2 December 2015;
→ 74 865 868 shares were issued at an issue price of R10.80 per share on 30 May 2016; and
→ 136 953 086 shares were issued at an issue price of R11.25 per share on 20 July 2016.

At 31 August 2016 there were 5 062 307 743 shares in issue, all of which rank for the dividend declared on 2 November 2016.

Dividend distributions

On 5 November 2015, the Board declared a final dividend of 41.00 cents per share for the six months ended 31 August 2015, which was paid on 30 November 2015.

On 5 May 2016, the Board declared an interim dividend of 41.70 cents per share for the six months ended 28 February 2016, which was paid on 30 May 2016.

Subsequent to year end, on 2 November 2016 the Board declared a final dividend of 44.30 cents per share for the six months ended 31 August 2016, which will be paid on 28 November 2016.

This dividend has been declared from distributable earnings and meets the requirement of a REIT 'qualifying distribution' for purposes of section 25BB of the Income Tax Act, No 58 of 1962 (as amended).

Directorate

The directors of the Company at the date of this report were:

Executive directors:

M Wainer – Executive chairman
AJ König – Chief executive officer
LC Kok – Financial director
DH Rice – Chief operating officer +
MJ Ruttell – Executive: development@

Non-executive directors:

B Nackan* – Lead independent
DA Nathan*
GZ Steffens*#
HK Mehta*
M Barkhuysen*
MJ Watters
NB Langa-Royds*
P Langeni*

* Independent
+ British
# German
@ Irish

B Nackan, MJ Watters and GZ Steffens retire at the forthcoming annual general meeting and are eligible for re-election.

The following changes to the directorate took place during the year:

→ NB Langa-Royds was appointed on 4 November 2015; and
→ M Barkhuysen was appointed on 4 November 2015.

Directors' emoluments and interests

Refer to notes 42 and 43 in the financial statements for disclosure regarding directors' emoluments and directors' interests.

Service contracts

Executive directors retire from their positions and from the Board (as executive directors) at the age of 65. Although the 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 three calendar months' written notice under their existing employment contracts.

Shareholders' analysis

Refer to pages 102 to 103 in the annual financial statements for disclosure regarding shareholders' analysis.

Going concern

Refer to note 45 in the financial statements for disclosure regarding going concern.

Subsequent events

Refer to note 44 in the financial statements for disclosure regarding subsequent events.

TO THE SHAREHOLDERS OF REDEFINE PROPERTIES LIMITED

Report on the Group financial statements

We have audited the Group financial statements of Redefine Properties Limited, which comprise the statement of financial position as at 31 August 2016, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year ended, the accounting policies and the notes to the financial statements, as set out on pages 14 to 89.

Directors' responsibility for the Group financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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, these financial statements present fairly, in all material respects, the consolidated financial position of Redefine Properties Limited as at 31 August 2016, and its consolidated financial performance and consolidated cash flows for the year ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other matter

The financial statements of Redefine Properties Limited for the year ended 31 August 2015 were audited by another auditor who expressed an unmodified opinion on those statements on 4 November 2015.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 August 2016, we have read the directors' report, the audit and risk committee's report and the certificate by the company secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited 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 financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that KPMG Inc. has been the auditor of Redefine Properties Limited for one year.

KPMG Inc.
Registered Auditor

Per GS Kolbé
Chartered Accountant (SA)
Registered Auditor
Director
2 November 2016

KPMG Crescent, 85 Empire Road, Parktown 2193 , South Africa

STATEMENT OF FINANCIAL POSITION

AS AT 31 AUGUST 2016

Figures in R'000s	Notes	2016	Restated* 2015	Restated* 2014
ASSETS				
Non-current assets		**77 029 317**	67 765 330	54 734 624
Investment properties		**51 728 681**	49 898 869	40 906 077
– Fair value of investment properties	3	**48 223 712**	46 589 717	37 710 045
– Straight-line rental income accrual	4	**1 474 928**	1 436 762	1 213 985
– Properties under development	5	**2 030 041**	1 872 390	1 982 047
Listed securities	6	**974 620**	988 793	2 750 900
Goodwill and intangible assets	7	**5 304 191**	5 367 047	5 328 676
Interest in associates and joint ventures	8	**17 954 385**	10 434 484	4 171 559
Derivative assets	21	**172 296**	166 047	75 746
Loans receivable	9	**838 692**	621 825	1 177 757
Other financial assets	10	**36 391**	252 717	276 118
Property, plant and equipment	11	**20 061**	35 548	47 791
Current assets		**1 612 719**	1 433 778	994 624
Properties held-for-trading	12	**–**	1 080	21 349
Trade and other receivables	13	**577 560**	617 964	580 021
Loans receivable	9	**20 799**	587 440	2 050
Other financial assets	10	**675 078**	–	–
Derivative assets	21	**73 286**	11 002	1 927
Listed security income receivable		**57 630**	86 368	38 671
Cash and cash equivalents	14	**208 366**	129 924	350 606
Non-current assets held-for-sale	15	**1 170 172**	1 289 612	1 490 128
Total assets		**79 812 208**	70 488 720	57 219 376
EQUITY AND LIABILITIES				
Equity		**49 641 362**	45 137 272	35 162 375
Shareholders' interest		**49 360 062**	45 137 272	32 146 780
Stated capital	16	**36 526 352**	33 209 605	22 029 634
Reserves		**12 833 710**	11 927 667	10 117 146
Non-controlling interests	18	**281 300**	–	3 015 595
Non-current liabilities		**21 453 096**	21 946 950	15 029 318
Interest-bearing borrowings	20	**21 148 712**	21 602 140	14 355 324
Derivative liabilities	21	**35 066**	69 891	154 772
Other financial liabilities	22	**–**	–	9 224
Deferred taxation	23	**269 318**	274 919	509 998
Current liabilities		**8 532 556**	3 404 498	7 027 683
Trade and other payables	24	**922 864**	906 398	1 154 211
Interest-bearing borrowings	20	**7 041 390**	1 980 226	5 401 205
Interest accrual on interest-bearing borrowings		**307 881**	199 832	140 096
Derivative liabilities	21	**2 978**	24 496	19 019
Other financial liabilities	22	**253 016**	271 154	265 480
Taxation payable		**4 427**	22 392	47 672
Non-current liabilities held-for-sale	15	**185 194**	–	–
Total equity and liabilities		**79 812 208**	70 488 720	57 219 376
Number of shares in issue^ ('000)		**4 700 911**	4 393 103	3 349 110
Net asset value per share (excluding deferred tax and NCI) (cents)		**1 055.74**	1 033.72	975.09
Net tangible asset value per share (excluding deferred tax, NCI and goodwill and intangible assets) (cents)		**942.91**	911.55	815.98

* *Refer to note 2 restatements and reclassifications*

^ *Net of 361 396 896 (2015: 361 396 896) treasury shares*

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2016

Figures in R'000s	Notes	2016	Restated* 2015
Continuing operations			
Revenue			
Property portfolio revenue		6 548 293	6 304 742
– Contractual rental income	35	6 510 127	6 141 437
– Straight-line rental income accrual		38 166	163 305
Investment income		98 355	344 229
Total revenue		6 646 648	6 648 971
Costs			
Operating costs		(2 241 032)	(2 084 709)
Administration costs		(210 241)	(228 834)
Net operating profit	25	4 195 375	4 335 428
Other gains		80 036	128 514
– Insurance proceeds received		–	119 420
– Trading income/(loss)		294	(1 946)
– Fee income		62 927	–
– Sundry income		16 815	11 040
Changes in fair values of properties, listed securities and financial instruments	26	168 471	2 242 360
Amortisation of intangible asset		(62 856)	(62 856)
Impairment of financial assets	27	(13 886)	–
Equity-accounted profit (net of taxation)	8	1 405 932	453 053
Profit before finance costs and taxation		5 773 072	7 096 499
Net interest costs		(1 389 672)	(1 433 753)
– Interest income	28	596 418	249 311
– Interest expense	29	(1 986 090)	(1 683 064)
Foreign exchange gain/(loss)	30	309 941	(223 072)
Profit before taxation		4 693 341	5 439 674
Taxation	31	(88 298)	170 662
Profit from continuing operations		4 605 043	5 610 336
Discontinued operations			
Profit from discontinued operations (net of taxation)		5 923	–
Profit for the year		4 610 966	5 610 336
Attributable to:			
– Redefine Properties Limited shareholders		4 565 617	5 334 419
– Non-controlling interests		45 349	275 917
Other comprehensive income		74 829	522 382
Items that may not be reclassified subsequently to profit or loss			
Share of revaluation of property, plant and equipment of an associate		1 177	–
Items that are or may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations:			
– Subsidiaries		(12 687)	(70 491)
– Associates		86 339	592 873
Total comprehensive income for the year		4 685 795	6 132 718
Attributable to:			
– Redefine Properties Limited shareholders		4 640 446	5 856 801
– Non-controlling interests		45 349	275 917
Earnings per share from continuing operations (cents)	32		
– Basic		101.32	142.52
– Diluted		101.32	142.52

* *Refer to note 2 restatements and reclassifications*

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2016

Figures in R'000s	Notes	Stated capital	Accumulated profit	Foreign currency translation reserve
Balance as at 31 August 2014 (as previously reported)		22 558 039	10 102 201	46 400
Restatement*		(528 405)	(43 543)	(1 614)
Balance as at 31 August 2014 (restated*)		**22 029 634**	**10 058 658**	**44 786**
Total comprehensive income for the year		–	5 334 419	522 382
Profit for the year (restated*)		–	5 334 419	–
Other comprehensive income for the year (restated*)		–	–	522 382
Transactions with owners (contributions and distributions)		11 179 971	(2 815 870)	–
Issue of ordinary shares		11 179 971	–	–
Dividends (restated*)		–	(2 870 318)	–
Recognition of share-based payments		–	–	–
Cash adjustment on business combination (Leaf)		–	54 448	–
Transactions with owners (changes in ownership interest)		–	(1 238 418)	–
Transactions with non-controlling interests (NCI)		–	(1 238 418)	–
Balance as at 31 August 2015 (restated*)		**33 209 605**	**11 338 789**	**567 168**
Total comprehensive income for the year		**–**	**4 565 617**	**73 652**
Profit for the year		**–**	**4 565 617**	**–**
Other comprehensive income for the year		**–**	**–**	**73 652**
Transactions with owners (contributions and distributions)		**3 316 747**	**(3 673 124)**	**–**
Issue of ordinary shares	16	**3 318 016**	**–**	**–**
Dividends		**–**	**(3 673 124)**	**–**
Recognition of share-based payments	19	**(1 269)**	**–**	**–**
Share of post-acquisition change in net assets of associate		**–**	**–**	**–**
Transactions with owners (changes in ownership interests)		**–**	**–**	**–**
Acquisition of subsidiary with NCI	18	**–**	**–**	**–**
Balance as at 31 August 2016		**36 526 352**	**12 231 282**	**640 820**

Dividend per share (cents)	
Interim	
Final^	

* *Refer to note 2 restatements and reclassifications*

^ *The final dividend is declared post the financial year end and is therefore a non-adjusting subsequent event (refer to note 44 subsequent events)*

Share-based payment reserve	Share of associates' reserves	Shareholders' interest	Non-controlling interests	Total equity
13 702	–	32 720 342	3 015 595	35 735 937
–	–	(573 562)	–	(573 562)
13 702	**–**	**32 146 780**	**3 015 595**	**35 162 375**
–	–	5 856 801	275 917	6 132 718
–	–	5 334 419	275 917	5 610 336
–	–	522 382	–	522 382
8 008	–	8 372 109	(264 910)	8 107 199
–	–	11 179 971	–	11 179 971
–	–	(2 870 318)	(264 910)	(3 135 228)
8 008	–	8 008	–	8 008
–	–	54 448	–	54 448
–	–	(1 238 418)	(3 026 602)	(4 265 020)
–	–	(1 238 418)	(3 026 602)	(4 265 020)
21 710	**–**	**45 137 272**	**–**	**45 137 272**
–	1 177	4 640 446	45 349	4 685 795
–	–	4 565 617	45 349	4 610 966
–	1 177	74 829	–	74 829
18 115	(79 394)	(417 656)	(12 814)	(430 470)
–	–	3 318 016	–	3 318 016
–	–	(3 673 124)	(12 814)	(3 685 938)
18 115	–	16 846	–	16 846
–	(79 394)	(79 394)	–	(79 394)
–	–	–	248 765	248 765
–	–	–	248 765	248 765
39 825	**(78 217)**	**49 360 062**	**281 300**	**49 641 362**

2016	2015
86.00	80.00
41.70	39.00
44.30	41.00

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2016

Figures in R'000s	Notes	2016	Restated* 2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	33	**4 494 762**	4 239 622
Interest received		**596 418**	306 229
Interest paid		**(2 125 060)**	(1 623 328)
Taxation paid	34	**(111 864)**	(97 442)
Net cash inflow from operating activities		**2 854 256**	2 825 081
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition and development of investment properties		**(3 479 654)**	(6 702 557)
Acquisition of listed securities		**–**	(1 599 327)
Acquisition of property, plant and equipment		**(9 075)**	(5 359)
Acquisition of subsidiaries with the exclusive view to resell		**(210 433)**	–
Acquisition of interest in subsidiaries		**–**	(564 692)
Investments in associates and joint ventures		**(5 429 648)**	(1 226 087)
Proceeds on disposal of investment properties		**1 207 521**	3 234 444
Proceeds on disposal of listed securities		**–**	175 699
Proceeds on the disposal of property, plant and equipment		**2 833**	–
Other financial assets acquired and liabilities settled		**(508 081)**	–
Loan to joint venture repaid	8	**38 299**	–
Loan receivables repaid		**348 602**	–
Loan receivables advanced		**–**	(42 960)
Dividends and interest received from associates and joint ventures	8	**680 745**	358 862
Net cash outflow from investing activities		**(7 358 891)**	(6 371 977)
CASH FLOWS FROM FINANCING ACTIVITIES			
Shares issued		**3 318 016**	4 657 717
Dividends paid		**(3 673 124)**	(2 859 144)
Shares issued to non-controlling interests		**248 765**	–
Dividends paid to non-controlling interests		**(12 814)**	(264 910)
Interest-bearing borrowings raised		**7 020 456**	1 926 114
Interest-bearing borrowings repaid		**(2 163 873)**	–
Net cash inflow from financing activities		**4 737 426**	3 459 777
Net increase/(decrease) in cash and cash equivalents		**232 791**	(87 119)
Cash and cash equivalents at beginning of year		**129 924**	350 606
Foreign currency translation effects on cash and cash equivalents		**(154 349)**	(133 563)
Cash and cash equivalents at end of year		**208 366**	129 924

* *Refer to note 2 restatements and reclassifications*

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements, and the requirements of the South African Companies Act.

The Group financial statements include the financial statements of Redefine and its subsidiary companies (together referred to as the Group), and the share of profit or loss and other comprehensive income of the equity-accounted investees.

1.1. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for investment properties, listed securities and certain financial instruments that are measured at fair value, as explained in the accounting policies that follow. The presentation currency in the financial statements is South African Rand (Rand).

Fair value is 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. Non-recurring fair value adjustments are required by IFRS for certain assets and liabilities, for example, for non-current assets held-for-sale. Fair value may be directly observable, for example, for listed securities, or estimated using a valuation technique, for example, for investment properties. The valuation techniques and inputs used to develop these measurements, as well as the effect on the measurements on profit or loss, are disclosed in the note for the respective statement of financial position item.

For consistency and comparability in fair value measurements, disclosure on the inputs to valuation techniques is categorised per the fair value hierarchy. The scale is between level 1 inputs to level 3 inputs, from directly observable to unobservable inputs. This disclosure is provided in note 39 financial risk management.

1.2. Basis of consolidation

Consolidated financial statements are prepared by the parent Company, Redefine Properties Limited, using uniform accounting policies for like transactions and other events in similar circumstances. All intragroup assets and liabilities, equity, income, expenses and cash flow relating to transactions between entities in the Group are eliminated on consolidation.

1.2.1. Subsidiaries

Subsidiaries are entities over which the Company exercises control. The consolidated financial statements incorporate the assets, liabilities, income, expenses, and cash flow of the subsidiaries. Consolidation of subsidiaries commences from the date the investor obtains control and ceases on the date on which the investor loses control.

An investor controls an investee when it 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.

When the Group obtains control of a business, the business combination is accounted for using the acquisition method at the acquisition date (the date on which control is transferred to the Group). The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable assets acquired.

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

Changes in the Group's ownership interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

1.2.2. Associates and joint ventures

Associates and joint ventures are accounted for using the equity method.

An associate is an entity over which the Group exercises significant influence, but not control or joint control, over the financial and operating policies of the investee.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for liabilities. Joint control is a contractually agreed sharing of control of an arrangement that requires unanimous consent on decisions about relevant activities.

In applying the equity method, the investment in the associate or joint venture is measured at cost, which includes transaction costs, with the Group's share of post-acquisition earnings recognised in profit or loss and other comprehensive income in accordance with the Group's accounting policies and is separately presented in the statement of profit or loss and other comprehensive income.

At initial recognition, the principles for business combinations are applied and any resulting goodwill arising on the acquisition is included in the carrying amount of the investment. Similarly, associates or joint ventures are equity accounted from acquisition date and cease to be equity accounted when significant influence or joint control ceases.

Dividend income from associates or joint ventures reduces the carrying value of the investment. If the associates or joint ventures are loss-making, the carrying value is reduced until it is carried at Rnil.

1. SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

1.2.2. Associates and joint ventures [continued]

When the ownership interest in an associate is reduced without affecting the classification as an associate, the Group reclassifies to profit or loss the proportionate gain or loss that had previously been recognised in other comprehensive income relating to the reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets and liabilities.

1.3. Foreign currency translation

At the end of each reporting period, monetary items denominated in foreign currencies are translated at the foreign currency rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the foreign currency rates prevailing at the date that fair value was determined. Non-monetary items that are measured based on historical cost are translated to the exchange rate at the date of the transaction.

The assets and liabilities of foreign operations (including investments in foreign associates and foreign joint ventures), including goodwill and fair value adjustments arising on acquisition, are translated to the Group's presentation currency, South African Rand, using the respective foreign exchange rates prevailing at reporting date.

Income and expenses of foreign operations are translated at the average exchange rates for the period. Exchange differences arising are recognised directly in other comprehensive income and accumulated in equity. On disposal or a decrease in the Group's effective interest in the foreign investment, all or a proportionate share of the exchange differences accumulated in equity are reclassified to profit or loss as part of the gain or loss on disposal.

1.4. Investment property

Investment properties, both freehold and leasehold, are held to earn rental income and/or for capital appreciation. At initial recognition, investment properties are measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Leasehold properties consist of buildings developed on leased land for which rental payments are made to the lessor. Leasehold properties that are leased to tenants under operating leases are accounted for as investment properties and measured using the fair value model. The initial cost of properties held under an operating lease is the lower of the fair value of the property and the present value of the minimum lease payments.

Gains and losses arising from changes in the fair value are included in profit or loss in the period in which they arise. Changes in fair value are excluded from the calculation of distributable earnings.

Investment properties are measured at fair value at each reporting date. For the purposes of the independent valuations as at 31 August 2016, 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.

Tenant installations and lease commissions are carried at cost less accumulated amortisation on a straight-line basis over the term of the lease.

A gain or loss arising on disposal of investment property is recognised in profit or loss, measured as the difference between the disposal proceeds and the carrying amount.

1.5. Properties under development

Properties under development comprise the cost of the land and development, and are 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.

1.6. Property, plant and equipment

Other ancillary non-current tangible assets are included in property, plant and equipment. These assets are measured using the cost model, initial recognition is at the purchase consideration including directly attributable costs. Subsequent measurement is at cost less accumulated depreciation and accumulated impairment losses. The assets are depreciated on a straight-line basis to the residual value. These items are listed below together with their useful lives:

- Computer equipment: 5 years
- Furniture and fittings: 3 years
- Office equipment: 3 years
- Motor vehicles: 5 years

The depreciation method, useful lives, and residual values are reviewed at each reporting date.

1.7. Property held-for-trading

Properties held-for-trading comprise properties acquired as well as properties developed with the intention of disposing for profit in the ordinary course of business, 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. SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

1.8. Non-current assets held-for-sale and discontinued operations

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.

Non-current assets and disposal groups held-for-sale are measured at the lower of their carrying amount and fair value less costs to sell, with any impairment losses recognised in profit or loss. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis. However, certain items, such as financial assets within the scope of IAS 39 *Financial Instruments: Recognition and Measurement*, deferred tax assets and investment property which is measured in accordance with the fair value model, continue to be measured in accordance with the Group's accounting policies.

Assets classified as held-for-sale are not depreciated or amortised, and any equity-accounted investee or a portion thereof is no longer equity accounted.

Non-current assets held-for-sale are presented separately from other assets and liabilities in the statement of financial position. Prior periods are not reclassified.

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- → Represents a separate major line of business or geographic area of operations;
- → Is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- → Is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is represented as if the operation had been discontinued from the start of the comparative year.

1.9. 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.

Financial assets and liabilities are initially measured at fair value plus any 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).

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.

Financial assets

Financial assets are classified into the following categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

A financial asset is classified at fair value through profit or loss if it is classified as held-for-trading or designated as such on initial recognition. Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.

Loans and receivables are subsequently measured at amortised cost using the effective interest method, less accumulated impairments.

The financial assets of the Group are classified as follows:

- → Listed securities are classified at fair value through profit or loss;
- → Listed security income receivables comprise dividends receivable on listed securities and are classified as loans and receivables;
- → Loans receivable are classified as loans and receivables;
- → Other financial assets are classified either at fair value through profit or loss or as loans and receivables in consideration of the nature of the transaction;
- → Trade and other receivables are classified as loans and receivables;
- → Cash and cash equivalents are classified as loans and receivables; and
- → Derivative assets comprising interest rate swaps and forward exchange options are classified at fair value through profit or loss.

1. SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

1.9. Financial instruments [continued]

Financial assets [continued]

Financial assets are assessed for indicators of impairment at the end of each reporting period (other than financial assets at fair value through profit or loss). Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the investment have been affected.

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.

The Group derecognises a financial asset when the contractual rights to the cash flow 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, i.e. the date that the Group commits itself to purchase or sell the asset.

Financial liabilities and equity instruments

Debt and equity instruments issued are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting liabilities.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. The classification depends on the nature and purpose of the financial liabilities and is determined at the time of initial recognition.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The financial liabilities of the Group are classified as follows:

- Interest-bearing borrowings are classified as other financial liabilities;
- Derivatives comprising interest rate swaps and forward exchange options are held-for-trading financial instruments measured at fair value through profit or loss;
- Financial guarantee contracts are measured at the higher of the best estimate of the expenditure required to settle the present obligation or the amount initially recognised less cumulative amounts recorded as income to date;
- Other financial liabilities are classified either at fair value through profit or loss or as other financial liabilities in consideration of the nature of the transaction; and
- Trade and other payables are classified as other financial liabilities.

The Group derecognises a financial liability when the Group's obligations specified in the contract expire or are discharged or cancelled.

Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange risks, including interest rate swaps and forward exchange options. Derivatives are recognised and measured as described above. Further details on derivative financial instruments are disclosed in note 39 financial risk management.

1.10. Goodwill

Goodwill arising on the acquisition of a business is carried at cost less accumulated impairment losses, if any. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units that is expected to benefit from the synergies of the combination. In the real estate industry, goodwill may arise from business combinations where the purpose of obtaining control is to acquire certain properties. To this end, goodwill is allocated to the operating segments in which the acquired properties are allocated.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of the allocated goodwill and then to the carrying amount of the other assets included in the cash-generating unit. An impairment loss in respect of goodwill is not reversed.

The Group's policy relating to the goodwill on acquisition of associates is described above.

1.11. Intangible assets

Intangible assets are acquired separately or in a business combination and are not internally generated. Intangible assets acquired in a business combination are recognised separately from goodwill, at fair value at acquisition date.

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 reporting date to determine whether events and circumstances continue to support an indefinite useful life assessment.

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 life of the asset. The amortisation method and useful life is reviewed at each reporting period and adjusted if necessary.

1. SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

1.12. Impairment of non-financial assets other than goodwill

The carrying value of non-financial assets (other than goodwill, investment property and deferred tax assets) is reviewed for impairment at each reporting date to determine whether there is any indication of an impairment loss. If such indication exists, then the asset's recoverable amount is estimated. Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is determined as the higher of fair value less costs to sell or value in use. An impairment loss is recognised if the carrying amount of the asset or cash-generating unit exceeds its estimated recoverable amount.

Intangible assets with an indefinite useful life are tested for impairment annually as well as when an indicator of impairment arises.

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.

In the case of a cash-generating unit, an impairment is first allocated to goodwill and then to the other assets in the cash-generating unit on a pro rata basis.

Impairment losses on goodwill are not reversed. For other assets, 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 had no impairment loss been recognised in prior years.

1.13. 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.

1.14. Treasury shares

Where a subsidiary company holds shares in the holding company, the consideration paid to acquire these shares is deducted from stated capital as treasury shares, but disclosed separately in the statement of changes in equity. When these shares are sold or re-issued, any consideration received is included in stated capital.

1.15. Dividends

Dividends and other distributions to the holders of equity instruments, in their capacity as owners, are recognised directly in equity on the date of declaration.

1.16. Other reserves

Reserves other than accumulated profit are the foreign currency translation reserve, the share-based payment reserve, and the share of associates' reserves (post-acquisition other reserves of the equity-accounted associates).

1.17. Revenue recognition

1.17.1. Property portfolio revenue

Property portfolio revenue comprises gross rental income and fixed operating cost recoveries from the letting of investment properties. Rental income is recognised in profit or loss on a straight-line basis over the term of the lease.

Recoveries of costs from lessees, where the entity merely acts as an agent and makes the payment of these costs on behalf of lessees, are offset against the relevant costs.

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.

1.18. Other income

1.18.1. Investment income

Dividends from listed securities are recognised in profit or loss when declared.

1.18.2. 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.

1.18.3. Interest income

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

1. SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

1.18. Other income [continued]

1.18.4. 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.

1.19. Employee benefits

1.19.1. Short-term benefits

Short-term employee benefits are benefits that will be settled within 12 months. 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 that the Group has a present legal or constructive obligation to pay as a result of the employees' services provided up to the reporting date.

1.19.2. 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.

1.19.3. Share-based payments

Restricted share scheme

In terms of the restricted share scheme, a conditional right to shares 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 shares has been determined as follows: the number of shares expected to vest multiplied by the share price at the date of award less discounted future anticipated distributions.

The grant date fair value of the scheme is recognised as an expense, with a corresponding increase in equity, over the vesting period. The amount recognised as an expense is adjusted for changes in management's estimate of the number of shares expected to vest, such that the amount ultimately recognised is based on the number of awards that vest.

Short-term incentive scheme

In terms of the short-term incentive scheme, a conditional right to shares is awarded to employees subject to 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 shares has been determined as follows: the number of shares expected to vest multiplied by the share price at the date of award less discounted future anticipated distributions.

The grant date fair value of the scheme is recognised as an expense, with a corresponding increase in equity, over the vesting period. The amount recognised as an expense is adjusted for changes in management's estimate of the number of shares expected to vest, such that the amount ultimately recognised is based on the number of awards that vest.

Matching share scheme

In terms of the matching share scheme, participants are invited annually to utilise a predetermined percentage of their after-tax bonus to acquire Redefine Properties Limited shares. Participants holding shares at the third anniversary of the date of award will be awarded Redefine Properties Limited shares free of consideration based on a multiple of the original shares linked to the Group and individual's performance. The scheme is accounted for as an equity-settled share-based payment. The fair value of services received in return for the matching shares has been determined as follows: the number of shares expected to vest multiplied by the share price at the date of award less discounted future anticipated distributions.

The grant date fair value of the scheme is recognised as an expense, with a corresponding increase in equity, over the vesting period. The amount recognised as an expense is adjusted for changes in management's estimate of the number of shares expected to vest, such that the amount ultimately recognised is based on the number of awards that vest.

1.20. 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 less any investment income on the temporary investment of those borrowings; or with regard to that part of the development cost financed out of general funds, to the weighted average borrowing cost.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1. SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

1.21. Taxation and deferred taxation

Income tax expense comprises current and deferred taxation. 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.

Current tax is the expected tax payable on taxable income, after deducting the qualifying distribution for the year of assessment, using tax rates that have been enacted or substantially enacted by the reporting date and includes adjustments for tax payable in respect of previous years. In accordance with the REIT status, dividends declared are treated as a qualifying distribution in terms of section 25BB of the Income Tax Act, No 58 of 1962 (as amended).

Withholding tax relating to foreign distributions received is recognised as part of the current tax expense. The distribution received is presented gross of withholding tax in the financial statements.

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;
- 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, joint ventures and associates, to the extent that it is probable that they will not reverse in the foreseeable future and the Group is able to control the reversal.

Deferred tax is not recognised on the fair value of investment properties and of listed securities. These items will be realised through sale and, in accordance with the income tax requirements relating to the REIT status, capital gains tax is no longer applicable. Deferred tax is not recognised for temporary differences that will form part of future qualifying distributions.

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 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.

1.22. 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. Refer to note 35 segmental report, which describes how the operating segments have been determined.

1.23. Leases

1.23.1. 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 charge so as to achieve a constant rate on the finance balance outstanding.

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. Properties that are held under operating leases are classified as investment properties.

1.23.2. 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. Straight-lining adjustments do not affect distributable earnings.

1.24. 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 shareholders. Headline earnings per share is calculated in terms of the requirements set out in Circular 2/2015 issued by SAICA. Distributable earnings per share is calculated for each six-month period of the distribution, using the number of shares in issue at the interim reporting date and at the financial year-end reporting date.

1. SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

1.25. 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:

Investment properties

The portfolio is valued annually. For the purposes of the independent valuations at 31 August 2016, 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 accounting policy 1.4 and note 3 investment property for further information.

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 7 goodwill and intangible assets for further information.

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 do 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.

Significant influence and control assessment

The Group has an investment in which more than 40% of the voting rights are held. The Group has significant influence over this entity. The Group does not have the ability to exercise control of this entity. The directors of the Group assessed the ability to exercise control in consideration of the following:

- The size of the investor's holding of voting rights relative to the size and dispersion of holdings of the other shareholders;
- Potential voting rights held by the investor and other shareholders;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances indicating that the investor may have the current ability to direct the relevant activities at the time the decisions need to be made.

The investment in Echo Polska Properties N.V. (EPP) is a 44.9% equity interest at 31 August 2016. EPP does not have a controlling shareholder. The other significant shareholder is Echo Prime Assets B.V. which held an equity interest of approximately 25% at 31 August 2016. This investor is wholly owned by Echo Investment S.A. (listed on the Warsaw Stock Exchange) which previously indirectly controlled EPP prior to the disposal of a 75% interest to Redefine Properties Limited and various other investors.

The other investors are not controlled by Redefine and do not have agreements to vote in concert with Redefine. Decisions are made by a majority vote. There has been no history of Redefine having the majority of votes present at shareholder meetings.

There are no contractual arrangements between Redefine and EPP which give Redefine additional rights. EPP operates independently and has its own management team. A König and M Wainer, executive directors on the Redefine Board of Directors, were appointed as non-executive directors on the EPP Board. The EPP Board consists of 14 directors, comprised nine non-executive directors (five of the nine non-executive directors are independent) and five executive directors. The two Redefine directors on the EPP Board of 14 directors does not indicate the ability to exercise power over the decisions of the Board.

The directors have concluded that the Group does not have a sufficiently dominant voting interest to direct the relevant activities of EPP and therefore does not exercise control over EPP.

1. SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

1.26. Accounting standards and interpretations, 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 as a result of the disclosure initiative

→ Amendments to IAS 1 *Presentation of Financial Statements*
The amendments aim at clarifying IAS 1 to address perceived impediments to preparers exercising their judgement in presenting their financial reports.

The amendments clarify the materiality considerations for financial statements. The presentation of line items on the statement of financial position and statement of profit or loss and other comprehensive income in terms of aggregation and disaggregation. In addition, the amendments provide guidance on ways of ordering the notes to the financial statements to clarify that understandability and comparability should be considered when determining the order of the notes.

→ Amendments to IAS 7 *Statement of Cash Flows*
The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash charges.

The amendments state that one way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. The impact on the financial statements for the Group has not yet been determined.

Amendments to IAS 12 *Income Taxes: Amendments regarding the recognition of deferred tax assets for unrealised losses*
The amendments clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value.

The amendments are effective for annual periods beginning on or after 1 January 2017, with early adoption permitted. The impact on the financial statements for the Group has not yet been determined.

Amendments resulting from September 2014 Annual Improvements to IFRSs

→ Amendments to IFRS 5 *Non-Current Assets Held-for-Sale and Discontinued Operations*
The amendments add specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held-for-sale to held-for-distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

→ Amendments to IFRS 7 *Financial Instruments: Disclosures*
The amendments clarify the applicability of the amendments to IFRS 7 on offsetting disclosures to condensed interim financial statements.

The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. The impact on the financial statements for the Group has not yet been determined.

Amendments to IFRS 2 *Share-based Payment: Amendments to clarify the classification and measurement of share-based payment transactions*
The amendment introduces accounting requirements for cash-settled share-based payments that follow the same approach as used for equity-settled share-based payments. The guidance is on accounting for cash-settled share-based payment transactions that include a performance condition.

The amendments also clarify the classification of share-based payment transactions with net settlement features and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The impact on the financial statements for the Group has not yet been determined.

IFRS 9 *Financial Instruments*
IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The following topics in the new standard may be material to the business of the Group or have an impact on the financial statements which is yet to be determined:

→ Classification – financial assets and financial liabilities;
→ Impairment – financial assets and contract assets;
→ Hedge accounting; and
→ Disclosures.

1. SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

1.26. Accounting standards and interpretations not yet effective [continued]

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.

In general, IFRS 9 has retained 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.

Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures: Sale or contribution of assets between an investor and its associate or joint venture*

The objective of the project is to address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

The amendments are effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The impact on the financial statements for the Group has not yet been determined.

Amendments to IFRS 11 *Joint Arrangements: Amendments regarding the accounting for acquisitions of an interest in a joint operation*

The objective was to add new guidance to IFRS 11 *Joint Arrangements* on the accounting for the acquisition of an interest in a joint operation that constitutes a business. The IASB decided that acquirers of such interests shall apply all of the principles on business combinations accounting in IFRS 3 Business Combinations, and other IFRS, that do not conflict with the guidance in IFRS 11 and disclose the information that is required in those IFRSs in relation to business combinations.

The amendments are effective for annual periods beginning on or after 1 January 2017, with early adoption permitted. The impact on the financial statements for the Group has not yet been determined.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes*.

IFRS 15 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The impact on the financial statements for the Group has not yet been determined.

IFRS 16 *Leases*

The new standard states that lessees should be required to recognise assets and liabilities arising from all leases (with limited exceptions) in the statement of financial position. Lessor accounting has not substantially changed in the new standard.

IFRS 16 supersedes existing lease guidance including IAS 17 *Leases*, IFRIC 4 *Determining Whether an Arrangement Contains a Lease*, and SIC 15 *Operating Leases – Incentives*.

The model reflects that, at the start of the lease, the lessee obtains the right to use an asset for a period of time and has an obligation to pay for that right. In response to concerns expressed about the cost and complexity to apply the requirements to large volumes of small assets, the IASB decided not to require a lessee to recognise assets and liabilities for short-term leases (less than 12 months), and leases for which the underlying asset is of low value (such as laptops and office furniture).

A lessee measures lease liabilities at the present value of future lease payments. A lessee measures lease assets initially at the same amount as lease liabilities, and also includes costs directly related to entering into the lease. Lease assets are amortised in a similar way to other assets such as property, plant and equipment. This approach will result in a more fair representation of a lessee's assets and liabilities and, together with enhanced disclosure, will provide greater transparency of a lessee's financial leverage and capital employed.

The impact on the financial statements for the Group has not yet been determined.

2. RESTATEMENTS AND RECLASSIFICATIONS

Restatements

Investments in associates and joint ventures

The Group's accounting policy for investments in associates and joint ventures is to use the equity method, whereby the investments are initially recognised at cost and increased or decreased by the Group's share of post-acquisition profits or losses and other comprehensive income.

In prior periods, the Group did not include its share of the associate's other comprehensive income when applying the equity method. Accordingly, these results are restated with the change applied retrospectively. The change is of a non-cash flow nature and has no effect on the distributable income or profit or loss. We believe this change will give a fairer reflection of the economic substance of investments, particularly where those investments operate in foreign currencies, and will provide more relevant information to the users of the financial statements.

Loans receivables – Ma Afrika Tikkun Endowment Trust

In the financial year ended 31 August 2013, Redefine granted Ma Afrika Tikkun Endowment Trust (Ma Afrika) a loan to acquire Redefine shares. The loan is secured by 55 520 130 Redefine shares and will be repaid using the dividends on the shares and the proceeds generated by the future sale of shares. As the loan only has recourse to the shares and no other assets, the issue of the shares on loan account should have, for accounting purposes, been treated as an option grant which vested on the date when the loan was granted.

In prior years, Redefine accounted for the shares as issued and recognised a loan receivable. The comparatives for the 2016 financial statements have been restated to account for the issue of a share option, instead of the issue of Redefine shares and the related loan. The guarantee fee receivable related to this loan has also been derecognised and is included in the valuation of the option.

Dipula BEE Trust

In the financial year ended 31 August 2012, Redefine sold 50 million Dipula Income Fund Limited B shares (Dipula B shares) to the Dipula BEE Trust for a consideration of R270 million and a 33.3% beneficiary interest in the Dipula BEE Trust. The Dipula BEE Trust obtained bank funding for the purchase of the shares. Redefine in turn provided a guarantee of R180 million and agreed to a put option of R90 million (minimum) as security for the bank loan. The Dipula BEE Trust cannot dispose of the 50 million Dipula B shares without Redefine's approval. Redefine has assessed that it neither retained nor transferred substantially all the risks and rewards of ownership of the 50 million Dipula B shares and, as a result, Redefine retained control of the 50 million Dipula B shares. Therefore, Redefine should have continued to recognise the 50 million Dipula B shares to the extent of its continuing involvement. Redefine should also have recognised an associated liability for the amount it could be required to pay in terms of the guarantee and put option. In 2012, Redefine derecognised the 50 million Dipula B shares and recognised a financial guarantee receivable and related financial guarantee liability. Accordingly, this transaction has been restated retrospectively to reflect Redefine's continuing involvement in the 50 million Dipula B shares and associated liability.

Reclassifications

Derivative assets and liabilities

In the prior year, the interest rate swaps presented as derivative assets and liabilities were offset. Accordingly, the derivative assets and liabilities have been reclassified with the change applied retrospectively. The change is of a non-cash flow nature and has no effect on the distributable income or profit or loss.

Interest accrual on interest-bearing borrowings

In the prior years, the interest accrual on interest-bearing borrowings was presented together with trade and other payables. The interest accrual on interest-bearing borrowings has been reclassified to a separate line in the statement of financial position with the change applied retrospectively. The change is of a non-cash flow nature and has no effect on the distributable income or profit or loss.

Dividends paid – Statement of cash flows

In the prior years, the dividends paid and dividends paid to non-controlling interests was presented as a cash flow from operating activities. Dividends paid and dividends paid to non-controlling interests have been reclassified to cash flows from financing activities with the change applied retrospectively to be in line with how Redefine manages its cash.

Revenue

In the prior years, insurance proceeds, trading (loss)/income and fee income was presented as revenue. These lines have been reclassified to other gains in the statement of profit or loss and other comprehensive income with the change applied retrospectively. The change better presents revenue, which is the gross inflow of economic benefits arising from the ordinary operating activities. This reclassification is of a non-cash flow nature and has no effect on the distributable income or profit or loss.

Figures in R'000s	2015 As previously reported	2015 Impact of restatement	2015 Impact of reclassification	2015 As restated
2. RESTATEMENTS AND RECLASSIFICATIONS [CONTINUED]				
Statement of financial position				
Non-current assets	67 465 410	227 023	72 897	67 765 330
Interest in associates and joint ventures	9 823 319	611 165	–	10 434 484
Derivative assets	93 150	–	72 897	166 047
Loans receivable	1 184 924	(563 099)	–	621 825
Other financial assets	–	252 717	–	252 717
Guarantee fees receivable	73 760	(73 760)	–	–
Current assets	1 422 776	–	11 002	1 433 778
Derivative assets	–	–	11 002	11 002
Total assets	**70 177 798**	**227 023**	**83 899**	**70 488 720**
Equity	45 145 459	(8 187)	–	45 137 272
Stated capital	33 738 010	(528 405)	–	33 209 605
Reserves	11 407 449	520 218	–	11 927 667
Non-current liabilities	21 894 566	(17 507)	69 891	21 946 950
Derivative liabilities	–	–	69 891	69 891
Other financial liabilities	17 507	(17 507)	–	–
Current liabilities	3 137 773	252 717	14 008	3 404 498
Trade and other payables	1 106 230	–	(199 832)	906 398
Interest accrual on interest-bearing borrowings	–	–	199 832	199 832
Derivative liabilities	10 488	–	14 008	24 496
Other financial liabilities	18 437	252 717	–	271 154
Total equity and liabilities	**70 177 798**	**227 023**	**83 899**	**70 488 720**
Number of shares in issue ('000)	4 448 623	(55 520)	–	4 393 103
Net asset value per share (cents)	1 021.00	12.72	–	1 033.72
Net tangible asset value per share (cents)	900.35	11.20	–	911.55

2014			
As previously reported	Impact of restatement	Impact of reclassification	As restated
55 007 339	(348 461)	75 746	54 734 624
4 173 173	(1 614)	–	4 171 559
–	–	75 746	75 746
1 727 212	(549 455)	–	1 177 757
23 510	252 608	–	276 118
50 000	(50 000)	–	–
992 697	–	1 927	994 624
–	–	1 927	1 927
57 490 164	**(348 461)**	**77 673**	**57 219 376**
35 735 937	(573 562)	–	35 162 375
22 558 039	(528 405)	–	22 029 634
10 162 303	(45 157)	–	10 117 146
14 997 245	(27 507)	59 580	15 029 318
95 192	–	59 580	154 772
36 731	(27 507)	–	9 224
6 756 982	252 608	18 093	7 027 683
1 294 307	–	(140 096)	1 154 211
–	–	140 096	140 096
926	–	18 093	19 019
12 872	252 608	–	265 480
57 490 164	**(348 461)**	**77 673**	**57 219 376**
3 404 630	(55 520)	–	3 349 110
976.03	(0.94)	–	975.09
819.52	(3.54)	–	815.98

2. RESTATEMENTS AND RECLASSIFICATIONS [CONTINUED]

Figures in R'000s	2015 As previously reported	2015 Impact of restatement	2015 Impact of reclassification	2015 As restated
Statement of profit or loss and other comprehensive income				
Revenue				
Insurance proceeds	119 420	–	(119 420)	–
Trading (loss)/income	(1 946)	–	1 946	–
Fee income	44 800	(33 760)	(11 040)	–
Total revenue	**6 811 245**	**(33 760)**	**(128 514)**	**6 648 971**
Other gains	–	–	128 514	128 514
– Insurance proceeds received	–	–	119 420	119 420
– Trading income/(loss)	–	–	(1 946)	(1 946)
– Sundry income	–	–	11 040	11 040
Profit before finance costs and taxation	**7 130 259**	**(33 760)**	**–**	**7 096 499**
Net interest costs	(1 376 835)	(56 918)	–	(1 433 753)
– Interest income	306 229	(56 918)	–	249 311
Profit for the year	**5 701 014**	**(90 678)**	**–**	**5 610 336**
Other comprehensive (loss)/income	(90 397)	612 779	–	522 382
Exchange differences on translation of foreign operations – associates	(19 906)	612 779	–	592 873
Total comprehensive income for the year	**5 610 617**	**522 101**	**–**	**6 132 718**
Total comprehensive income for the year – attributable to Redefine Properties Limited shareholders	**5 334 700**	**522 101**	**–**	**5 856 801**
Earnings per share cents (basic and diluted)	**142.82**	**(0.30)**	**–**	**142.52**

Figures in R'000s	2015 As previously reported	Impact of restatement	Impact of reclassification	As restated
2. RESTATEMENTS AND RECLASSIFICATIONS [CONTINUED]				
Statement of changes in equity				
Stated capital				
Opening balance	22 558 039	(528 405)	–	22 029 634
Issue of ordinary shares	11 179 971	–	–	11 179 971
Closing balance	**33 738 010**	**(528 405)**	**–**	**33 209 605**
Accumulated profit				
Opening balance	10 102 201	(43 543)	–	10 058 658
Profit for the year	5 425 097	(90 678)	–	5 334 419
Dividends	(2 913 592)	43 274	–	(2 870 318)
Closing balance	**11 429 736**	**(90 947)**	**–**	**11 338 789**
Foreign currency translation reserve				
Opening balance	46 400	(1 614)	–	44 786
Other comprehensive income for the year	(90 397)	612 779	–	522 382
Closing balance	**(43 997)**	**611 165**	**–**	**567 168**
Total equity	**45 145 459**	**(8 187)**	**–**	**45 137 272**
Statement of cash flows				
Cash flows from operating activities				
Cash generated from operations	4 299 358	(59 736)	–	4 239 622
Interest paid	(1 683 064)	59 736	–	(1 623 328)
Dividends paid	(2 859 144)	–	2 859 144	–
Dividends paid to non-controlling interests	(264 910)	–	264 910	–
Net cash (outflow)/inflow from operating activities	**(298 973)**	**–**	**3 124 054**	**2 825 081**
Cash flows from financing activities				
Dividends paid	–	–	(2 859 144)	(2 859 144)
Dividends paid to non-controlling interests	–	–	(264 910)	(264 910)
Net cash inflow from financing activities	**6 583 831**	**–**	**(3 124 054)**	**3 459 777**

Figures in R'000s	Notes	2016	2015
3. INVESTMENT PROPERTY			
Carrying amount			
Cost		**36 407 962**	35 497 320
Fair value surplus		**11 815 750**	11 092 397
Balance at end of year		**48 223 712**	46 589 717
Movement for the year			
Balance at beginning of year		**46 589 717**	37 710 045
Additions at cost		**2 397 183**	5 231 980
– arising from acquisitions		**1 627 541**	4 746 871
– arising from subsequent expenditure		**710 965**	485 109
– capitalised borrowing costs*		**58 677**	–
Arising on acquisitions of subsidiary		**43 489**	4 059 921
Disposals at fair value		**(1 485 902)**	(1 918 722)
Change in fair value		**727 133**	1 712 907
Tenant installations and lease commissions		**16 144**	20 050
– capitalised		**80 233**	92 301
– amortised		**(64 089)**	(72 251)
Transfer to properties under development	5	**(623 374)**	1 226 453
Transfer from properties under development	5	**1 157 763**	–
Transfer to non-current assets held-for-sale	15	**(560 275)**	(1 289 612)
Straight-line rental income adjustment	4	**(38 166)**	(163 305)
Balance at end of year		**48 223 712**	46 589 717
Reconciliation to valuations			
Investment properties		**48 223 712**	46 589 717
Straight-line rental income accrual	4	**1 474 928**	1 436 762
Valuations at 31 August		**49 698 640**	48 026 479
Independent valuations		**49 639 976**	48 026 479
Directors' valuations		**58 664**	–
Valuations at 31 August		**49 698 640**	48 026 479

* *Borrowing costs were capitalised using the weighted average cost of debt of 8.87% (2015: 8.54%)*

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

→ Real Insight	T Behrens	NDip (Prop Val), professional valuer
→ Asset Valuation Services	P Rimbault	NDip (Quantity Surveying), MIV (SA), professional valuer
→ CBRE – Broll	R Hunting	NDip (Town Planning), MRICS, MIV (SA), professional valuer
→ Eris Property Group	C Everatt	BSc (Hons) Estate management, MRICS, MIV (SA), professional valuer
→ Jones Lang LaSalle	J Karg	BSc, MRICS, MIV (SA), professional valuer
→ LDM Valuation Solutions	AB Viljoen	NDip (Prop Val), professional valuer
→ Mills Fitchet KZN	T Bate	MSc, BSc Land Econ (UK), MRICS, MIV (SA), professional valuer
→ Mills Fitchet Magnus Penny	MRB Gibbons	NDip (Prop Val), MRICS, MIV (SA), professional valuer
→ Mills Fitchet Magnus Penny and Wolffs	S Wolffs	NDip (Prop Val), MIV (SA), professional valuer
→ Old Mutual Properties	T King	BSc (Hons) Building Management, Professional and Chartered Valuation Surveyor

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 R35.5 billion (2015: R37.8 billion) as security for secured interest-bearing borrowings of R16.4 billion (2015: R16.7 billion).

Refer to note 35 segmental report for a breakdown by sector of investment property, contractual rental income and property expenses.

3. INVESTMENT PROPERTY (CONTINUED)

The independent valuers applied current market-related assumptions to the risks in rental streams of properties. Discount rates in the respective sectors are disclosed below.

At the reporting date, the key assumptions used by the Group in determining fair value were in the following ranges for the Group's portfolio of properties:

Unobservable inputs (% unless otherwise stated)	2016	2015
Expected market rental growth	4.00 – 8.00	4.00 – 9.00
Expected expense growth	7.00 – 10.00	7.00 – 10.00
Occupancy rate	93.40	95.94
Vacancy periods	0 – 12 months	0 – 12 months
Rent-free periods	0 – 3 months	0 – 3 months
Office sector		
Discount rate	12.50 – 18.00	8.00 – 17.50
Exit capitalisation rate	7.75 – 13.00	8.00 – 13.00
Retail sector		
Discount rate	12.25 – 19.25	9.00 – 17.00
Exit capitalisation rate	7.00 – 12.50	7.50 – 14.00
Industrial sector		
Discount rate	13.00 – 18.50	9.50 – 18.50
Exit capitalisation rate	8.00 – 14.00	7.75 – 12.50
Specialised sector		
Discount rate	15.00	–
Exit capitalisation rate	9.00	–

Measurement of fair value

Valuation techniques

All external valuations were completed using the discounted cash flow method of valuation.

Discounted cash flow method:

The valuation model generates a net present value for each property by discounting forecasted future cash flows and a residual value at the end of the cash flow projection period by the discount rate of each property. The residual value is calculated by capitalising the net income forecasted for the 12-month period immediately following the final year of the cash flow at the exit/reversionary capitalisation rate. The discount rate applied by each valuator is determined by adding a growth rate per property, based on forecasted market-related rental increases, to the determined capitalisation rate per property. The discount rate is then tested for reasonableness by benchmarking the rate against recent comparable sales and surveys prepared by Investment Property Databank/South African Property Owners Association (IPD/SAPOA). The capitalisation rate is dependent on a number of factors, such as location, the condition of the improvements, current market conditions, the lease covenants and the risk inherent in the property and is also tested for reasonableness by benchmarking against recent comparable sales and surveys prepared by IPD/SAPOA.

Interrelationship between key unobservable inputs and fair value measurements

The estimated fair value would increase/(decrease) if:

- Expected market rental growth was higher/(lower)
- Expected expense growth was lower/(higher)
- Vacant periods were shorter/(longer)
- Occupancy rate was higher/(lower)
- Rent-free periods were shorter/(longer)
- Discount rate was lower/(higher)
- Reversionary capitalisation rate was lower/(higher)
- Capitalisation rate was lower/(higher)

The fair value measurement for investment property of R51 729 million (2015: R49 899 million) has been categorised as level 3 under the fair value hierarchy based on the inputs to the valuation technique used. Refer to note 39.4 financial risk management for the level 3 reconciliation.

Figures in R'000s	Notes	2016	2015
4. STRAIGHT-LINE RENTAL INCOME ACCRUAL			
Balance at beginning of year		**1 436 762**	1 213 985
Arising on business combination/common control		**–**	59 472
Arising during the year	3	**38 166**	163 305
Balance at end of year		**1 474 928**	1 436 762
5. PROPERTIES UNDER DEVELOPMENT			
Balance at beginning of year		**1 872 390**	1 982 047
Development costs		**893 181**	1 235 243
Capitalised borrowing costs*		**188 342**	153 149
Change in fair value		**(374 773)**	(271 596)
Disposals		**(14 710)**	–
Transfer from investment property	3	**623 374**	393 614
Completed developments transferred to investment properties	3	**(1 157 763)**	(1 620 067)
Balance at end of year		**2 030 041**	1 872 390

* *Borrowing costs were capitalised using the weighted average cost of debt of 8.87% (2015: 8.54%)*

	2016	2015
6. LISTED SECURITIES		
Arrowhead Properties Limited	**190 299**	–
Emira Property Fund Limited	**784 321**	988 793
Balance at end of year	**974 620**	988 793
Movement for the year		
Balance at beginning of the year	**988 793**	2 750 900
Additions	**230 000**	2 632 829
Disposals	**–**	(172 881)
Change in fair value	**(244 173)**	127 718
Transfer to investment in associate	**–**	(4 349 773)
Balance at end of year	**974 620**	988 793

Details of listed securities	Stock exchange	% held	Number of units held 2016	Number of units held 2015
Arrowhead Properties Limited	JSE (REIT)	2.37%	**24 300 000**	–
Emira Property Fund Limited	JSE (REIT)	11.47%	**58 564 627**	58 564 627

The fair value of the investments in Arrowhead and Emira are based on the closing share price on the Johannesburg Stock Exchange (JSE), less an accrual for declared distributions, included separately in the statement of financial position as listed security income receivable.

Arrowhead Properties Limited

The shares were acquired from Arrowhead as part of the proceeds on disposal of the Cleary Park Shopping Centre in December 2015.

Figures in R'000s	2016	2015
7. GOODWILL AND INTANGIBLE ASSETS		
Cost	**5 744 181**	5 744 181
Amortisation	**(439 990)**	(377 134)
Balance at end of year	**5 304 191**	5 367 047
Movement for the year		
Balance at beginning of year	**5 367 047**	5 328 676
Arising on business combination/common control transaction	**–**	101 227
Amortisation of intangible assets	**(62 856)**	(62 856)
Balance at end of year	**5 304 191**	5 367 047
Goodwill		
At acquisition cost/indefinite life	**4 525 930**	4 525 930
Intangible assets		
At cost less amortisation		
The right to manage property – Redefine*	**502 845**	565 701
– Cost	**942 835**	942 835
– Amortisation	**(439 990)**	(377 134)
Electricity recovery business#	**275 416**	275 416
Total intangible assets	**778 261**	841 117

* *Accounted for before 1 September 2009 in terms of IFRS 3 Business Combinations where the purchased method was applied*
\# *Indefinite useful life intangible asset*

Goodwill

The carrying amount of goodwill is the gross amount recognised and there have been no accumulated impairment losses. There was no additional goodwill recognised during the year from business combinations.

Goodwill is tested for impairment annually. To test for impairment, goodwill is allocated to the operating segments (cash-generating units) that are expected to benefit from the synergies of the combination. Refer to note 35 segmental report. The operating segments (office, retail, industrial and specialised) each represent the lowest level within the Group at which goodwill is monitored for internal management purposes.

The carrying amount of goodwill allocated to the cash-generating units (CGUs) is presented below:

	Financial year*	Office	Retail	Industrial	Specialised	Total
Arising from business combination of:						
Annuity Properties Limited	2014	59 968	54 918	7 433	–	122 319
Apex-Hi and Madison group of companies	2009	1 028 213	1 259 562	282 759	–	2 570 534
Fountainhead group of companies	2013 & 2015	295 509	1 235 264	140 189	60 888	1 731 850
Leaf group of companies	2015	101 227	–	–	–	101 227
Total goodwill		**1 484 917**	**2 549 744**	**430 381**	**60 888**	**4 525 930**

* *The financial year in which the business combination occurred*

The recoverable amounts of these CGUs were based on fair value less costs of disposal, estimated using the average difference between the net asset value and the market capitalisation of the Group. This indicates that a third party would be prepared to pay a premium over the net asset value for the Redefine shares. The premium was adjusted for each CGU based on the performance of the operating segment. The future expectations of the CGUs were considered by estimating the premium a third party would be prepared to pay for Redefine's own shares as the properties form part of the Group portfolio. The difference in the net asset value and the Redefine share price has been considered to provide an indication of how the portfolio is expected to perform in the future.

The key assumptions made in determining the recoverable amount (fair value less costs of disposal) of the CGUs include:

→ The investment properties measured at fair value using the discounted cash flow method, refer to note 3 investment property
→ The premium for internalised property management companies
→ The portfolio premium

7. GOODWILL AND INTANGIBLE ASSETS [CONTINUED]

Intangible assets

Right to manage property

The right to manage property – Redefine, arose on the business combination of ApexHi, Ambit and Madison on 1 July 2009. The property and asset management functions remain in operation. The intangible asset is tested for impairment annually or as and when there is an indication of impairment.

The intangible asset was tested for impairment using the discounted cash flow method of valuation. The period used in the valuation is the remaining useful life which approximates the weighted average lease period of the investment properties. The property and asset management fees were calculated over this period and discounted using a rate of 9.5%. The value-in-use determined was in excess of the carrying amount of the intangible asset and the asset was not impaired.

The remaining amortisation period is 94 months (2015: 106 months), the full useful life was assessed as 15 years on initial recognition based on the contractual rights.

Electricity recovery business

The electricity recovery business was acquired in terms of the business combination on 14 April 2013. The electricity recovery business has been accounted for as a contractual right to recover electricity charges. There is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity as there does not appear to be a foreseeable termination of the electricity recovery function. The electricity recovery business is tested for impairment annually.

Carrying amount of the electricity recovery business allocated to CGUs:

	Financial year*	Office	Retail	Industrial	Specialised	Total
Electricity recovery business	2013	122 322	106 828	46 266	–	275 416

* *The financial year in which the business combination occurred*

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% per annum
- Operating expenses will increase by 6% per annum
- All profits will be distributed and thus no normal tax is payable
- A discount rate of 13% (2015: 12%) applies
- The value-in-use was calculated by discounting forecasted future cash flows and a residual value at the end of the cash flow projection period by the discount rate

Figures in R'000s	Principal place of business	Effective interest/ voting rights	2016	Restated* 2015
8. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES				
Associates				
Cromwell Property Group	Australia	25.46%	5 511 449	4 349 773
Delta Property Fund Limited	South Africa	22.80%	1 597 967	–
Echo Polska Properties N.V.	Poland	44.90%	3 918 640	–
International Hotel Properties Limited	British Virgin Islands	27.52%	332 767	–
Redefine International PLC	United Kingdom	30.07%	4 972 179	4 751 602
Joint ventures				
Cromwell Partners Trust	Australia	50.00%	822 646	680 063
Leopard Holdings	Germany	50.00%	798 737	653 046
Carrying amount			17 954 385	10 434 484
Movement for the year				
Balance at beginning of year			10 434 484	4 173 173
Currency translation adjustment of foreign investments (Restatement*)			–	(1 614)
Balance at beginning of year			10 434 484	4 171 559
Acquisitions			6 738 314	5 575 861
Pre-acquisition dividend			(54 723)	–
Capitalised costs directly related to the investments			1 891	–
Equity-accounted results for the year per the statement of profit or loss and other comprehensive income				
Equity-accounted profit or loss of associates and joint ventures			1 405 932	453 053
Share of distributable profit			597 046	358 862
Fair value adjustment of investment property			520 338	94 191
Bargain purchase on acquisition of associate			288 548	–
Other comprehensive income of associates			83 569	(19 906)
Items that may not be reclassified to profit or loss			1 177	–
Items that are or may be reclassified to profit or loss			82 392	(19 906)
Dividends and interest from associates and joint ventures			(680 745)	(358 862)
Interest income			134 493	(54 101)
Interest income recognised directly to profit or loss			(80 392)	–
Dividend income			(734 846)	(304 761)
Share of other reserves of associates			8 675	–
Capitalised transaction costs on share issue of equity-accounted investee			(88 069)	–
Profit on dilution of interest in associate			11 630	–
Repayment of shareholder loan by Leopard Holdings			(38 299)	–
Impairment of investment in Delta Property Fund Limited			(4 639)	–
Impairment of shareholder loan to Leopard Holdings			(9 247)	–
Currency translation adjustment of foreign investments			145 612	612 779
Recognised directly in profit or loss			141 665	–
Recognised in other comprehensive income			3 947	612 779
Balance at end of year			17 954 385	10 434 484

* *Refer to note 2 restatements and reclassifications*

8. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES [CONTINUED]

The investments in foreign associates and joint ventures is mainly Redefine's offshore property exposure. Refer to note 35 segmental report for details on the foreign operations relating to the Group. There are no restrictions on the ability of the foreign associates and joint ventures to transfer funds to its shareholders in the form of cash and dividends or interest.

Impairment testing was performed in accordance with IAS 36 *Impairment of Assets* by comparing the carrying amount to the recoverable amount, being the higher of fair value (of listed shares if applicable) and value-in-use (net asset value). Net asset value was applied as value-in-use as the investment properties held by these entities are measured at fair value taking into account the forecasted future cash flows.

Cromwell Property Group

The investment is held by Redefine Global Proprietary Limited, a wholly owned subsidiary of Redefine Properties Limited. Cromwell Property Group (CPG) is a real estate investment Company. The directly owned Australian commercial property portfolio is mainly focused on the office sector. CPG is listed on the Australian Stock Exchange (ASX).

CPG has a 30 June financial year end and is a listed company. For practical purposes and in consideration of the sensitivity of financial information, reported results to 30 June 2016 have been equity accounted.

	2016	2015
Holding on ASX		
Number of shares	**446 538 850**	446 538 850
Closing share price – 31 August (AUD)	**1.020**	1.025
Closing foreign exchange rate – 31 August (AUD/ZAR)	**10.8915**	9.5035
Quoted fair value of the investment (R'000)	**4 960 747**	4 349 774

The CPG listed shares are stapled securities consisting of units in a company and in a trust. The trust is a 'pass-through' entity for tax purposes, the income it receives is not subject to company tax as long as it is paid out to unitholders. Redefine holds the shares in CPG as a long-term investment and to earn distribution income. The dividend yield was used as an impairment indicator related to future cash flows on distributions. An analysis of historic and future expected dividends was performed with no apparent loss events identified and no other indicators of impairment noted.

Delta Property Fund Limited

Delta Property Fund Limited (Delta) is a JSE-listed Real Estate Investment Trust which specialises in high-yielding government-tenanted properties. The shares in Delta were acquired as consideration for the sale of certain government-tenanted properties. Delta is a niche property operator for government-tenanted properties and is in a better position to extract value from the portfolio. The effective date of the transaction was 1 April 2016. Delta has a February financial year end and estimated results to 31 August 2016 were used for equity accounting.

	2016	2015
Holding on JSE		
Number of shares	**162 043 079**	–
Closing share price – 31 August	**6.52**	–
Quoted fair value of the investment (R'000)	**1 056 521**	–

The carrying amount of the investment after equity accounting adjustments was R4.6 million higher than Redefine's share of the net asset value of Delta at the reporting date. As a result, the carrying amount of the investment was impaired to Redefine's share of the net asset value of Delta.

8. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES [CONTINUED]

Echo Polska Properties N.V.

Echo Polska Properties N.V. (EPP) invests in commercial, office, retail and industrial properties throughout Poland. The acquisition date of Redefine's investment is 1 June 2016. EPP listed on the Luxembourg Stock Exchange on 30 August 2016, and thereafter listed on the JSE on 13 September 2016 (the JSE listing being the primary listing).

EPP has a 31 December financial year end and is a listed company. For practical purposes and in consideration of the sensitivity of financial information, reported results to 30 June 2016 (being the interim reporting date) have been equity accounted.

An impairment test was performed using the net asset value of EPP at 30 June 2016. Redefine's 44.9% share of the net asset value exceeded the carrying value and no other impairment indicators were noted.

International Hotel Properties Limited

International Hotel Properties Limited (IHL) holds hotel properties for income returns and long-term capital appreciation with properties situated in the UK and other locations in Europe. The Company is listed on the JSE AltX with the primary listing of the Company being on the Luxembourg Stock Exchange. Redefine Properties Limited holds shares in IHL on the JSE, which were acquired after the listing of IHL in October and November 2015.

IHL has a 31 August financial year end and is a listed company which releases its year-end results after Redefine's results are announced. For practical purposes and in consideration of the sensitivity of financial information, results to 31 May 2016 have been equity accounted.

	2016	2015
Holding on JSE		
Number of shares	**15 412 131**	–
Closing share price – 31 August (ZAR)	**24.00**	–
Quoted fair value of the investment (R'000)	**369 891**	–

The investment is being equity accounted and is held to receive distribution income. The Company paid its first dividend following its interim results announcement. The share price premium to net asset value, as well as the dividend yield from the first and second distribution of IHL, indicates that future distributions from the investment will be favourable and no other impairment indicators were noted.

Redefine International PLC

Redefine International PLC (RI PLC) is a UK REIT with a primary listing on the London Stock Exchange (LSE) and is inwardly listed on the JSE. The Company operates within the retail, commercial and hotel sectors. The properties are located mainly in the UK with diversification in Germany.

RI PLC has a 31 August financial year end and is a listed company which releases its results before Redefine's results are announced. The financial results to 31 August 2016 have been equity accounted.

	2016	2015
Holding on JSE		
Number of shares	**416 560 880**	402 846 870
Closing share price – 31 August (ZAR)	**8.38**	11.06
Quoted fair value of the investment (R'000)	**3 490 780**	4 455 486
Holding on LSE		
Number of shares	**123 123 319**	40 524 311
Closing share price – 2016: 31 August (2015: 28 August*) (GBP)	**0.4410**	0.5275
Closing foreign exchange rate – 31 August (GBP/ZAR)	**18.9729**	20.5276
Quoted fair value of the investment (R'000)	**1 030 179**	438 810
Total quoted fair value of the investment (R'000)	**4 520 959**	4 894 296

* *Summer bank holiday on 31 August 2015*

The fair value as quoted on the JSE and LSE was assessed against Redefine's share of the net asset value as consideration of an impairment indicator. The fair value was lower than the carrying value, however, an impairment loss was not recognised as this was not considered to represent a permanent state of diminution of the investment. The investment is held to receive distribution income.

8. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES [CONTINUED]

Cromwell Partners Trust

The Cromwell Partners Trust (CPT) was formed to acquire and hold units in Northpoint Trust, which itself was constituted to acquire the Northpoint Tower in the North Sydney CBD. The Cromwell Property Group and Redefine Global Proprietary Limited, a wholly owned subsidiary of Redefine Properties Limited, each owns 50% of the issued units of the trust. Redefine invested an initial amount of AUD80.0 million (R734 million) in CPT. An additional investment of AUD14.3 million (R163.3 million) was made in the current year for the redevelopment of the Northpoint Tower.

CPT has a 30 June financial year end with management accounts to 31 August available. Redefine equity accounts a rolling 12-month period to 31 August. CPT results to 30 June 2016 and for the two months July and August 2016 less the results for the two months July and August 2015 have been equity accounted.

An impairment test was performed using the net asset value of CPT. Redefine's 50% share of the net asset value of CPT exceeds the carrying value and no impairment was considered necessary.

Leopard Holdings

Leopard Holdings is a 50% interest in various property-owning German entities, a joint venture with Redefine International PLC. These companies hold retail properties in Germany and are collectively referred to as Leopard Holdings.

On 31 January 2015 and 30 April 2015 the Group invested in an unlisted joint arrangement with Redefine International PLC and acquired a 50% interest in Leopard Holdings for a nominal amount. The Group has a residual interest in the net assets and accordingly has classified its interest as a joint venture.

Redefine invested €53 million in Leopard Holdings by way of a shareholder loan, equating to an investment of R704 million. The shareholder loan does not form part of the net equity investment in the joint venture as there are capital repayments of the loan. Redefine's cumulative share of Leopard Holdings' losses exceeds its equity investment in Leopard Holdings. As Redefine does not have an obligation to pay these losses, the carrying amount of Redefine's net investment in Leopard Holdings is Rnil.

The unrecognised share of profit or loss after taxation is disclosed below:

Figures in R'000s	2016	2015
Current financial year share of profit after taxation (unrecognised)	10 412	–
Cumulative share of losses after taxation (unrecognised)	(34 712)	–
Cumulative interest income on shareholder loan (recognised)	80 392	–

The financial year end of Leopard Holdings is 31 August and results to 31 August 2016 have been equity accounted.


BLACK RIVER OFFICE PARK, WESTERN CAPE

8. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES [CONTINUED]

Summarised financial information for each of the associates and joint ventures is presented below. This reflects financial information prepared by the respective entities in accordance with IFRS. The results of associates and joint ventures which are foreign operations are translated from the respective functional currency to South African Rand.

Figures in R'000s	2016 Cromwell Property Group	2016 Delta Property Fund Limited
Functional currency	AUD	ZAR
Effective interest	25.46%	22.80%
Summarised statements of financial position		
Non-current assets	29 888 622	10 548 950
Investment property	24 767 348	10 155 844
Property, plant, and equipment	34 312	3 790
Other non-current assets	5 086 962	389 316
Current assets	1 459 787	525 131
Non-current assets held for sale	–	1 201 946
Total assets	31 348 409	12 276 027
Non-current liabilities	12 236 822	4 039 369
Interest-bearing borrowings	12 178 917	3 994 346
Loans from shareholders	–	–
Other non-current liabilities	57 905	45 023
Current liabilities	2 772 850	1 228 849
Total liabilities	15 009 672	5 268 218
Net assets	16 338 737	7 007 809
Proportionate share of net assets	4 159 189	1 597 967
Goodwill (included in carrying amount)	1 352 260	–
Carrying amount of investments	5 511 449	1 597 967
Summarised statements of profit or loss and other comprehensive income		
Revenue	3 369 950	649 597
Operating costs	(419 699)	(184 255)
Fair value adjustments	3 018 825	(14 988)
Equity-accounted (loss)/profit	(23 140)	(5 299)
Interest expense	(710 930)	(42 229)
Profit for the year	3 593 865	215 982
Other comprehensive income/(loss)	82 353	44 326
Total comprehensive income/(loss) for the year	3 676 218	260 308
Equity-accounted profit/(loss)	907 964	48 310
Equity-accounted other comprehensive income	21 024	9 915
Bargain purchase on acquisition of associate	–	288 548
Total equity-accounted earnings of associates and joint ventures	928 988	346 773
Dividend income	(333 322)	–
Additional specific disclosure for joint ventures:		
Interest income		
Taxation (per the statement of profit or loss and other comprehensive income)		
Cash and cash equivalents		
Other non-current financial liabilities		
Current financial liabilities (excluding trade and other payables)		

* *Leopard Holdings: The current year earnings have not been equity accounted due to the unrecognised share of cumulative losses*

2016					
Echo Polska Properties N.V.	International Hotel Properties Limited	Redefine International PLC	Cromwell Partners Trust	Leopard Holdings*	Total
PLN	GBP	GBP	AUD	EUR	
44.90%	27.52%	30.07%	50.00%	50.00%	
20 057 662	2 043 652	27 992 889	3 119 111	2 865 753	96 516 639
19 869 081	664 160	26 493 673	2 932 254	2 861 143	87 743 503
–	1 294 069	4 868	–	–	1 337 039
188 581	85 423	1 494 348	186 857	4 610	7 436 097
718 380	137 250	1 203 393	91 670	62 501	4 198 112
–	–	–	–	–	1 201 946
20 776 042	2 180 902	29 196 282	3 210 781	2 928 254	101 916 697
11 292 204	820 137	15 389 215	1 516 519	3 046 695	48 340 961
11 091 602	803 540	14 678 527	1 517 657	1 400 347	45 664 936
–	–	–	–	1 595 200	1 595 200
200 602	16 597	710 688	(1 138)	51 148	1 080 825
855 745	112 736	530 984	48 969	55 228	5 605 361
12 147 949	932 873	15 920 199	1 565 488	3 101 923	53 946 322
8 628 093	1 248 029	13 276 083	1 645 293	(173 669)	47 970 375
3 874 014	343 478	3 992 476	822 647	(86 835)	14 702 936
44 626	(10 711)	979 703	–	885 572	3 251 449
3 918 640	332 767	4 972 179	822 646	798 737	17 954 385
149 501	91 165	1 840 621	241 341	228 935	6 571 110
(37 690)	(57 267)	(182 930)	(48 690)	(25 458)	(955 989)
182 601	(491)	(1 139 682)	(30 060)	(3 745)	2 012 460
–	–	187 271	–	–	158 832
(26 674)	(7 938)	(627 695)	(57 005)	(124 395)	(1 596 866)
335 281	(1 998)	168 387	(73 621)	20 824	4 258 720
(72 710)	4 276	253 384	–	–	311 629
262 571	2 278	421 771	(73 621)	20 824	4 570 349
150 541	(455)	50 639	(36 811)	(2 805)	1 117 384
(32 647)	1 177	84 100	–	–	83 569
–	–	–	–	–	288 548
117 894	722	134 739	(36 811)	(2 805)	1 489 501
–	(12 247)	(314 253)	(75 024)	–	(734 846)
			1 649	–	
			–	(678)	
			77 182	46 232	
			–	1 636	
			23 789	24 694	

8. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES [CONTINUED]

	2015 Restated*				
Figures in R'000s	Cromwell Property Group	Redefine International PLC	Cromwell Partners Trust	Leopard Holdings	Total
Functional currency	AUD	GBP	AUD	EUR	
Effective interest	25.60%	30.07%	50.00%	50.00%	
Summarised statements of financial position					
Non-current assets	23 117 777	20 406 609	2 674 938	2 669 693	48 869 017
Investment property	20 315 138	19 178 369	2 674 938	2 659 585	44 828 030
Other non-current assets	2 802 639	1 228 240	–	10 108	4 040 987
Current assets	1 487 678	4 777 448	84 308	81 367	6 430 801
Total assets	24 605 455	25 184 057	2 759 246	2 751 060	55 299 818
Non-current liabilities	10 530 619	11 544 875	1 319 954	2 874 828	26 270 276
Interest-bearing borrowings	10 391 764	11 412 193	1 319 954	1 216 883	24 340 794
Loans from shareholders	–	–	–	1 618 722	1 618 722
Other non-current liabilities	138 855	132 682	–	39 223	310 760
Current liabilities	1 775 302	566 497	79 166	56 251	2 477 216
Total liabilities	12 305 921	12 111 372	1 399 120	2 931 079	28 747 492
Net assets	12 299 534	13 072 685	1 360 126	(180 019)	26 552 326
Proportionate share of net assets	3 148 681	3 931 309	680 063	(90 010)	7 670 043
Goodwill (included in carrying amount)	1 201 092	820 293	–	743 056	2 764 441
Carrying amount of investments	**4 349 773**	**4 751 602**	**680 063**	**653 046**	**10 434 484**
Summarised statements of profit or loss and other comprehensive income					
Revenue	2 493 425	1 460 168	273 334	183 804	4 410 731
Operating costs	(398 576)	(85 701)	(42 052)	(23 541)	(549 870)
Fair value adjustments	277 661	478 512	(54 771)	173 879	875 281
Equity-accounted profit	74 647	133 704	–	–	208 351
Interest expense	(588 424)	(465 899)	(55 037)	(307 515)	(1 416 875)
Profit for the year	1 404 956	1 291 534	123 698	5 610	2 825 798
Other comprehensive income/(loss)	59 282	(66 192)	–	–	(6 910)
Total comprehensive income for the year	1 464 238	1 225 342	123 698	5 610	2 818 888
Equity-accounted profit	**–**	**388 399**	**61 849**	**2 805**	**453 053**
Equity-accounted other comprehensive loss	**–**	**(19 906)**	**–**	**–**	**(19 906)**
Dividend income	**–**	**246 461**	**58 300**	**–**	**304 761**
Additional specific disclosure for joint ventures:					
Interest income			–	2 496	
Taxation (per the statement of profit or loss and other comprehensive income)			–	(4 434)	
Cash and cash equivalents			76 191	76 228	
Current financial liabilities (excluding trade and other payables)			–	30 309	

* *Refer to note 2 restatements and reclassifications*

Figures in R'000s			2016	Restated* 2015
9. LOANS RECEIVABLE				
Vendor loans			**615 475**	1 086 460
Share purchase scheme			**129 760**	122 805
Direct loan to non-controlling interest			**114 256**	–
Balance at end of year			**859 491**	1 209 265
Non-current			**838 692**	621 825
Vendor loans			**594 676**	499 020
Share purchase scheme			**129 760**	122 805
Direct loan to non-controlling interest			**114 256**	–
Current			**20 799**	587 440
Vendor loans			**20 799**	587 440
	Capital repayment date	**Interest rate (%)**		
Variable rate loans – South Africa				
Redefine share purchase scheme The loan was granted to directors and employees in terms of the share purchase scheme to purchase Redefine Properties Limited shares. The loan is secured by 12 340 457 (2015: 16 745 720) Redefine Properties Limited shares.	Earlier of: – 14-May-23; or – termination of employment	3mth JIBAR+2%	**129 760**	122 805
RJP Maponya Property Investment Trust The loans are secured by a first mortgage bond over investment property.	27-March-19	9.5% on the most significant loan	**471 030**	477 947
Khulemani Masingita The loan is secured by a mortgage bond over investment property.	Third anniversary of the commencement date of the development	3mth JIBAR+2%	**77 059**	–
Esulwini Property The loan is secured by a mortgage bond over investment property.	02-Oct-16	10.50%	**10 949**	–
Bondi Beachside, Bondi Beachside Holdings & Bondi Beachside Rebel Proprietary Limited The loan was secured by a second-ranking security over the underlying assets including a fixed and floating charge over the borrowers.	Repaid		**–**	585 390
Milestone Property Group The loan is secured by a first mortgage bond over investment property.	30-Jun-18	9.50%	**8 500**	9 750
Subtotal			**697 298**	1 195 892

* *Refer to note 2 restatements and reclassifications*

Figures in R'000s	Capital repayment date	Interest rate (%)	2016	Restated* 2015
9. LOANS RECEIVABLE [CONTINUED]				
Subtotal brought forward			**697 298**	1 195 892
Ingenuity Property Investments Limited The loan is secured by a first mortgage bond over investment property.	15-Jan-17	Prime	**10 000**	10 081
Glen IRIS Development The loan is secured by the right to proceeds on disposal of the investment property at the lender's request.	07-Oct-18	20%	**15 012**	–
Hanushek The loan is secured by the right to proceeds on disposal of the investment property at the lender's request.	02-Dec-18	22%	**6 194**	–
Bridgehead Real Estate Fund Proprietary Limited The loan is secured by 8 824 Respublica Student Living Proprietary Limited shares.	12-May-19	Prime + 1%	**114 256**	–
VDMV The loan is secured by a first mortgage bond over investment property.	27-Sep-21	11.35%	**15 381**	–
Cornerstone Investments The loan is secured by a first mortgage bond over investment property.	30-Jun-17	Interest-free	**1 350**	3 150
SA DAT Villages Proprietary Limited The loan was unsecured.	Repaid	Interest-free	**–**	142
			859 491	1 209 265

* *Refer to note 2 restatements and reclassifications*

Figures in R'000s	Notes	2016	Restated* 2015
10. OTHER FINANCIAL ASSETS			
Investment in unlisted shares		2 558	–
Other deposits		33 833	–
Right to Dipula Income Fund Limited B shares	22	253 016	252 717
Sale of 5% share of Echo Polska Properties N.V.		422 062	–
		711 469	252 717
Non-current		36 391	252 717
Investment in unlisted shares		2 558	–
Other deposits		33 833	–
Right to Dipula Income Fund Limited B shares		–	252 717
Current		675 078	–
Right to Dipula Income Fund Limited B shares		253 016	–
Sale of 5% share of Echo Polska Properties N.V.		422 062	–

Right to Dipula Income Fund Limited B shares

In the financial year ended 31 August 2012, Redefine sold 50 million Dipula Income Fund Limited B shares (Dipula B shares) to the Dipula BEE Trust for a consideration of R270 million and a 33.3% beneficiary interest in the Dipula BEE Trust. The Dipula BEE Trust obtained bank funding for the purchase of the shares. Redefine in turn provided a guarantee of R180 million and agreed to a put option of R90 million (minimum) as security for the bank loan. The Dipula BEE Trust cannot dispose of the 50 million Dipula B shares without Redefine's approval. Redefine has assessed that it neither retained nor transferred substantially all the risks and rewards of ownership of the 50 million Dipula B shares and, as a result, Redefine retained control of the 50 million Dipula B shares.

Redefine's continued involvement in the 50 million Dipula BEE shares is measured at the higher of:

- The 33% beneficiary interest in the Dipula BEE Trust; and
- The lower of:
  - the fair value of the 50 million Dipula B shares; and
  - the financial liability associated with Dipula Income Fund Limited B shares (refer to note 22 other financial liabilities).

Sale of 5% share of Echo Polska Properties N.V.

Redefine acquired a 49.9% investment in an investee, Echo Polska Properties N.V. (EPP) on 1 June 2016. Part of the purchase agreement was that the executive directors would acquire a 5% stake in EPP shares (a 10% stake of Redefine's investment in the EPP investee). The sale of the 5% stake in EPP to the executive directors was expected to be completed within 12 months after Redefine acquired the EPP shares. The requirements for the EPP stake to be classified as held-for-sale were therefore met on 1 June 2016 reducing the Redefine investment in the EPP investee to 44.9%. Refer to note 8 investments in associates and joint ventures.

The sale of the 5% EPP stake to the executive directors became unconditional on 30 August 2016, being the date that Redefine's Board of Directors (excluding the directors involved in the sale) approved the sale and also being the date the sale was announced to the public. The sales price was the pro rata purchase price which Redefine had paid to acquire 49.9% of the EPP issued shares plus a pro rata portion of any costs (including interest) incurred and less a pro rata portion of any distributions received from EPP. Refer to note 41 related party transactions.

* *Refer to note 2 restatements and reclassifications*

Figures in R'000s	2016	2015
11. PROPERTY, PLANT AND EQUIPMENT		
Carrying amount		
Buildings	–	1 554
Computer equipment	19 064	32 551
– Cost	95 044	90 535
– Accumulated depreciation	(75 980)	(57 984)
Furniture and fittings	483	929
– Cost	1 869	1 951
– Accumulated depreciation	(1 386)	(1 022)
Office equipment	386	514
– Cost	700	615
– Accumulated depreciation	(314)	(101)
Motor vehicles	128	–
– Cost	284	127
– Accumulated depreciation	(156)	(127)
Balance at end of year	20 061	35 548
Movement for the year		
Balance at beginning of year	35 548	47 791
Additions at cost	9 073	5 359
– Computer equipment	8 133	4 635
– Furniture and fittings	698	314
– Office equipment	85	410
– Motor vehicles	157	–
Disposals at carrying amount	(2 833)	(19)
– Computer equipment	(971)	(19)
– Furniture and fittings	(308)	–
– Buildings	(1 554)	–
Depreciation	(21 727)	(17 583)
– Computer equipment	(21 119)	(16 990)
– Furniture and fittings	(425)	(327)
– Office equipment	(154)	(266)
– Motor vehicles	(29)	–
Balance at end of year	20 061	35 548

Figures in R'000s	Notes	2016	2015
12. PROPERTIES HELD FOR TRADING			
Properties acquired and developed for sale		–	1 080
13. TRADE AND OTHER RECEIVABLES			
Trade receivables		94 053	96 325
Less: Allowance for doubtful debts		(54 222)	(54 525)
		39 831	41 800
Deposits		68 082	11 633
Prepayments		79 929	184 584
Municipal recoveries		201 073	209 571
Rates clearances		59 225	33 222
Debtors for properties sold		–	1 500
Loans receivable		–	4 239
Distribution receivable		23 843	–
Interest receivable (Leopard Holdings JV shareholder loan)	8	13 736	26 003
Current taxation receivable		15 898	5 431
Value Added Taxation		3 662	–
Other receivables		72 281	99 981
		577 560	617 964

Refer to note 39 financial risk management for credit risk management.

Figures in R'000s	Notes	2016	2015
14. CASH AND CASH EQUIVALENTS			
Unrestricted cash balances		208 366	129 924

Material bank balances are with The Standard Bank of South Africa Limited which has a Moody's credit rating of Baa3.

Figures in R'000s	Notes	2016	2015
15. NON-CURRENT ASSETS AND LIABILITIES HELD-FOR-SALE			
Non-current assets held-for-sale			
South African investment property^		650 300	1 289 612
Foreign investment property*		124 245	–
Investment in Castellana Properties SOCIMI, S.A.*		395 627	–
		1 170 172	1 289 612
Non-current liabilities held-for-sale			
Investment in Castellana Properties SOCIMI, S.A.*		(185 194)	–
		(185 194)	–
Movement for the year			
Balance at beginning of year		1 289 612	1 490 128
Additions		334 678	–
Disposals		(1 192 744)	(1 490 128)
Transfer from investment properties	3	560 275	1 289 612
Fair value adjustments		(6 843)	–
Balance at end of year		984 978	1 289 612

The investment properties reclassified as held-for-sale are properties that the directors have decided will be recovered through sale within the next 12 months rather than through continuing use.

Investment in Castellana Properties SOCIMI, S.A.

The investment in Castellana Properties was acquired during the year with the exclusive view to resell within 12 months of acquisition and was classified as held-for-sale.

^ *Forms part of the local segment consisting of seven office buildings and five retail buildings (refer to note 35 segmental report)*

* *Forms part of the international segment (refer to note 35 segmental report)*

Figures in R'000s	2016	Restated* 2015
16. STATED CAPITAL		
Authorised		
6 500 000 000 ordinary shares of no par value		
Issued		
4 700 910 847 (2015: 4 393 102 893) ordinary shares of no par value	**36 526 358**	33 209 611
Less: 361 396 896 (2015: 361 396 896) treasury shares	**(6)**	(6)
	36 526 352	33 209 605
Reconciliation of issued stated capital		
In issue at beginning of year	**33 209 605**	22 029 634
Issued during the year	**3 318 016**	11 179 971
Adjustment due to vesting of share-based payment	**(1 269)**	–
Balance at end of year	**36 526 352**	33 209 605
Reconciliation of issued number of shares ('000)		
In issue at beginning of year	**4 393 103**	3 349 110
Issued during the year	**307 808**	1 043 993
Balance at end of year per IFRS	**4 700 911**	4 393 103
Reconciliation of number of ordinary shares ('000)		
Number of shares at end of year per IFRS	**4 700 911**	4 393 103
Total treasury shares	**361 397**	361 397
Held by:		
The Redefine Empowerment Trust	**300 000**	300 000
The Ma Afrika Tikkun Endowment Trust	**55 520**	55 520
Madison Property Fund Managers Limited	**5 877**	5 877
Number of shares at end of year per the share register	**5 062 308**	4 754 500

The following shares were issued during the course of the year under general authority:

- 1 December 2015: Dividend re-investment of 95 989 000 shares at issue price of R10.30 per share
- 1 June 2016: Dividend re-investment of 74 865 868 shares at issue price of R10.80 per share
- 20 July 2016: Capital raise of 136 953 086 shares at issue price of R11.25 per share

	Notes	2016	2015
17. SHARE-BASED PAYMENT RESERVE			
Arising from:			
– Restricted scheme	19	**20 936**	12 786
– Matching share scheme	19	**18 889**	8 924
		39 825	21 710

* *Refer to note 2 restatements and reclassifications*

Figures in R'000s	Principal place of business	Effective interest/voting rights	2016	2015
18. NON-CONTROLLING INTERESTS				
Respublica Student Living Proprietary Limited	South Africa	51.00%	251 370	–
Castellana Properties SOCIMI, S.A.	Spain	86.89%	29 930	–
			281 300	–

Respublica Student Living Proprietary Limited
With effect from 1 September 2015, Redefine acquired a 51.00% equity interest in Respublica Student Living Proprietary Limited (RSL). Redefine controls RSL due to the voting rights held and its significant loans granted.

The shareholder holding the remaining 49% interest is Bridgehead Real Estate Fund Proprietary Limited (Bridgehead).

Castellana Properties SOCIMI, S.A.
With effect from 1 April 2016, Redefine acquired a 86.89% equity interest in Castellana Properties SOCIMI, S.A. (Castellana Properties).

The non-controlling interest balance is reconciled as follows:

	2016		
	Respublica Student Living	Castellana Properties	Total
Interest in acquisition net asset value	105 355	29 154	134 509
Interest in additional net asset value	114 256	–	114 256
Share of profit for the year	44 573	776	45 349
Share of dividends for the year	(12 814)	–	(12 814)
Balance at end of year	251 370	29 930	281 300

Dividends of R26.2 million in total were distributed by RSL during the year, of which R12.8 million was paid to Bridgehead.

There was an additional share issue during the year by RSL in which the shareholders participated and followed their equity rights, therefore there was no change in the ownership interest.

Summarised financial information for each subsidary that has a non-controlling interest is presented which reflects the financial information prepared by the respective entities in accordance with IFRS. Castellana Properties SOCIMI, S.A. is a foreign operation therefore the results are translated from the respective functional currency to South African Rand.

Refer to note 41 related party transactions.

18. NON-CONTROLLING INTERESTS [CONTINUED]

	2016		
	Respublica Student Living	Castellana Properties	Total
Functional currency	ZAR	EUR	
Effective interest	51.00%	86.89%	
Summarised statements of financial position			
Non-current assets	792 142	373 913	1 166 055
Investment property	792 142	373 913	1 166 055
Current assets	33 805	16 962	50 767
Total assets	825 947	390 875	1 216 822
Non-current liabilities	282 982	184 171	467 153
Interest-bearing borrowings	184 999	184 171	369 170
Loans from shareholders	97 983	–	97 983
Current liabilities	29 967	1 023	30 990
Total liabilities	312 949	185 194	498 143
Net assets	512 998	205 681	718 679
Summarised statements of profit or loss and other comprehensive income			
Revenue	92 676	7 275	99 951
Operating costs	(40 673)	(346)	(41 019)
Fair value adjustments	58 874	–	58 874
Interest income	892	–	892
Interest expense	(20 805)	(1 006)	(21 811)
Profit for the year	90 964	5 923	96 887
Dividend	26 152	–	26 152

19. SHARE-BASED PAYMENTS

Restricted scheme

The restricted share scheme, which awards employees with a conditional right to receive shares 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 shares in settlement of their awards, a share-based payment expense has been recognised.

In terms of the restricted share scheme, a conditional right to a share 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.

Vesting will occur in equal annual tranches from the date of award to 30 November of the following three or four years respectively.

All four tranches of the award of restricted shares 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 vesting of the restricted shares.

The fair value of services received in return for the conditional share awards has been determined as follows:

→ The number of shares expected to vest *multiplied* by the share price at the date of the award *less* discounted anticipated future distribution flows.

	2016	2015
Total conditional shares	**3 595 000**	3 150 000
Shares expected to vest*	**3 450 730**	2 598 435
Average discounted price per share#	**8.57**	8.86
Share-based payment expense recognised in administration expenses (R'000s)	**11 145**	10 787
Weighted average share price at date of vesting	**11.29**	9.67

* *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 future anticipated distributions were adjusted for annual growth of 6.5% to 7.0% and discounted by a distribution yield of 7.3% to 7.6%*

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:

	2015	Granted@	Forfeited	Vested	2016
AJ König	585 000	300 000	(37 800)	(142 200)	**705 000**
DH Rice	675 000	275 000	(47 250)	(177 750)	**725 000**
LC Kok	480 000	230 000	(33 600)	(126 400)	**550 000**
M Wainer	900 000	400 000	(63 000)	(237 000)	**1 000 000**
MJ Ruttell	450 000	155 000	(31 500)	(118 500)	**455 000**
Other employees	60 000	120 000	–	(20 000)	**160 000**
	3 150 000	1 480 000	(213 150)	(821 850)	**3 595 000**

@ *The third grant of the restricted share scheme took place during the current financial year*

	2014	Granted	Forfeited	Vested	2015
AJ König	540 000	225 000	(30 240)	(149 760)	585 000
DH Rice	675 000	225 000	(37 800)	(187 200)	675 000
LC Kok	–	640 000	–	(160 000)	480 000
M Wainer	900 000	300 000	(50 400)	(249 600)	900 000
MJ Ruttell	–	600 000	–	(150 000)	450 000
Other employees	–	60 000	–	–	60 000
	2 115 000	2 050 000	(118 440)	(896 560)	3 150 000

19. SHARE-BASED PAYMENTS [CONTINUED]

Short-term incentive

The short-term incentive share scheme, which awards employees with a right to receive shares in the Company on condition they remain in Redefine Properties' employ, free of any cost, is operated by the Group. As it is anticipated that the participants will receive shares in settlement of their awards, a share-based payment expense has been recognised.

In terms of the short-term incentive share scheme, a conditional right to a share is awarded to employees subject to the satisfaction of the vesting condition over the vesting period. The award of short-term incentive shares has been made to the Company's five executive directors.

Vesting will occur in three equal tranches from the date of award to 30 November of the following three years respectively.

All three tranches of the award of the short-term incentive share scheme will be subject to the vesting condition.

The participant will not be entitled to any voting rights or distributions prior to the vesting of the short-term incentive shares.

The fair value of services received in return for the conditional share awards has been determined as follows:

→ The number of shares expected to vest *multiplied* by the share price at the date of the award *less* discounted anticipated future distribution flows.

	2016	2015
Shares expected to vest	1 163 060	–
Average discounted price per share#	8.32	–
Share-based payment expense recognised in administration expenses (R'000s)	4 437	–

The future anticipated distributions were adjusted for annual growth of 6.5% to 7.0% and discounted by a distribution yield of 7.3% to 7.6%

These awards will vest in the next one to three years.

The number of conditional share awards allotted in terms of the conditional share award scheme are:

	2015	Granted@	Forfeited	Vested	2016
AJ König	–	260 248	–	–	260 248
DH Rice	–	229 886	–	–	229 886
LC Kok	–	199 833	–	–	199 833
M Wainer	–	341 730	–	–	341 730
MJ Ruttell	–	131 363	–	–	131 363
	–	1 163 060	–	–	1 163 060

@ *The first grant of the short-term incentive scheme took place during the current financial year*

19. SHARE-BASED PAYMENTS [CONTINUED]

Matching share scheme

In terms of the matching share scheme, participants are invited annually to utilise a predetermined percentage of their after-tax bonus to acquire Redefine shares.

Participants holding these shares at the third anniversary of the date of award will be awarded additional Redefine shares free of consideration based on a multiple of the original shares linked to the Group and individual's performance.

As it is anticipated that the participants will receive shares in settlement of their awards, a share-based payment reserve has been recognised. Awarding of the additional shares will occur in three years from the date of acquisition of the original shares. The participant will not be entitled to any voting rights or distributions on the matching shares prior to the award of the matching shares.

The fair value of services received in return for the matching share awards has been determined as follows:

→ The number of shares expected to vest *multiplied* by the share price at the date of the award *less* discounted anticipated future distribution flows.

	2016	2015
Shares expected to be awarded	**4 380 369**	2 732 795
Average discounted price per share#	**8.26**	8.13
Share-based payment expense recognised in administration expenses (R'000s)	**9 966**	6 504

The future anticipated distributions were adjusted for annual growth of 6.5% to 7.0% and discounted by a distribution yield of 7.3% to 7.6%

These awards will vest in one to three years.

The expected number of matching shares to be awarded in terms of the matching share scheme are:

	2015	Expected award	Adjustments	2016
AJ König	635 115	348 969	–	**984 084**
DH Rice	578 085	309 618	–	**887 703**
LC Kok	–	228 963	–	**228 963**
M Wainer	738 102	444 693	–	**1 182 795**
MJ Ruttell	44 890	35 867	–	**80 757**
Other employees	736 603	370 868	(91 404)	**1 016 067**
	2 732 795	1 738 978	(91 404)	**4 380 369**

	2014	Expected award	Adjustments	2015
AJ König	318 600	316 515	–	635 115
DH Rice	293 829	284 256	–	578 085
M Wainer	367 167	370 935	–	738 102
MJ Ruttell	21 165	23 725	–	44 890
Other employees	410 437	370 781	(44 615)	736 603
	1 411 198	1 366 212	(44 615)	2 732 795

Figures in R'000s	2016	2015
20. INTEREST-BEARING BORROWINGS		
Bank loans	**25 264 102**	20 569 366
Secured	**16 351 361**	16 650 712
Unsecured	**8 912 741**	3 918 654
Bonds and commercial paper (unsecured)	**2 926 000**	3 013 000
	28 190 102	23 582 366
Non-current		
Bank loans	**19 384 712**	19 863 140
Bonds and commercial paper	**1 764 000**	1 739 000
	21 148 712	21 602 140
Current		
Bank loans	**5 879 390**	706 226
Bonds and commercial paper	**1 162 000**	1 274 000
	7 041 390	1 980 226

Debt funding was raised post year end from an issue of bonds. Refer to note 44 subsequent events for further details on the issue of exchangeable bonds.

The average all-in interest rate in respect of total local Group borrowings is 8.83% (2015: 8.35%).

Local interest-bearing borrowings are mainly at floating rates, of which 82.1% (2015: 81.3%) has been economically hedged to fixed rates. Refer to note 21 derivative assets/(liabilities) for further details of the Group's interest rate swap agreements.

Total Group borrowings (net of cash on hand) represent 38.5% (2015: 36.7%) of the value of the property portfolio (which includes investment properties, listed securities, loans receivable and interests in associates and joint ventures).

Group interest-bearing borrowings have been secured by mortgage loans over investment property to the value of R35.5 billion (2015: R34.9 billion) and pledges over investments in associates to the value of R3.2 billion (2015: R2.5 billion).

Total Group undrawn facilities at year end amount to R3.7 billion (2015: R3.0 billion)

Refer also to note 39 financial risk management and note 40 capital management.

20. INTEREST-BEARING BORROWINGS [CONTINUED]

Figures in R'000s	Facility end date	Interest rate	2016	2015
Bank loans				
Variable rate loans – South African Rand				
Absa			**500 000**	500 000
	01-Jul-20	3mth JIBAR plus 1.75%	**500 000**	500 000
Nedbank			**4 839 999**	4 735 000
	31-Aug-20	1mth JIBAR plus 2.09%	**24 999**	–
	31-Aug-20	1mth JIBAR plus 1.70%	**80 000**	–
	31-Dec-19	3mth JIBAR plus 1.71%	**800 000**	800 000
	30-Jun-19	3mth JIBAR plus 1.70%	**15 000**	15 000
	26-May-19	3mth JIBAR plus 1.70%	**500 000**	500 000
	26-May-19	3mth JIBAR plus 1.70%	**150 000**	150 000
	20-Oct-18	3mth JIBAR plus 1.75%	**25 000**	25 000
	30-Aug-18	3mth JIBAR plus 1.61%	**500 000**	500 000
	30-Jun-18	3mth JIBAR plus 1.56%	**245 000**	245 000
	03-Jun-18	3mth JIBAR plus 1.67%	**2 000 000**	2 000 000
	30-Aug-17	3mth JIBAR plus 1.58%	**500 000**	500 000
Rand Merchant Bank			**7 643 000**	7 907 662
	04-Dec-20	3mth JIBAR plus 1.70%	**1 500 000**	1 500 000
	31-Aug-20	1mth JIBAR plus 2.15%	**80 000**	–
	04-Dec-19	3mth JIBAR plus 1.75%	**500 000**	500 000
	15-Aug-19	3mth JIBAR plus 1.57%	**1 900 000**	1 900 000
	15-Aug-19	Prime less 1.73%	**–**	287 662
	04-Feb-19	3mth JIBAR plus 1.61%	**525 000**	525 000
	30-Oct-18	3mth JIBAR plus 1.70%	**200 000**	200 000
	04-Oct-18	3mth JIBAR plus 1.70%	**1 000 000**	1 000 000
	04-Apr-18	3mth JIBAR plus 1.70%	**613 000**	613 000
	04-Dec-17	Prime less 1.70%	**–**	57 000
	04-Sep-17	3mth JIBAR plus 1.85%	**1 125 000**	1 125 000
	03-Sep-17	3mth JIBAR plus 1.50%	**200 000**	200 000
Standard Bank			**5 597 397**	5 875 197
	31-Mar-20	3mth JIBAR plus 1.57%	**2 429 397**	2 429 397
	31-Mar-20	Prime less 1.80%	**–**	277 800
	31-Mar-20	3mth JIBAR plus 1.70%	**100 000**	100 000
	31-Oct-19	3mth JIBAR plus 1.63%	**575 000**	575 000
	31-Oct-19	3mth JIBAR plus 1.67%	**400 000**	400 000
	31-Oct-19	3mth JIBAR plus 1.63%	**300 000**	300 000
	01-Jun-19	3mth JIBAR plus 1.69%	**500 000**	500 000
	30-Sep-18	3mth JIBAR plus 1.67%	**150 000**	150 000
	30-Sep-18	3mth JIBAR plus 1.67%	**150 000**	150 000
	30-Jun-18	3mth JIBAR plus 1.72%	**30 000**	30 000
	31-Mar-18	3mth JIBAR plus 1.67%	**393 000**	393 000
	30-Sep-17	3mth JIBAR plus 1.61%	**150 000**	150 000
	30-Sep-17	3mth JIBAR plus 1.61%	**150 000**	150 000
	30-Jun-17	3mth JIBAR plus 1.47%	**270 000**	270 000
Total variable rate loans – South Africa			**18 580 396**	19 017 859

20. INTEREST-BEARING BORROWINGS [CONTINUED]

Figures in R'000s	Capital repayment date	Interest rate	2016	2015
Bank loans				
Variable rate loans – Foreign currency				
Macquarie (AUD loan)	17-Dec-16	BBA 3mth plus 3.00%	**1 070 965**	932 853
Standard Bank Isle of Man (GBP loan)			**1 125 727**	437 924
	31-May-21	LIBOR plus 3.45%	**259 927**	281 226
	22-Feb-21	LIBOR plus 3.45%	**720 970**	–
	31-Mar-20	LIBOR plus 3.45%	**144 830**	156 698
Total variable rate loans – Foreign			**2 196 692**	1 370 777
Fixed rate loans – Foreign currency				
Investec*			**448 589**	180 730
Investec (AUD loan)	31-Aug-20	Fixed 4.51%	**272 566**	34 524
Investec (EUR loan)	30-Apr-20	Fixed 2.54%	**70 551**	43 956
Investec (GBP loan)	06-Mar-20	Fixed 3.07%	**22 215**	55 555
Investec (EUR loan)	22-Jan-20	Fixed 2.86%	**83 257**	46 695
JP Morgan (EUR loan)	01-Mar-17	Fixed 2.75%	**4 038 425**	–
Total fixed rate loans – Foreign			**4 487 014**	180 730
Total bank loans			**25 264 102**	20 569 366

* *Fixed deposits are held with Investec Bank Limited and provide security over foreign exchange loans held by Redefine Global Proprietary Limited*

In terms of the loan agreements, Redefine is entitled to net settle the Investec loans held by Redefine Global Proprietary Limited and as such the loans and deposits are offset and disclosed on a net basis at Group level as set out below:

	Loan	Fixed deposit	Net
Investec (AUD loan)	1 867 893	(1 595 327)	272 566
Investec (EUR loan)	364 261	(293 710)	70 551
Investec (GBP loan)	406 867	(384 652)	22 215
Investec (EUR loan)	500 765	(417 508)	83 257

20. INTEREST-BEARING BORROWINGS [CONTINUED]

Figures in R'000s	Capital repayment date	Interest rate	2016	2015
Bonds and commercial paper:				
Bonds			**1 764 000**	1 739 000
5-year RDFB05	27-Nov-19	3mth JIBAR plus 2.00%	**501 000**	501 000
3-year RDFB06	22-Mar-19	3mth JIBAR plus 1.95%	**450 000**	–
5-year RDFB02	11-Mar-18	3mth JIBAR plus 1.60%	**614 000**	614 000
3-year RDFB04	27-Nov-17	3mth JIBAR plus 1.60%	**199 000**	199 000
3-year RDFB03	22-Mar-16	3mth JIBAR plus 1.60%	**–**	425 000
Commercial paper			**1 162 000**	1 274 000
12-month RDFC34	27-Jul-17	3mth JIBAR plus 1.15%	**100 000**	–
12-month RDFC33	02-Jun-17	3mth JIBAR plus 1.15%	**269 000**	–
12-month RDFC30	23-Mar-17	3mth JIBAR plus 1.20%	**250 000**	–
6-month RDFC31	02-Dec-16	Fixed 8.40%	**50 000**	–
6-month RDFC28	02-Dec-16	3mth JIBAR plus 1.00%	**143 000**	–
6-month RDFC32	02-Dec-16	3mth JIBAR plus 0.79%	**100 000**	–
12-month RDFC26	05-Oct-16	3mth JIBAR plus 1.00%	**250 000**	–
12-month RDFC25	27-Jul-16	3mth JIBAR plus 1.05%	**–**	100 000
12-month RDFC24	25-May-16	3mth JIBAR plus 1.05%	**–**	35 000
12-month RDFC22	24-Mar-16	3mth JIBAR plus 1.10%	**–**	276 000
6-month RDFC23	25-Nov-15	3mth JIBAR plus 0.76%	**–**	449 000
12-month RDFC18	25-Nov-15	3mth JIBAR plus 0.90%	**–**	109 000
6-month RDFC21	28-Sep-15	Fixed 7.13%	**–**	305 000
Total bonds and commercial paper			**2 926 000**	3 013 000

Figures in R'000s	2016	Restated* 2015
21. DERIVATIVE ASSETS/(LIABILITIES)		
Non-current assets	**172 296**	166 047
Current assets	**73 286**	11 002
Non-current liabilities	**(35 066)**	(69 891)
Current liabilities	**(2 978)**	(24 496)
	207 538	82 662
A significant portion of the foreign currency exposure on income has been economically hedged. Refer to note 39 financial risk management for further detail.		
Foreign exchange options	**65 987**	–

A significant portion of the floating interest rate borrowings has been economically hedged to fixed interest rates. Refer to note 39 financial risk management for further details.

	Nominal value	Maturity	Rate (%)	2016	Restated* 2015
Interest rate swap agreements					
Absa				**53 052**	(761)
	350 000 000	10-Aug-21	7.75	**3 859**	–
	350 000 000	07-Jul-21	7.96	**482**	–
	350 000 000	01-Jul-21	7.94	**702**	–
	230 000 000	12-Aug-20	7.72	**(689)**	(1 748)
	300 000 000	09-Dec-19	6.86	**8 560**	9 270
	200 000 000	25-Nov-19	7.56	**1 432**	705
	250 000 000	20-Nov-19	7.57	**1 697**	731
	675 000 000	18-Nov-19	7.25	**10 744**	9 765
	750 000 000	15-Oct-19	7.40	**8 536**	5 368
	200 000 000	15-Aug-19	7.40	**2 041**	1 348
	200 000 000	13-May-19	7.52	**1 180**	113
	500 000 000	09-Apr-19	7.79	**(584)**	(5 204)
	200 000 000	08-Apr-19	7.68	**305**	(1 367)
	413 795 000	12-Nov-18	8.86	**(9 749)**	(17 251)
	230 000 000	08-Oct-18	10.48	**(13 940)**	(21 764)
	600 000 000	23-Jul-18	6.50	**13 283**	13 144
	500 000 000	09-Apr-18	6.57	**9 027**	8 076
	320 000 000	20-Feb-18	6.59	**4 832**	4 658
	295 000 000	12-Feb-18	7.70	**(1 235)**	(4 857)
	200 000 000	27-Nov-17	7.00	**1 526**	659
	500 000 000	20-Nov-17	7.00	**3 754**	1 541
	500 000 000	17-Oct-17	6.60	**6 076**	4 937
	300 000 000	21-Aug-17	8.04	**(1 269)**	(5 426)
	250 000 000	16-Feb-17	6.94	**661**	(203)
	250 000 000	21-Nov-16	6.59	**461**	584
	300 000 000	17-Oct-16	6.27	**800**	1 527
	300 000 000	19-Sep-16	6.58	**560**	163
	250 000 000	01-Jun-16	8.06	**–**	(3 505)
	160 000 000	12-May-16	7.58	**–**	(1 488)
	215 000 000	07-Dec-15	6.84	**–**	(537)

Figures in R'000s	Nominal value	Maturity	Rate (%)	2016	Restated* 2015
21. DERIVATIVE ASSETS/ (LIABILITIES) (CONTINUED)					
Nedbank				**11 216**	14 865
	50 000 000	15-Oct-18	7.00	**722**	554
	50 000 000	29-Jun-18	5.42	**1 030**	977
	50 000 000	15-May-18	6.17	**1 601**	1 982
	50 000 000	15-Mar-18	6.28	**1 113**	1 126
	50 000 000	15-Mar-18	6.28	**1 113**	1 126
	50 000 000	30-Oct-17	5.86	**747**	771
	50 000 000	30-Oct-17	5.40	**861**	969
	50 000 000	16-Oct-17	6.71	**534**	360
	50 000 000	26-Sep-17	5.88	**1 023**	1 191
	50 000 000	07-Aug-17	5.89	**806**	1 062
	50 000 000	01-Aug-17	5.88	**811**	1 061
	50 000 000	15-Mar-17	7.24	**73**	353
	50 000 000	15-Mar-17	7.41	**11**	495
	50 000 000	31-Oct-16	5.71	**164**	399
	50 000 000	31-Oct-16	6.56	**190**	519
	50 000 000	26-Sep-16	5.59	**220**	633
	50 000 000	19-Sep-16	5.72	**197**	542
	50 000 000	15-Aug-16	5.82	**–**	399
	50 000 000	30-Oct-15	6.56	**–**	71
	50 000 000	30-Oct-15	6.17	**–**	92
	50 000 000	21-Sep-15	10.24	**–**	91
	50 000 000	18-Sep-15	9.24	**–**	92
Rand Merchant Bank				**77 861**	75 863
	270 000 000	12-Aug-20	7.72	**1 370**	(89)
	500 000 000	22-May-20	7.06	**13 590**	13 497
	525 000 000	27-Nov-19	6.98	**12 977**	12 876
	100 000 000	18-Jul-19	7.44	**931**	327
	300 000 000	05-Feb-19	8.20	**1 761**	3 858
	500 000 000	04-Feb-19	8.35	**2 547**	5 864
	500 000 000	04-Feb-19	8.35	**2 653**	6 838
	400 000 000	28-Jan-19	8.05	**2 729**	6 310
	400 000 000	28-Jan-19	8.05	**2 729**	6 310
	350 000 000	22-May-18	6.47	**6 904**	7 095
	500 000 000	22-May-18	5.87	**14 738**	17 578
	750 000 000	05-Apr-18	6.66	**12 265**	9 960
	355 000 000	14-Feb-18	7.70	**(488)**	(4 463)
	400 000 000	27-Nov-17	7.10	**2 519**	320
	200 000 000	31-Aug-17	6.56	**1 905**	1 769
	350 000 000	21-Aug-17	8.10	**(1 709)**	(6 795)
	68 400 000	31-Jan-17	6.84	**191**	127
	110 000 000	20-Sep-16	7.48	**249**	185
	150 000 000	30-Aug-16	7.86	**–**	(1 689)
	250 000 000	01-Jun-16	8.06	**–**	(3 162)
	190 000 000	12-May-16	7.58	**–**	(1 527)
	109 747 168	18-Dec-15	7.40	**–**	446
	84 000 000	18-Dec-15	7.44	**–**	392
	85 000 000	05-Dec-15	6.94	**–**	(164)
Standard Bank				**(578)**	(7 305)
	500 000 000	05-Apr-18	6.71	**7 803**	5 843
	140 000 000	11-Nov-18	10.64	**(8 381)**	(13 148)
Total interest rate swaps				**141 551**	82 662

* *Refer to note 2 restatements and reclassifications*

Figures in R'000s	Notes	2016	Restated* 2015
22. OTHER FINANCIAL LIABILITIES			
Liability associated with Dipula Income Fund Limited B shares	10	**253 016**	252 717
Employee share appreciation scheme		**–**	18 437
		253 016	271 154
23. DEFERRED TAXATION			
Capital allowances		**126 361**	124 780
Intangible asset		**140 797**	158 396
Deferred capital gains tax on Cromwell Property Group shares		**26 704**	–
Assessed losses recognised		**(24 544)**	(1 722)
Revaluation of listed security investments		**–**	13 509
Other timing differences		**–**	(20 044)
		269 318	274 919
Movement for the year			
Balance at beginning of year		**274 919**	509 998
Arising on business combination		**–**	9 346
Capital allowances		**1 581**	6 870
Amortisation of intangible asset		**(17 599)**	(17 599)
Deferred capital gains tax on Cromwell Property Group shares		**26 704**	–
Assessed losses recognised		**(22 822)**	1 241
Revaluation of listed security investments		**(13 509)**	(15 079)
Other timing differences		**20 044**	(219 429)
Change in the capital gains taxation inclusion rate		**–**	(429)
Balance at end of year		**269 318**	274 919

Capital gains taxation is not applicable on the sale of investment property and shares in a REIT or property company, in terms of section 25BB of the Income Tax Act applicable to REITs. Consequently, no deferred tax was raised on the fair value adjustments.

Allowances relating to immovable property can no longer be claimed and if a REIT sells immovable property, the allowances claimed in previous years will be recouped. A deferred taxation liability was raised in this respect.

Section 25BB of the Income Tax Act allows for the deduction of the qualifying distributions paid to the shareholders but the deduction is limited to the taxable income. To the extent that no taxation will be payable in future as a result of the qualifying distribution, no deferred taxation was raised on items such as straight-line lease income accrual.

Deferred taxation was recognised on the initial recognition of the intangible asset that was acquired in the 2009 acquisition of ApexHi, Ambit and Madison. Refer to note 7 goodwill and intangible assets. The deferred taxation is released to profit and loss over the asset's useful life.

Capital gains tax is expected to be payable on disposal of the shares in Cromwell Property Group (held on the Australian Stock Exchange) to the Australian taxation authority. The capital gain would arise on the trust component of the stapled securities. As a result deferred taxation has, been raised for the expected tax payable on disposal of the stapled securities.

A deferred taxation asset has been recognised for assessed losses to the extent that it is probable that taxable profit will be available against which the assessed losses can be utilised.

* *Refer to note 2 restatements and reclassifications*

Figures in R'000s	2016	Restated* 2015
24. TRADE AND OTHER PAYABLES		
Trade payables	14 097	42 631
Accrued expenses	185 044	211 822
Deposits	170 500	168 267
Rental received in advance from tenants	136 748	128 818
Municipal expenses	313 575	267 905
Value Added Taxation	35 775	14 731
Sundry creditors	67 125	72 224
Balance at end of year	922 864	906 398

* *Refer to note 2 restatements and reclassifications*

	Notes	2016	2015
25. NET OPERATING PROFIT			
Net operating income includes the following charges:			
Amortisation and depreciation		84 653	77 684
Auditor's remuneration		4 016	3 603
– External auditor – audit fees		3 481	3 275
– External auditor – non-audit fees		535	328
Internal audit fees		703	329
Staff costs		168 405	128 837
Directors' emoluments	42	54 315	43 599
Defined contribution fund		10 804	9 094
Share-based payment expense	19	25 548	17 291
Share appreciation rights expense	22	(339)	8 873
Property management fees		51 921	35 754
Trading property cost of sales		1 151	24 888
Valuation fees paid to third parties		7 323	5 170
26. CHANGES IN FAIR VALUES OF PROPERTIES, LISTED SECURITIES AND FINANCIAL INSTRUMENTS			
Property portfolio		307 351	1 935 227
– realised		357 085	7 171
– unrealised		(49 734)	1 928 056
Listed securities		(275 365)	160 774
– realised		–	–
– unrealised		(275 365)	160 774
Derivatives		124 875	146 359
Profit on dilution of interest on associates		11 610	–
		168 471	2 242 360

Figures in R'000s	Notes	2016	2015
27. IMPAIRMENT OF FINANCIAL ASSETS			
Investment in Delta Property Fund	8	4 639	–
Loan to Leopard Holdings	8	9 247	–
		13 886	–
28. INTEREST INCOME			
Cash invested		224 296	80 056
Vendor loans	9	284 512	160 417
Loan to joint venture (Leopard Holdings)	8	80 392	–
Other		7 218	8 838
		596 418	249 311
29. INTEREST EXPENSE			
Interest-bearing borrowings		(1 986 090)	(1 683 064)
30. FOREIGN EXCHANGE GAIN/(LOSS)			
Realised gain/(loss)		66 615	10 776
Unrealised gain/(loss)		243 326	(233 848)
		309 941	(223 072)

Figures in R'000s	Notes	2016	2015
31. TAXATION			
Normal		1 931	(3 729)
– Current		–	(3 729)
– Adjustment to prior year		1 931	–
Withholding		(95 830)	(68 093)
Deferred		5 601	242 484
– Current		13 819	242 484
– Adjustment to prior year		(8 218)	–
		(88 298)	170 662
Reconciliation between applicable taxation rate and effective taxation rate			
SA normal taxation rate applied to profit before taxation (28% corporate tax rate)		(1 314 135)	(1 523 109)
Taxation effect of:			
Effect of income that is exempt from taxation:			
Fair value adjustment of investment properties		96 739	650 655
Fair value adjustment of listed securities		(118 767)	(99 572)
Profit on sale of shares		(137 355)	–
Dividend income		140 785	(16 614)
Effect of items not included in profit before taxation but are subject to taxation:			
Capitalised interest		69 165	42 882
Interest – Ma Afrika loan	2	(87 189)	–
Impairments		(3 888)	–
Temporary differences that will be included in future distributions		29 698	–
Other*		34 380	471 027
Qualifying distribution*		1 435 406	713 754
Adjustment of prior year deferred taxation		(8 218)	–
Prior year assessed loss utilised		7	–
Prior year assessed loss recognised		24 503	–
Current year assessed loss not recognised		(128 826)	(94)
Deferred capital gains tax on Cromwell Property Group shares		(26 704)	–
Prior year over provision of current taxation		1 931	–
Foreign withholding taxes		(97 581)	(68 093)
Foreign currency translation adjustment		1 751	(1 960)
Capital gains tax		–	(386)
Foreign tax credit		–	3 008
Change in the capital gains tax inclusion rate		–	(2 300)
Change in accounting estimate		–	1 464
Taxation per the statement of profit or loss and other comprehensive income		(88 298)	170 662

* *Adjusted for the effect of the prior year restatements to profit before taxation. Refer to note 2 restatements and reclassifications*

Certain companies in the Group have unutilised tax losses which cumulatively amount to R7.7 million (2015: R43.6 million) for which a deferred tax asset has not been recognised as recovery of these losses is remote.

Figures in R'000s	2016 Gross	2016 Non-controlling interest effect of the adjustment	2016 Net	Restated* 2015 Gross	Restated* 2015 Non-controlling interest effect of the adjustment	Restated* 2015 Net
32. EARNINGS, HEADLINE EARNINGS AND DISTRIBUTABLE EARNINGS						
Reconciliation of basic earnings, headline earnings and distributable earnings						
Profit for the year attributable to Redefine shareholders	4 565 617	–	4 565 617	5 334 419	–	5 334 419
Change in fair value of properties	(827 689)	28 848	(798 841)	(2 111 739)	–	(2 111 739)
– Share of associates' fair value adjustments	(520 338)	–	(520 338)	(94 191)	–	(94 191)
– Other fair value adjustments	(307 351)	28 848	(278 503)	(2 017 548)	–	(2 017 548)
Bargain purchase on acquisition of associate	(288 548)	–	(288 548)	–	–	–
Profit on dilution of ownership interest in an associate	(11 610)	–	(11 610)	–	–	–
Impairment of interest in an associate	4 639	–	4 639	–	–	–
Insurance proceeds received	–	–	–	(119 420)	–	(119 420)
Headline earnings attributable to Redefine shareholders	3 442 409	28 848	3 471 257	3 103 260	–	3 103 260

Figures in R'000s	2016	Restated* 2015
32 EARNINGS, HEADLINE EARNINGS AND DISTRIBUTABLE EARNINGS (CONTINUED)		
Headline earnings attributable to Redefine shareholders	3 471 257	3 103 260
Changes in fair values of listed securities and financial instruments (net of deferred taxation)	162 488	(532 016)
Changes in fair values of listed securities and financial instruments	150 489	(307 133)
Deferred taxation	11 999	(224 883)
Amortisation of intangible assets (net of deferred taxation)	45 256	45 256
Amortisation of intangible assets	62 856	62 856
Deferred taxation	(17 600)	(17 600)
Impairment of loan to joint venture	9 247	–
Transactions costs relating to business acquisitions	4 187	4 874
Antecedent distribution	83 088	209 474
REIT distributable income declared post year end	3 250	13 751
Straight-line rental income accrual	(38 166)	(163 305)
Unrealised foreign exchange (gain)/loss	(243 326)	233 848
Fair value adjustments and other non-distributable items of associates and NCI (other than investment property)	421 465	160 558
NCI portion of Fountainhead's distributable income for the period 1 March 2015 to 3 August 2015	–	101 917
Other distributable income	35 709	46 262
Pre-acquisition distribution received	–	21 520
Distributable income for the year	3 954 455	3 245 399
Actual number of shares in issue ('000)#	4 700 911	4 393 103
Weighted average number of shares in issue ('000)#	4 500 281	3 743 055
Diluted weighted average number of shares in issue ('000)#	4 500 281	3 743 055
Basic earnings per share (cents)	101.45	142.52
– Continuing operations	101.32	142.52
– Discontinued operations	0.13	–
Diluted earnings per share (cents)^	101.45	142.52
– Continuing operations	101.32	142.52
– Discontinued operations	0.13	–
Headline earnings per share (cents)	77.13	82.91
– Continuing operations	77.00	82.91
– Discontinued operations	0.13	–
Diluted headline earnings per share (cents)	77.13	82.91
– Continuing operations	77.00	82.91
– Discontinued operations	0.13	–
Distribution per share (cents)	86.00	80.00

Excludes 361 396 896 (2015: 361 396 896) treasury shares
^ *There were no dilutive shares in issue*
* *Refer to note 2 restatements and reclassifications*

Figures in R'000s	2016	Restated* 2015
33. CASH GENERATED FROM OPERATIONS		
Profit before taxation	4 693 341	5 439 674
Adjusted for:		
Non-cash flow items	(1 676 491)	(2 636 650)
Interest income	(596 418)	(249 311)
Interest expense	1 986 090	1 683 064
Operating income before working capital changes	4 406 522	4 236 777
Working capital changes	82 317	2 845
Trade, listed security income and other receivables	66 169	(59 197)
Properties held-for-trading	1 080	20 269
Trade and other payables	15 068	41 773
Cash generated from continuing operations	4 488 839	4 239 622
Cash generated from discontinued operations	5 923	–
	4 494 762	4 239 622
Non-cash flow items:		
Depreciation and amortisation	84 583	78 619
Impairments of financial assets	13 886	–
Fair value adjustments	(168 471)	(2 242 360)
Straight-line lease accrual	(38 166)	(163 305)
Foreign exchange (gain)/loss	(243 326)	223 072
Equity-accounted results of associate	(1 405 932)	(453 053)
Equity-settled share-based payment	16 846	–
Other non-cash flow items	–	15 520
Lease commissions and amortised tenant installations	64 089	75 599
Realised reserves on acquisition of Fountainhead assets and liabilities	–	(170 742)
	(1 676 491)	(2 636 650)
34. TAXATION PAID		
Taxation payable at beginning of year	(22 392)	(47 672)
Charged to profit or loss	(93 899)	(71 822)
Foreign withholding tax accrual	–	(340)
Taxation payable at end of year	4 427	22 392
	(111 864)	(97 442)

* *Refer to note 2 restatements and reclassifications*

CENTURION MALL, GAUTENG

35. SEGMENTAL REPORT

The information reported to management for assessment of segment performance is split between local and international. The local segment is split by property sectors being office, retail, industrial and specialised. In the prior year, Fountainhead was reported as a separate segment. The comparative segmental results have been restated.

	2016		
Figures in R'000s	Office	Retail	Industrial
Statement of financial position			
Investment properties (excluding development properties)	17 272 670	21 060 130	10 163 302
Interest in associates and joint ventures	–	–	–
Non-current assets held-for-sale	365 500	284 800	–
Loans receivable	–	–	–
Other assets	–	–	–
Total assets	17 638 170	21 344 930	10 163 302
Interest-bearing borrowings	–	–	–
Non-current liabilities held-for-sale	–	–	–
Other liabilities	–	–	–
Total liabilities	–	–	–
Statement of profit or loss and other comprehensive income			
Contractual rental income	2 449 801	2 751 315	1 170 058
Straight-line rental income accrual	–	–	–
Investment income	–	–	–
Total revenue	2 449 801	2 751 315	1 170 058
Operating expense	(783 123)	(1 075 576)	(341 362)
Administration costs	–	–	–
Net operating profit	1 666 678	1 675 739	828 696
Other gains	–	–	–
Changes in fair values	(756 846)	731 514	290 619
Amortisation of intangible assets	–	–	–
Impairment of financial assets	–	–	–
Equity-accounted profit (net of taxation)	–	–	–
Profit before finance costs and taxation	909 832	2 407 253	1 119 315
Interest income	–	–	–
Interest expense	–	–	–
Foreign exchange gain	–	–	–
Profit before taxation	909 832	2 407 253	1 119 315
Taxation	–	–	–
Profit from continuing operations	909 832	2 407 253	1 119 315
Profit from discontinued operations (net of taxation)	–	–	–
Profit for the year	909 832	2 407 253	1 119 315

2016				
Specialised	Head office	Local	International	Total
1 202 538	–	49 698 640	–	49 698 640
–	1 597 967	1 597 967	16 356 418	17 954 385
–	–	650 300	519 872	1 170 172
–	859 491	859 491	–	859 491
–	10 129 520	10 129 520	–	10 129 520
1 202 538	12 586 978	62 935 918	16 876 290	79 812 208
–	21 506 396	21 506 396	6 683 706	28 190 102
–	–	–	185 194	185 194
–	1 795 550	1 795 550	–	1 795 550
–	23 301 946	23 301 946	6 868 900	30 170 846
138 953	–	6 510 127	–	6 510 127
–	38 166	38 166	–	38 166
–	98 355	98 355	–	98 355
138 953	136 521	6 646 648	–	6 646 648
(40 971)	–	(2 241 032)	–	(2 241 032)
–	(180 573)	(180 573)	(29 668)	(210 241)
97 982	(44 052)	4 225 043	(29 668)	4 195 375
–	22 576	22 576	57 460	80 036
42 064	(150 490)	156 861	11 610	168 471
–	(62 856)	(62 856)	–	(62 856)
–	(4 639)	(4 639)	(9 247)	(13 886)
–	336 858	336 858	1 069 074	1 405 932
140 046	97 397	4 673 843	1 099 229	5 773 072
–	296 310	296 310	300 108	596 418
–	(1 723 101)	(1 723 101)	(262 989)	(1 986 090)
–	–	–	309 941	309 941
140 046	(1 329 394)	3 247 052	1 446 289	4 693 341
–	7 532	7 532	(95 830)	(88 298)
140 046	(1 321 862)	3 254 584	1 350 459	4 605 043
–	–	–	5 923	5 923
140 046	(1 321 862)	3 254 584	1 356 382	4 610 966

35. SEGMENTAL REPORT [CONTINUED]

	2015		
Figures in R'000s	Office	Retail	Industrial
Statement of financial position			
Investment properties (excluding development properties)	18 162 095	19 929 872	9 514 412
Interest in associates and joint ventures	–	–	–
Non-current assets held-for-sale	193 525	692 950	403 137
Loans receivable	–	–	–
Other assets	–	–	–
Total assets	**18 355 620**	**20 622 822**	**9 917 549**
Interest-bearing borrowings	–	–	–
Other liabilities	–	–	–
Total liabilities	**–**	**–**	**–**
Statement of profit or loss and other comprehensive income			
Contractual rental income	2 257 374	2 820 293	1 021 436
Straight-line rental income accrual	–	–	–
Investment income	–	–	–
Total revenue	**2 257 374**	**2 820 293**	**1 021 436**
Operating expense	(740 678)	(1 078 539)	(265 233)
Administration costs	–	–	–
Net operating profit	**1 516 696**	**1 741 754**	**756 203**
Other gains	–	–	–
Changes in fair values	109 041	762 391	1 039 435
Amortisation of intangible assets	–	–	–
Impairment of financial assets	–	–	–
Equity-accounted profit (net of taxation)	–	–	–
Profit before finance costs and taxation	**1 625 737**	**2 504 145**	**1 795 638**
Interest income	–	–	–
Interest expense	–	–	–
Foreign exchange gain	–	–	–
Profit before taxation	**1 625 737**	**2 504 145**	**1 795 638**
Taxation	–	–	–
Profit from continuing operations	**1 625 737**	**2 504 145**	**1 795 638**
Profit from discontinued operations (net of taxation)	–	–	–
Profit for the year	**1 625 737**	**2 504 145**	**1 795 638**

2015				
Specialised	**Head office**	**Local**	**International**	**Total**
420 100	–	48 026 479	–	48 026 479
–	–	–	10 434 484	10 434 484
–	–	1 289 612	–	1 289 612
–	623 875	623 875	585 390	1 209 265
–	9 528 880	9 528 880	–	9 528 880
420 100	**10 152 755**	**59 468 846**	**11 019 874**	**70 488 720**
–	22 030 859	22 030 859	1 551 507	23 582 366
–	1 769 082	1 769 082	–	1 769 082
–	**23 799 941**	**23 799 941**	**1 551 507**	**25 351 448**
42 334	–	6 141 437	–	6 141 437
–	163 305	163 305	–	163 305
–	138 541	138 541	205 688	344 229
42 334	**301 846**	**6 443 283**	**205 688**	**6 648 971**
(259)	–	(2 084 709)	–	(2 084 709)
–	(213 571)	(213 571)	(15 263)	(228 834)
42 075	**88 275**	**4 145 003**	**190 425**	**4 335 428**
–	128 514	128 514	–	128 514
24 360	307 133	2 242 360	–	2 242 360
–	(62 856)	(62 856)	–	(62 856)
–	–	–	–	–
–	–	–	453 053	453 053
66 435	**461 066**	**6 453 021**	**643 478**	**7 096 499**
–	146 718	146 718	102 593	249 311
–	(1 613 779)	(1 613 779)	(69 285)	(1 683 064)
–	–	–	(223 072)	(223 072)
66 435	**(1 005 995)**	**4 985 960**	**453 714**	**5 439 674**
–	238 755	238 755	(68 093)	170 662
66 435	**(767 240)**	**5 224 715**	**385 621**	**5 610 336**
–	–	–	–	–
66 435	(767 240)	5 224 715	385 621	5 610 336

Figures in R'000s	2016	2015
36. COMMITMENTS		
Capital commitments		
Property acquisitions	**250 465**	741 153
Property under development	**1 495 105**	1 416 983
Capital improvements on investment properties	**891 772**	812 765
– approved and committed	**891 772**	812 765
	2 637 342	2 970 901
Operating lease commitments		
Commitments due in respect of leases entered into by Redefine on leasehold property		
– Due within one year	**19 313**	15 443
– Due within two to five years	**26 430**	34 287
– Due beyond five years	**215 608**	231 661
	261 351	281 391
Operating expense commitments		
Contractual commitments are in respect of general maintenance of lifts, escalators and air-conditioning installations		
– Due within one year	**186 754**	162 350
– Due within two to five years	**135 530**	133 663
– Due beyond five years	**–**	–
	322 284	296 013
37. MINIMUM LEASE PAYMENTS RECEIVABLE		
The Group leases retail, office, industrial and specialised properties under operating leases. On average, the leases typically run for a period of three to five years. Contractual amounts (comprising contractual rental income, excluding the straight-line lease adjustments, and operating expense recoveries) due in terms of signed operating lease agreements:		
– Receivable within one year	**4 502 492**	4 546 499
– Receivable within two to five years	**11 458 094**	11 546 638
– Receivable beyond five years	**6 261 372**	7 549 891
	22 221 958	23 643 028
38. CONTINGENT LIABILITIES		
At the date of this report the Company has provided guarantees in respect of the loans to Clearwater to a maximum of	**–**	20 000

39. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objective is to manage the capital and financial risk exposure so that the Group continues as a going concern and minimises adverse effects of financial risks on returns.

The Group has exposure to the following risks from its use of financial instruments:

- Liquidity risk
- Market risk
- Credit 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
- 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.

39.1 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 has adequate funds available and seeks to borrow for longer terms at lower cost. Liquidity requirements are managed by monitoring forecasted cash flows and the maturity profile of financial liabilities.

A maturity analysis of financial liabilities is set out in the table below.

Financial liabilities

Figures in R'000s	**Less than one year**	**One to five years**	**More than five years**	**Total**
Year ended 31 August 2016				
Interest-bearing borrowings	**8 712 932**	**21 217 371**	**2 538 490**	**32 468 793**
Interest accrual on interest-bearing borrowings	**307 881**	**–**	**–**	**307 881**
Derivative liabilities	**2 978**	**35 066**	**–**	**38 044**
Other financial liabilities*	**253 016**	**–**	**–**	**253 016**
Trade and other payables	**750 341**	**–**	**–**	**750 341**
	10 027 148	**21 252 437**	**2 538 490**	**33 818 075**
Year ended 31 August 2015				
Interest-bearing borrowings	3 089 570	16 491 945	7 008 047	26 589 562
Interest accrual on interest-bearing borrowings	199 832	–	–	199 832
Derivative liabilities	12 072	82 315	–	94 387
Other financial liabilities*	252 717	–	–	252 717
Trade and other payables	1 106 230	–	–	1 106 230
	4 660 421	16 574 260	7 008 047	28 242 728

* *These amounts may be required to be repaid in terms of a guarantee and a written put option. Refer to notes 10 and 22 other financial assets and liabilities*

Total Group undrawn facilities at year end amount to R3.7 billion (2015: R3.0 billion).

39. FINANCIAL RISK MANAGEMENT [CONTINUED]

39.2 Categories of financial instruments

Figures in R'000s	Loans and receivables	At fair value through profit or loss	Total
Year ended 31 August 2016			
Financial assets			
Listed securities	–	974 620	974 620
Loans receivable	859 491	–	859 491
Other financial assets	455 895	255 574	711 469
Derivative assets#	–	245 582	245 582
Trade and other receivables	478 071	–	478 071
Listed security income receivable	57 630	–	57 630
Cash and cash equivalents	208 366	–	208 366
	2 059 453	1 475 776	3 535 229

	Other financial liabilities	At fair value through profit or loss	Total
Financial liabilities			
Interest-bearing borrowings	28 190 102	–	28 190 102
Interest accrual on interest-bearing borrowings	307 881	–	307 881
Derivative liabilities#	–	38 044	38 044
Other financial liabilities*	253 016	–	253 016
Trade and other payables	750 341	–	750 341
	29 501 340	38 044	29 539 384

	Loans and receivables	At fair value through profit or loss	Total
Year ended 31 August 2015			
Financial assets			
Listed securities	–	988 793	988 793
Loans receivable	1 209 265	–	1 209 265
Other financial assets	–	252 717	252 717
Derivative assets#	–	177 049	177 049
Trade and other receivables	427 949	–	427 949
Listed security income receivable	86 368	–	86 368
Cash and cash equivalents	129 924	–	129 924
	1 853 506	1 418 559	3 272 065

	Other financial liabilities	At fair value through profit or loss	Total
Financial liabilities			
Interest-bearing borrowings	23 582 366	–	23 582 366
Interest accrual on interest-bearing borrowings	199 832	–	199 832
Derivative liabilities#	–	94 387	94 387
Other financial liabilities*	271 154	–	271 154
Trade and other payables	1 049 748	–	1 049 748
	25 103 100	94 387	25 197 487

For all financial instruments carried at amortised cost, interest is market-related therefore the amortised cost approximates the fair value.

The derivatives are classified as held-for-trading in terms of IAS 39

* *These amounts may be required to be repaid in terms of a guarantee and a written put option. Refer to notes 10 and 22 other financial assets and liabilities. There is no material difference between the fair values of financial instruments and the amounts recognised in the statement of financial position. The carrying amount of the right to the Dipula B asset and associated liability reasonably approximate the fair value of Redefine's continuing involvement in the guarantee and put option*

Figures in R'000s		2016	2015
39. FINANCIAL RISK MANAGEMENT [CONTINUED]			
39.3 Market risk			
Interest rate risk			
The Group is exposed to interest rate risk through its variable rate cash balances, receivables, payables and interest-bearing borrowings. The Group reduces its exposure to changes in interest rates by fixing interest rates in respect of its local borrowings. This is achieved by entering into swap agreements to receive variable and pay fixed interest rates. The following percentage of local borrowings have been fixed:		**82.1%**	81.3%
→ Refer to note 21 derivative assets/(liabilities) for disclosure regarding the interest rate swaps.			
An increase of 1% in interest rates for the year would have increased the interest expense and therefore the profit and equity would decrease by:		**40 080**	36 777
→ These amounts are determined by calculating 1% on the amount of the effective floating interest rate liabilities (i.e. total nominal liabilities and fixed interest rate loans)			
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 shareholders. If equity security prices increased by 5%, the increase in profit and equity would have been:		**48 731**	49 440
Currency risk			
The Group is exposed to currency risk through certain of the interest-bearing borrowings.			
It is estimated that a R1.00 increase in the relevant spot exchange rate would increase/(decrease) the Group's expected profit before taxation by:			
Interest expense			
Deutsche Bank	AUD	**–**	(1 205)
Investec Bank	GBP	**(660)**	(323)
Investec Bank	AUD	**(7 748)**	(21)
Investec Bank	EUR	**(1 484)**	(744)
JP Morgan	EUR	**(1 668)**	–
Macquarie	AUD	**(5 186)**	(4 834)
Standard Bank Finance Isle of Man	GBP	**(1 782)**	(1 067)
Loan balance			
It is estimated that a R1.00 increase in the relevant spot exchange rate would increase the loan balance to/(from):			
Payables			
Macquarie	AUD	**(98 159)**	(98 159)
Standard Bank Finance Isle of Man	GBP	**(59 333)**	(21 333)
JP Morgan	EUR	**(250 000)**	–
Investec Bank	GBP	**(21 445)**	(21 445)
Investec Bank	AUD	**(171 500)**	(171 500)
Investec Bank	EUR	**(53 550)**	(53 550)

39. FINANCIAL RISK MANAGEMENT [CONTINUED]

39.4 Fair value hierarchy for financial instruments and investment property

IFRS 13 requires that an entity discloses for each class of financial instruments and investment property 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 and investment property carried at fair value.

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 (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Fair value	Level 1	Level 2	Level 3
Year ended 31 August 2016				
Assets				
Investment property	52 898 853	–	–	52 898 853
Listed securities	974 620	974 620	–	–
Derivative assets	245 582	–	245 582	–
	54 119 055	974 620	245 582	52 898 853
Liabilities				
Derivative liabilities	38 044	–	38 044	–
	38 044	–	38 044	–

Level 3 reconciliation:

	Balance at beginning of year	Gain/(loss) in profit or loss for the year	Acquisitions/ (disposals)	Balance at end of year
Year ended 31 August 2016				
Investment property	48 026 479	663 044	1 009 117	49 698 640
Properties under development	1 872 390	(374 773)	532 424	2 030 041
Investment property held-for-sale	1 289 612	(6 843)	(112 597)	1 170 172
	51 188 481	281 428	1 428 944	52 898 853

39. FINANCIAL RISK MANAGEMENT [CONTINUED]

39.4 Fair value hierarchy for financial instruments and investment property [continued]

	Fair value	Level 1	Level 2	Level 3
Year ended 31 August 2015				
Assets				
Investment property	51 188 481	–	–	51 188 481
Listed securities	988 793	988 793	–	–
Derivative assets	177 048	–	177 048	–
	52 354 322	988 793	177 048	51 188 481
Liabilities				
Derivative liabilities	94 387	–	94 387	–
	94 387	–	94 387	–

Level 3 reconciliation:

	Balance at beginning of year	Gain/(loss) in profit or loss for the year	Acquisitions/ (disposals)	Balance at end of year
Year ended 31 August 2015				
Investment property	38 924 030	1 640 656	7 461 793	48 026 479
Properties under development	1 982 047	(271 596)	161 939	1 872 390
Investment property held-for-sale	1 490 128	–	(200 516)	1 289 612
	42 396 205	1 369 060	7 423 216	51 188 481

The fair value gains and losses are included in the fair value adjustment line in profit or loss.

Details of valuation techniques

Investment property

Refer to note 3 investment property for investment property valuation techniques.

Listed securities

Closing market price on the relevant exchange.

Derivative assets and liabilities

Foreign exchange options

The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.

Interest rate swaps

The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Group and of the counterparty. This is calculated based on credit spreads derived from current credit default swap or bond prices.

There have been no significant changes in valuation techniques and inputs during the year.

Transfers between level 1, level 2 and level 3

There have been no transfers between level 1, level 2 and level 3 during the year under review.

39. FINANCIAL RISK MANAGEMENT [CONTINUED]

39.5 Credit risk management

Potential areas of credit risk consist of trade receivables, loans receivables and short-term cash investments. Loans receivable balances are mitigated through security on loans advanced. Refer to security detailed in note 9 loans receivable. 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.

	2016	2015
Maximum exposure to credit risk		
Loans receivable	859 491	1 209 265
Trade and other receivables	94 053	96 325
	953 544	1 305 590

The Group's exposure to credit risk is mainly in respect of tenants and is influenced by the individual characteristics of each tenant. The Group's widespread tenant base reduces credit risk.

Management has established a credit policy under which each new tenant is analysed individually for creditworthiness before the Group's standard payment terms and conditions are offered which include, in the majority of cases, the provision of a deposit of at least one month's rental. When available, the Group's credit review includes external ratings.

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 defaults.

	2016	2015
Ageing of impaired trade receivables		
Not more than 30 days	6 279	11 517
More than 30 days but not more than 60 days	3 418	4 982
More than 60 days but not more than 90 days	3 654	5 786
More than 90 days	40 871	32 240
	54 222	54 525
Movements on the allowance for the impairment of trade receivables are as follows:		
Opening balance	54 525	39 906
Impairment losses recognised on receivables	56 935	38 722
Impairment losses reversed on receivables	(57 238)	(24 103)
Balance at end of year	54 222	54 525

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 2016, Group trade receivables of R39.8 million (2015: R86.2 million) were considered past due but not impaired. These include varied customers with no recent history of payment defaults.

	2016	2015
Ageing of trade receivables past due but not impaired		
Not more than 30 days	17 205	28 787
More than 30 days but not more than 60 days	4 924	13 942
More than 60 days but not more than 90 days	2 935	7 124
More than 90 days	14 767	36 324
	39 831	86 177

40. CAPITAL MANAGEMENT

In terms of the Memorandum of Incorporation, Redefine has limited borrowings to 100% of property assets. However, to protect Redefine's exposure, the Board aims to limit borrowings to 50% of property assets over the long term.

Refer to note 16 stated capital for disclosure relating to shares issued during the year.

The Group's property assets are made up of property, listed securities, loans receivable and interests in associates and joint ventures.

	2016	2015
Property assets	**72 687 349**	63 821 023
Interest-bearing borrowings (net of cash on hand)	**27 981 736**	23 452 442
Loan to value (%)	**38.5%**	36.7%

The Board's policy is to maintain a strong capital base, comprising its shareholders' interest, so as to maintain investor, creditor and market confidence and to sustain future development of the business. It is the Group's stated purpose to deliver long-term sustainable growth in dividends per share. The Board of Directors monitors the level of dividends to shareholders and ensures compliance with the Income Tax Act and the JSE Listings Requirements. There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

41. RELATED PARTY TRANSACTIONS

Related parties are defined as those entities with which the Group transacted during the year and in which the following relationship(s) exist:

Subsidiaries
Annuity Asset Managers Proprietary Limited
Annuity Properties Limited
Annuity Property Managers Proprietary Limited
Any Name 621 Proprietary Limited
Black River Park Investments Proprietary Limited
Castellana Properties SOCIMI, S.A.
Erf 2/49 Bryanston Proprietary Limited
Fountainhead Property Administration Proprietary Limited
Fountainhead Property Trust
Fountainhead Property Trust Management Limited
Madison Property Fund Managers Holdings Limited
Madison Property Fund Managers Limited
Micawber 185 Proprietary Limited
Observatory Business Park Proprietary Limited
Partridge Investments Limited
Redefine Australia Proprietary Limited
Redefine Commercial Proprietary Limited
Redefine Global Proprietary Limited
Redefine Pacific Proprietary Limited
Redefine Property Management Proprietary Limited
Redefine Retail Proprietary Limited
Respublica Student Living Proprietary Limited
S&J Land Investments Proprietary Limited
Simmer & Jack Land Development Company Proprietary Limited
Simmer Extensions Proprietary Limited
The Property Management Team Proprietary Limited
The Redefine Empowerment Trust

Associates
Cromwell Property Group
Delta Property Fund Limited
Echo Polska Properties N.V.
International Hotel Properties Limited
Redefine International PLC

Joint ventures
Cromwell Partners Trust
Leopard Holdings

Directors
AJ König
B Nackan
DA Nathan
DH Rice
GZ Steffens
HK Mehta
LC Kok
M Barkhuysen
M Wainer
MJ Ruttell
MJ Watters
NB Langa-Royds
P Langeni
RW Rees

	2016			
Figures in R'000s	Equity accounted investment	Other receivable	Gross loans receivable	Services to/(from)
41. RELATED PARTY TRANSACTIONS [CONTINUED]				
Cromwell Property Group	5 511 449	–	–	584
Delta Property Fund Limited	1 597 967	–	–	118
Echo Polska Properties N.V.	3 918 640	–	–	–
International Hotel Properties Limited	332 767	–	–	–
Redefine International PLC	4 972 179	–	–	1 020
Cromwell Partners Trust	822 646	–	–	–
Leopard Holdings	798 737	–	–	–
AJ König	–	80 192	35 452	(16 503)
B Nackan	–	–	–	(810)
DA Nathan	–	–	–	(595)
DH Rice	–	63 309	25 327	(15 844)
GZ Steffens	–	–	–	(565)
HK Mehta	–	–	–	(425)
LC Kok	–	54 868	10 149	(10 052)
M Barkhuysen	–	–	–	(300)
M Wainer	–	168 825	38 924	(22 700)
MJ Ruttell	–	54 868	2 537	(8 247)
MJ Watters	–	–	–	(360)
NB Langa-Royds	–	–	–	(322)
P Langeni	–	–	–	(360)
RW Rees	–	–	–	–
	17 954 385	422 062	112 389	(75 361)
Refer to note	8	10	9	42

2016		2015					
Interest income relating to Redefine share purchase scheme	Dividend income	Equity accounted investment	Other receivable	Gross loans receivable	Services to/(from)	Interest income relating to Redefine share purchase scheme	Dividend income
–	333 322	4 349 773	–	–	474	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	12 247	–	–	–	–	–	–
–	314 253	4 751 602	–	–	635	–	246 461
–	75 024	680 063	–	–	–	–	58 300
–	–	653 046	–	–	–	–	–
2 829	–	–	–	25 051	(12 723)	1 988	–
–	–	–	–	–	(615)	–	–
–	–	–	–	–	(545)	–	–
2 586	–	–	–	23 087	(12 555)	1 832	–
–	–	–	–	–	(520)	–	–
–	–	–	–	–	(423)	–	–
639	–	–	–	–	(7 273)	–	–
–	–	–	–	–	–	–	–
3 129	–	–	–	28 489	(16 149)	2 260	–
160	–	–	–	–	(7 680)	–	–
–	–	–	–	–	(330)	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	(110)	–	–
–	–	–	–	–	(215)	–	–
9 343	734 846	10 434 484	–	76 627	(58 029)	6 080	304 761
		8		9	42		

42. DIRECTORS' EMOLUMENTS

Executive directors

	Short-term			Post employment	
Figures in R'000s	Salary and allowances	Bonuses and performance-related payments	Other benefits and payments	Retirement benefits	Total
2016					
AJ König	**3 680**	**7 095**	**144**	**420**	**11 339**
DH Rice	**3 243**	**7 152**	**209**	**297**	**10 901**
LC Kok	**2 750**	**3 430**	**186**	**323**	**6 689**
M Wainer	**4 842**	**9 895**	**1 168***	**–**	**15 905**
MJ Ruttell	**2 120**	**3 624**	**–**	**–**	**5 744**
	16 635	**31 196**	**1 707**	**1 040**	**50 578**
2015					
AJ König	3 268	6 070	128	368	9 834
DH Rice	2 929	6 174	170	263	9 536
LC Kok	2 346	1 616	158	275	4 395
M Wainer	3 863	8 191	147	–	12 201
MJ Ruttell	1 613	3 262	–	–	4 875
	14 019	25 313	603	906	40 841

* *Fees for executive directors sitting on Group Company boards are earned by Redefine Properties Limited, except for a fee of R999 000 paid to M Wainer in his capacity as non-executive director for the Cromwell Property Group. This has been included in the other benefits and payments column*

Figures in R'000s	Salary, bonuses and other benefits	IFRS charge in respect of staff incentive scheme awards^	Total IFRS remuneration
2016			
AJ König	**11 339**	**5 164**	**16 503**
DH Rice	**10 901**	**4 943**	**15 844**
LC Kok	**6 689**	**3 363**	**10 052**
M Wainer*	**15 905**	**6 795**	**22 700**
MJ Ruttell	**5 744**	**2 503**	**8 247**
	50 578	**22 768**	**73 346**
2015			
AJ König	9 834	2 889	12 723
DH Rice	9 536	3 019	12 555
LC Kok	4 395	2 878	7 273
M Wainer	12 201	3 948	16 149
MJ Ruttell	4 875	2 805	7 680
	40 841	15 539	56 380

^ *The IFRS charge is a calculation based on the present value of total awards made to executives that will vest in future years, compared to the amount calculated in the prior year, arriving at the expense accounted for in profit or loss. It should be noted that the amount estimated here may differ significantly from the actual expense in the current and future years, which is based on the number of shares that vested calculated at the price at which they vested.*

Service contracts

Executive directors retire from their positions and from the Board (as executive directors) at the age of 65. Although 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 three calendar months' written notice under their existing employment contracts.

42. DIRECTORS' EMOLUMENTS [CONTINUED]

Non-executive directors' fees

The fees paid to non-executive directors for the year ended 31 August 2016 were calculated on the following basis as approved by the remuneration committee and by the Board, on authority granted by shareholders at the annual general meeting held on 18 February 2016:

Figures in R'000s	2016	2015
Basic annual fee for non-executive directors		
Lead independent director	**500**	–
Non-executive director	**360**	330
Audit and risk committee chairman	**170**	155
Audit and risk committee member	**140**	130
Remuneration and nomination committee chairman/member	**65**	60
Investment committee chairman	**105**	95
Social, ethics and transformation committee chairman/member	**65**	60
Non-executive directors' fees		
B Nackan	**810**	615
DA Nathan	**595**	545
GZ Steffens	**565**	520
HK Mehta	**425**	423
M Barkhuysen	**300**	–
MJ Watters	**360**	330
NB Langa-Royds	**322**	–
P Langeni	**360**	110
RW Rees	**–**	215
	3 737	2 758

Following a review of the definition of a 'prescribed officer' in terms of the Companies Act, in the context of decision-making processes within the Group, executive management and the Board have concluded that only members of the executive committee can be regarded as a 'prescribed officer'.

43. DIRECTORS' INTEREST

The interests of the directors in the shares of Redefine Properties Limited were as follows:

	Beneficial			
	Direct	**Indirect**	**Associate**	**Total**
2016				
AJ König	**4 162 557**	**–**	**–**	**4 162 557**
B Nackan	**12 718**	**–**	**–**	**12 718**
DA Nathan	**–**	**–**	**–**	**–**
DH Rice	**3 443 292**	**–**	**–**	**3 443 292**
GZ Steffens	**–**	**–**	**–**	**–**
HK Mehta	**284 859**	**32 614 062**	**69 190 127**	**102 089 048**
LC Kok	**1 515 583**	**–**	**–**	**1 515 583**
M Barkhuysen	**100 000**	**–**	**–**	**100 000**
M Wainer	**8 889 727**	**13 055 661**	**348 793**	**22 294 181**
MJ Ruttell	**652 557**	**–**	**–**	**652 557**
MJ Watters	**–**	**–**	**–**	**–**
NB Langa-Royds	**–**	**–**	**–**	**–**
P Langeni	**–**	**–**	**–**	**–**
	19 061 293	**45 669 723**	**69 538 920**	**134 269 936**
2015				
AJ König	2 690 514	–	–	2 690 514
B Nackan	11 609	–	–	11 609
DA Nathan	–	–	–	–
DH Rice	2 685 175	–	–	2 685 175
GZ Steffens	–	–	–	–
HK Mehta	107 345	31 434 972	69 190 127	100 732 444
M Wainer	8 304 495	13 055 661	319 814	21 679 970
LC Kok	99 988	–	–	99 988
MJ Ruttell	212 990	–	–	212 990
MJ Watters	–	–	–	–
P Langeni	–	–	–	–
	14 112 116	44 490 633	69 509 941	128 112 690

There have been no changes in the directors' interest occurring between the financial year end and the date of approval of these financial statements.

44. SUBSEQUENT EVENTS

Dividend declaration after the reporting date

In line with IAS 10 *Events After the Reporting Period*, the declaration of the dividend of R2 082 503 505 (44.30 cents per share) occurred after the end of the reporting period, resulting in a non-adjusting event that is not recognised in the financial statements.

Offer to acquire the Pivotal Fund Limited (Pivotal)

On 30 August 2016, Redefine announced an offer to acquire all of the Pivotal shares from Pivotal shareholders by scheme of arrangement. Following implementation of the scheme, Pivotal shareholders will receive approximately 138.54 Redefine shares and 9.38 EPP shares for every 100 Pivotal shares held. The Pivotal acquisition is in line with Redefine's strategy to diversify, grow and improve the quality of its portfolio and recycle its capital through disposing of non-core assets and replacing them with prime assets. The acquisition positions Redefine even more competitively in the commercial property sector in line with its strategic intent to become the landlord of choice in A-grade office space in sought-after areas in South Africa. The transaction is subject to Pivotal shareholder, senior lender and the usual regulatory approvals which are expected by 30 November 2016.

Exchangeable bonds

On 5 September 2016, Redefine successfully placed secured bonds with a principal amount of EUR150 million (R2.4 billion), exchangeable into ordinary shares of RI PLC, the proceeds of which were used to partially refinance debt raised by Redefine on its acquisition of its shareholding in EPP. The initial exchange price of the bonds was set at EUR0.61904 per RI PLC share and the initial exchange ratio of the bonds was set at 161.540.61 RI PLC shares per bond. The bonds were issued at 100% of their principal amount and, unless previously exchanged, redeemed, or repurchased and cancelled, will be redeemed at par (Redefine will have the flexibility to settle in cash, deliver the underlying RI PLC shares or any combination thereof) on 16 September 2021. Holders of the bonds will have the option to require an early redemption of their bonds on the third anniversary of the issue date, at their principal amount, together with accrued interest.

45. GOING CONCERN

The Group earned a net profit for the year ended 31 August 2016 of R4.61 billion (2015: R5.61 billion), as of that date the Group had a positive net asset value and its current liabilities, together with non-current liabilities held-for-sale, exceeded its current assets together with non-current assets held-for-sale by R5.93 billion (2015: R0.68 billion).

The majority of the current interest-bearing borrowings have been refinanced subsequent to year end (refer to note 44 subsequent events). Furthermore, Redefine has access to long-term undrawn interest-bearing borrowings (refer to note 20 interest-bearing borrowings) for additional funding requirements. Based on the above, the directors consider that the Company and its subsidiaries have 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 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.

To be the best
SOUTH AFRICAN REIT, WE NEED TO CREATE
long-term value for all our stakeholders

SUPPLEMENTARY INFORMATION

02 Section

90 GRAYSTON, GAUTENG

SECTORAL SUMMARY AS AT 31 AUGUST 2016

Figures in R'000s	Office	Retail	Industrial	Specialised	Total
South African investment property					
Investment properties	17 272 670	21 060 130	10 163 302	410 396	48 906 498
Properties under development	1 064 399	178 300	787 342	–	2 030 041
Non-current assets held-for-sale	365 500	284 800	–	–	650 300
	18 702 569	21 523 230	10 950 644	410 396	51 586 839
Investment properties – other					
Respublica Student Living Proprietary Limited^	–	–	–	792 142	792 142
Foreign investment property					
Non-current assets held-for-sale	395 627	–	–	124 245	519 872
Foreign investment property	–	–	–	124 245	124 245
Investment in Castellana Properties SOCIMI, S.A.	395 627	–	–	–	395 627
Total	19 098 196	21 523 230	10 950 644	1 326 783	52 898 853
Investment properties	17 272 670	21 060 130	10 163 302	1 202 538	49 698 640
Properties under development	1 064 399	178 300	787 342	–	2 030 041
Non-current assets held-for-sale	761 127	284 800	–	124 245	1 170 172

^ *The main business of this subsidiary (51% equity interest) is the rental of student accommodation. The total number of beds available is 3 687 beds. The investment properties are located in Gauteng.*

South African investment property

OFFICE

Multi/single tenanted	Property	Province	Valuation R'000	GLA m²	GMR R	GMR R/m²	Vacancy m²
Multi	Black River Office Park	Western Cape	1 061 000	52 605	6 663 834	126.68	1 728
Multi	The Towers	Western Cape	924 000	62 028	7 051 716	113.69	4 864
Multi	90 Rivonia Road	Gauteng	895 000	39 276	5 157 864	131.32	8 358
Single	115 West Street	Gauteng	800 000	20 546	–	*	–
Single	155 West Street	Gauteng	558 500	24 501	–	*	–
Multi	90 Grayston Drive	Gauteng	483 200	19 867	3 886 730	195.64	698
Multi	Thibault Square	Western Cape	447 000	30 480	4 071 287	133.57	4 460
Multi	Convention Tower	Western Cape	431 000	17 896	4 135 792	231.10	325
Multi	Silver Stream Business Park	Gauteng	391 000	20 666	2 989 153	144.64	2 930
Multi	Observatory Business Park	Western Cape	383 400	18 739	3 231 837	172.47	–
Multi	Wembley 2	Western Cape	368 500	17 766	3 040 087	171.12	814
Multi	Boulevard Office Park F&G	Western Cape	365 000	16 229	2 918 142	179.81	–
Multi	Commerce Square	Gauteng	363 000	16 969	2 943 059	173.44	377
Multi	Hampton Office Park	Gauteng	310 000	21 158	2 634 719	124.53	2 369
Multi	Constantia Kloof 3	Gauteng	306 000	12 821	1 855 031	144.69	–
Multi	Thornhill Office Park	Gauteng	298 000	21 657	2 977 276	137.47	1 117
Single	Douglas Roberts Centre	Gauteng	290 600	19 166	–	*	–
Single	22 Fredman Drive	Gauteng	270 000	10 974	–	*	–
Multi	Clearwater Office Park	Gauteng	257 000	18 670	1 885 270	100.98	2 861
Multi	300 Middel Street	Gauteng	253 000	11 404	2 668 236	233.97	–
Single	16 Fredman Drive	Gauteng	245 000	11 263	–	*	–
Multi	Centurion Gate	Gauteng	240 000	11 541	1 984 171	171.92	–
Single	Pier Place	Western Cape	234 300	14 746	–	*	–
Multi	Galleria	Gauteng	225 000	19 910	1 250 234	62.79	3 425
Multi	82 Maude	Gauteng	221 000	10 031	1 835 181	182.95	43
Multi	111 Commissioner Street	Gauteng	213 600	29 799	3 614 767	121.30	817
Single	Sasfin Head Office Building	Gauteng	210 000	8 028	–	*	–

OFFICE [CONTINUED]

Multi/single tenanted	Property	Province	Valuation R'000	GLA m²	GMR R	GMR R/m²	Vacancy m²
Multi	Wembley 1	Western Cape	209 500	11 067	2 016 103	182.17	326
Multi	Jewel City	Gauteng	206 700	42 333	3 617 026	85.44	9 812
Multi	The Old Match Factory	Western Cape	197 500	12 160	1 418 863	116.68	–
Single	CIB Insurance	Gauteng	186 500	7 513	–	*	–
Multi	Boulevard Office Park A	Western Cape	183 500	6 725	1 489 607	221.50	–
Single	Ericsson Woodmead	Gauteng	180 000	11 245	–	*	–
Single	61 Jorissen Street	Gauteng	159 200	18 181	–	*	–
Single	240/260 Justice Mohamed Street	Gauteng	158 700	13 087	–	*	–
Multi	Boulevard Office Park B&C	Western Cape	152 000	8 062	1 095 221	135.85	1 381
Multi	Thabakgolo	Limpopo	151 900	13 785	1 656 409	120.16	2 117
Single	Knowledge Park II	Western Cape	150 000	7 181	–	*	–
Multi	AMR Office Park	Gauteng	149 000	10 563	7 313	0.69	2 211
Single	De Beers House	Gauteng	145 500	11 919	–	*	–
Multi	The Atrium Building	Gauteng	142 400	13 555	1 621 221	119.60	–
Multi	Grayston Ridge Office Park	Gauteng	136 567	11 622	1 209 537	104.07	1 286
Multi	Rosebank Corner	Gauteng	126 288	9 715	997 648	102.69	2 387
Multi	Nedbank Centre Nelspruit	Mpumalanga	122 100	15 367	1 237 124	80.51	5 626
Multi	Cross Place	Gauteng	121 600	5 388	1 113 485	206.66	197
Single	Accenture	Gauteng	116 800	6 520	–	*	–
Multi	Essex Gardens	KwaZulu-Natal	109 500	8 497	1 112 604	130.94	1 110
Multi	Opera Plaza Pretoria	Gauteng	100 100	14 912	1 530 214	102.62	424
Multi	150 Rivonia Road Office Park	Gauteng	98 500	6 021	1 060 665	176.16	95
Multi	Kimberley-Clark House	Gauteng	96 975	6 037	942 307	156.09	–
Multi	Dunkeld Office Park	Gauteng	93 000	5 631	869 123	154.35	384
Single	Heron Place	Western Cape	92 900	4 734	–	*	–
Multi	2 Fricker Road	Gauteng	87 750	4 227	740 306	175.14	500
Multi	Knowledge Park	Western Cape	87 700	6 210	933 823	150.37	–
Multi	Surrey Place	Gauteng	83 800	12 003	947 092	78.90	2 663
Multi	Wheat Board	Gauteng	82 500	13 109	1 007 341	76.84	–
Multi	288 On Kent	Gauteng	81 800	13 043	423 868	32.50	8 389
Multi	18 The Boulevard	KwaZulu-Natal	81 600	5 250	779 124	148.40	342
Multi	Batho Pele House	Gauteng	80 900	14 258	–	–	14 258
Multi	Wembley 3	Western Cape	80 600	4 765	666 433	139.86	–
Multi	Mineralia Building	Gauteng	77 000	13 605	1 757 673	129.19	–
Multi	Silver Point Office Park	Gauteng	77 000	4 781	813 267	170.10	23
Multi	Stonewedge	Gauteng	76 300	7 095	779 456	109.86	172
Multi	Fedsure Forum	Gauteng	70 000	14 484	398 058	27.48	11 524
Single	2 Pybus Road	Gauteng	66 150	4 531	–	*	–
Multi	Matlotlo House	Gauteng	65 500	14 203	1 837 715	129.39	309
Multi	Cedarwood House	Gauteng	65 500	4 978	442 413	88.87	1 109
Single	Hyde Park Manor	Gauteng	63 500	4 688	–	*	–
Multi	7 Sturdee Avenue	Gauteng	63 000	4 011	652 460	162,67	–
Multi	West End Shopping Centre	North West	61 300	21 002	983 233	46.82	6 462
Multi	Outspan House	Gauteng	60 300	7 480	237 942	31.81	5 314
Single	Emanzeni	Gauteng	59 900	9 340	–	*	–
Multi	Curator	Gauteng	56 580	8 927	889 186	99.61	2 886
Multi	Delmat House	KwaZulu-Natal	55 000	4 185	554 891	132.59	473
Multi	Ethos Building	Gauteng	54 200	2 521	386 784	153.42	625
Multi	Boskruin Village Office Park	Gauteng	52 000	6 495	748 887	115.30	382
Multi	Wedgefield	Gauteng	50 200	4 106	478 701	116.59	383
Multi	66 Peter Place	Gauteng	48 100	4 273	580 094	135.76	311
Single	Kernick House	Gauteng	48 000	3 564	–	*	–
Multi	Knowledge Park III	Western Cape	45 500	3 779	526 790	139.40	135
Single	Nashua House	Gauteng	45 000	7 551	–	*	7 551
Multi	The Avenues	Gauteng	44 829	6 355	430 461	67.74	460

OFFICE [CONTINUED]

Multi/single tenanted	Property	Province	Valuation R'000	GLA m²	GMR R	GMR R/m²	Vacancy m²
Multi	Delpen Building	Gauteng	44 600	5 550	609 506	109.82	–
Multi	Allhart Park	Gauteng	44 500	4 666	543 503	116.48	214
Single	Hannover Re House	Gauteng	42 500	4 169	–	*	–
Multi	Accord House	KwaZulu-Natal	42 200	3 960	445 113	112.40	218
Multi	The Ambridge Office Park	Gauteng	42 000	4 784	483 945	101.16	296
Single	2 Rissik Street	Gauteng	40 700	6 110	–	*	6 110
Multi	Warich Close Office Park	Gauteng	40 500	4 025	421 088	104.62	267
Multi	Redefine Towers (320 West Street Durban)	KwaZulu-Natal	40 000	10 501	1 493 713	142.24	1 878
Multi	BCX	Gauteng	39 200	3 039	385 832	126.96	–
Multi	5 Sturdee Avenue	Gauteng	38 100	3 502	337 821	96.47	1 282
Multi	Duncan Street	Gauteng	32 700	1 310	307 487	234.72	–
Multi	Glenashley Views	KwaZulu-Natal	32 250	2 805	374 257	133.42	150
Multi	Yellowwood House	Gauteng	30 000	2 772	321 756	116.07	–
Multi	Crawford House	Gauteng	29 250	1 898	293 369	154.57	–
Multi	Kent House	KwaZulu-Natal	25 600	2 736	218 195	79.75	382
Multi	Odyssey Place	KwaZulu-Natal	19 300	1 993	240 281	120.56	142
Multi	BDO House	KwaZulu-Natal	17 800	2 208	233 179	105.61	346
Multi	Embassy House	Gauteng	13 531	3 419	–	–	3 419
Single	ABSA Centurion	Gauteng	13 000	1 306	–	*	–
Single	Boulevard Annex-CPT	Western Cape	12 500	–	–	*	–
Multi	The Ridge	KwaZulu-Natal	10 800	1 014	128 127	126.36	12
Multi	RPA Centre	Gauteng	9 600	1 592	37 597	23.62	1 006
Multi	Sevenfold	KwaZulu-Natal	5 700	670	78 568	117.27	–
Single	Boulevard Office Park D	Western Cape	4 000	192	–	*	192
Multi	Lakeside Building A	Gauteng	–	13 061	645 280	49.41	9 299
			17 272 670	1 182 657			152 025

* *Single-tenanted office properties weighted average rental rate of R182.05/m²*

PROPERTIES UNDER DEVELOPMENT – OFFICE

Multi/single tenanted	Property	Province	Valuation R'000	GLA m²	GMR R	GMR R/m²	Vacancy m²
Single	Hatfield Square	Gauteng	295 000	–	–	–	
Multi	Rosebank Towers	Gauteng	280 000	–	–	–	–
Single	Sandhurst Office Park	Gauteng	230 000	8 401	–	*	8 401
Multi	ABSA Investments Campus	Gauteng	95 199	3 178	544 454	171.32	–
Multi	15 Baker Street	Gauteng	83 000	–	–	–	–
Multi	3 Sturdee Avenue	Gauteng	50 000	3 252	8 600	2.64	3 252
Multi	Rosebank Mews	Gauteng	31 200	–	–	–	–
			1 064 399	14 831			11 653

NON-CURRENT ASSETS HELD-FOR-SALE – OFFICE

Multi/single tenanted	Property	Province	Valuation R'000	GLA m²	GMR R	GMR R/m²	Vacancy m²
Multi	222 Smit Street	Gauteng	95 000	21 631	1 197 670	55.37	3 982
Multi	Redefine Place	Gauteng	73 500	4 567	4 537	0.99	–
Multi	Fedsure Forum	Gauteng	70 000	14 484	398 058	27.48	11 524
Multi	Redefine Towers (320 West Street Durban)	KwaZulu-Natal	65 000	37 592	1 013 361	26.96	–
Single	74 Lorne Street	KwaZulu-Natal	26 000	4 162	–	*	–
Multi	Cosmopolitan House	Gauteng	25 000	3 140	277 381	88.34	469
Multi	Lakeside Place	Gauteng	11 000	3 696	211 869	57.32	1 745
			365 500	89 271			17 720

RETAIL

Multi/single tenanted	Property	Province	Valuation R'000	GLA m²	GMR R	GMR R/m²	Vacancy m²
Multi	Centurion Mall	Gauteng	4 060 000	120 202	26 674 561	221.91	9 944
Multi	Blue Route Mall	Western Cape	1 326 000	55 496	10 122 529	182.40	–
Multi	East Rand Mall	Gauteng	1 313 570	31 257	8 064 435	258.00	–
Multi	Kenilworth Centre	Western Cape	1 157 861	48 575	8 138 301	167.54	690
Multi	Matlosana Mall	North West	1 017 000	64 968	7 596 193	116.92	–
Multi	Golden Walk	Gauteng	968 000	45 129	8 024 946	177.82	896
Multi	N1 City Mall	Western Cape	881 600	37 241	6 882 558	184.81	–
Multi	The Boulders Shopping Centre	Gauteng	809 000	48 697	7 101 213	145.82	2 704
Multi	Maponya Mall	Gauteng	760 193	35 741	11 454 088	320.48	1 806
Multi	Sammy Marks Square	Gauteng	734 000	34 718	5 934 411	170.93	821
Multi	Benmore Gardens Shopping Centre	Gauteng	545 000	25 051	4 432 354	176.93	6 004
Multi	Stoneridge Centre	Gauteng	542 250	52 461	5 210 196	99.32	3 242
Multi	Park Meadows	Gauteng	496 600	27 691	4 113 556	148.55	962
Multi	Langeberg Mall	Western Cape	445 000	29 821	3 666 550	122.95	1 218
Multi	Chris Hani Crossing	Gauteng	344 000	20 235	2 890 661	142.85	57
Multi	Bryanston Shopping Centre	Gauteng	314 000	13 720	2 728 150	198.84	416
Multi	Ottery Centre	Western Cape	296 000	30 812	2 495 336	80.99	170
Multi	Southcoast Mall	KwaZulu-Natal	264 000	33 956	3 412 185	100.49	3 245
Multi	Maynard Mall	Western Cape	260 000	23 267	2 713 380	116.62	2 661
Multi	Standard Bank Centre Pretoria	Gauteng	254 400	23 698	3 490 570	147.29	1 639
Multi	The Village @ Horizon	Gauteng	242 000	19 823	2 328 346	117.46	1 162
Multi	Shoprite Park	Western Cape	213 000	27 817	2 097 986	75.42	–
Multi	Ermelo Mall	Mpumalanga	193 000	19 463	1 837 813	94.43	187
Multi	Oakfields Shopping Centre	Gauteng	166 500	11 487	1 528 764	133.09	646
Multi	Alberton Mall	Gauteng	159 600	16 888	1 696 742	100.47	479
Multi	Monument Commercial Centre	Gauteng	149 000	19 562	1 356 853	69.36	–
Multi	The Pritchard Street Trust	Gauteng	140 200	15 039	1 672 166	111.19	–
Multi	Besterbrown	Mpumalanga	136 700	14 103	1 414 479	100.30	1 511
Multi	Festival Square	Gauteng	135 400	11 041	835 907	75.71	–
Multi	The Mall @ Scottsville	KwaZulu-Natal	134 000	14 352	1 789 091	124.66	321
Single	Jetmart Pretoria	Gauteng	133 600	11 008	–	*	–
Multi	Witbank Medical Centre	Mpumalanga	132 800	13 664	1 246 054	91.19	1 449
Multi	Riverhorse Valley	KwaZulu-Natal	121 388	12 490	1 243 760	99.58	–
Multi	Finpark	Gauteng	121 200	2 957	118 309	40.01	1 267
Multi	Botshabelo Shopping Centre	Free State	100 200	15 318	1 604 065	104.72	1 024
Multi	Capital Centre Pietermaritzburg	KwaZulu-Natal	95 000	9 766	1 100 199	112.66	389
Multi	Moreleta Plaza	Gauteng	94 800	8 857	991 731	111.97	474
Multi	Turfloop Plaza	Limpopo	93 000	6 734	841 553	124.97	349
Multi	Riverside Mall (CPT)	Western Cape	90 850	9 588	1 066 674	111.25	350
Multi	Matsamo Plaza	Mpumalanga	90 000	7 579	830 946	109.64	228

PROPERTY INFORMATION [CONTINUED]

RETAIL [CONTINUED]

Multi/single tenanted	Property	Province	Valuation R'000	GLA m²	GMR R	GMR R/m²	Vacancy m²
Multi	Blue Downs	Western Cape	88 250	8 651	914 884	105.75	–
Multi	China Town	Western Cape	86 000	8 227	920 984	111.95	–
Multi	Riverside Junction	Mpumalanga	83 300	10 038	755 419	75.26	499
Multi	66 Smal Street	Gauteng	77 800	2 152	790 697	367.42	–
Multi	McCarthy Audi Centre West Rand	Gauteng	66 500	4 309	681 549	158.17	–
Single	Unitrans Nissan Clearwater	Gauteng	64 000	4 000	–	*	–
Single	Pro Shop Woodmead	Gauteng	62 000	5 190	–	*	–
Multi	Posthouse Link	Gauteng	61 300	4 601	567 172	123.27	698
Multi	Bryanston Carvenience	Gauteng	61 000	3 886	577 043	148.49	–
Multi	Isipingo Junction	KwaZulu-Natal	59 465	5 382	746 133	138.63	360
Multi	City Centre Eersterivier	Western Cape	55 000	6 679	628 631	94.12	459
Multi	East End Shopping Centre	North West	54 000	10 455	304 255	29.10	5 456
Multi	Nedbank Mall	Gauteng	50 000	1 211	693 990	573.07	–
Multi	Vaal Walk	Gauteng	49 100	12 060	881 260	73.07	18
Multi	Standerton Centre	Mpumalanga	48 600	6 465	447 233	69.18	237
Multi	Acornhoek Shopping Centre	Mpumalanga	47 000	5 403	573 888	106.22	172
Multi	CCMA House Rustenburg	North West	46 800	6 376	568 490	89.16	805
Single	Standard Bank Centurion	Gauteng	41 000	2 732	–	*	386
Multi	African City	Gauteng	40 700	6 045	576 296	95.33	–
Multi	Shoprite Claremont	Western Cape	40 200	4 687	318 716	68.00	–
Multi	Nunnerleys	Gauteng	38 800	796	350 890	440.82	–
Single	Williams Hunt Randburg	Gauteng	38 500	3 351	377 737	112.72	–
Multi	Post House	Gauteng	35 000	3 235	201 615	62.32	1 480
Multi	Kemsquare	Gauteng	34 300	7 390	319 165	43.19	3 691
Single	Jet Polokwane	Limpopo	33 200	3 289	–	*	–
Single	Shoprite Polokwane	Limpopo	32 603	10 150	–	*	–
Multi	Kine Centre	Gauteng	29 000	1 156	444 220	384.27	–
Multi	Schreiner Chambers	Gauteng	23 000	662	316 859	478.64	–
Single	Edgars Wynberg	Western Cape	17 500	2 606	–	*	–
Single	Standard Bank George	Western Cape	15 500	1 199	–	*	–
Single	Southern Motors	Gauteng	15 000	3 863	–	*	–
Multi	Leonita – Mallinick	Gauteng	13 500	1 504	287 324	191.04	288
Multi	Tamlea – Arundel	Gauteng	10 800	685	309 207	451.40	–
Single	JD Dwarsloop	Mpumalanga	7 500	–	–	*	–
Multi	Small Street Mall	Gauteng	3 200	119	119 749	1 006.29	–
			21 060 130	1 228 826			60 860

* *Single-tenanted retail properties weighted average rental rate of R116.57/m²*

PROPERTIES UNDER DEVELOPMENT – RETAIL

Property	Province	Valuation R'000
Wilgespruit	Gauteng	121 900
Masingita Mall	Gauteng	56 400
		178 300

NON-CURRENT ASSETS HELD-FOR-SALE – RETAIL

Multi/single tenanted	Property	Province	Valuation R'000	GLA m²	GMR R	GMR R/m²	Vacancy m²
Multi	Makhado Crossing Shopping	Limpopo	120 000	14 591	1 055 203	72.32	3 187
Multi	Argyle Centre	KwaZulu-Natal	64 600	5 299	707 023	133.43	354
Multi	Pinetown 1	KwaZulu-Natal	52 200	4 209	637 946	151.57	–
Multi	101 Market Street	Gauteng	33 000	5 177	439 640	84.92	–
Multi	Pinetown 2	KwaZulu-Natal	15 000	1 742	181 620	104.26	–
			284 800	31 018			3 541

INDUSTRIAL

Multi/single tenanted	Property	Province	Valuation R'000	GLA m²	GMR R	GMR R/m²	Vacancy m²
Multi	Pepkor Isando	Gauteng	785 500	107 017	5 830 212	54.48	–
Single	Robor	Gauteng	616 800	120 277	–	*	–
Single	Macsteel Lilianton Boksburg	Gauteng	551 630	73 071	–	*	–
Single	Macsteel VRN Roodekop	Gauteng	323 670	57 645	–	*	–
Single	Macsteel Coil Processing Wadeville	Gauteng	320 400	52 886	–	*	–
Single	Macsteel Tube & Pipe Usufruct	Gauteng	300 310	68 822	–	*	–
Single	Cato Ridge DC	KwaZulu-Natal	292 097	50 137	–	*	–
Single	Dawn	Gauteng	280 000	22 069	–	*	–
Single	Macsteel Trading Germiston South	Gauteng	272 150	56 495	–	*	–
Multi	Wingfield Park	Gauteng	264 400	56 486	2 550 452	45.15	3 039
Multi	GM – Coega	Eastern Cape	216 200	38 000	1 618 750	42.60	–
Single	Macsteel Cape Town	Western Cape	213 370	38 340	–	*	–
Multi	Mifa Industrial Park	Gauteng	183 000	34 197	1 923 533	56.25	1 336
Multi	Ushukela Industrial Park	KwaZulu-Natal	175 367	27 226	120 428	4.42	17 738
Single	Heron Industrial	Western Cape	166 000	23 803	–	*	–
Multi	Waltloo DC	Gauteng	140 000	25 320	1 195 810	47.23	–
Single	Edcon	Gauteng	140 000	23 308	–	*	–
Single	Macsteel Trading Durban	KwaZulu-Natal	139 390	21 540	–	*	–
Single	8 Jansen Road	Gauteng	136 700	24 147	–	*	–
Multi	190 Barbara Road	Gauteng	135 200	24 479	1 196 947	48.90	–
Multi	CTX Business Park	Western Cape	133 000	18 484	1 097 175	59.36	–
Single	Macsteel Trading Wadeville	Gauteng	130 940	24 128	–	*	–
Single	29 Springbok Road	Gauteng	128 133	20 067	–	*	–
Multi	Strydom Industrial Park	Gauteng	128 000	24 472	1 472 595	60.17	341
Single	Macsteel Roofing Wadeville	Gauteng	127 310	23 729	–	*	–
Multi	1 Springbok Road	Gauteng	115 393	15 729	1 322 669	84.09	–
Multi	Nasrec Road – Aeroton	Gauteng	114 100	15 575	869 472	55.82	–
Multi	Freeway Centre	Gauteng	110 300	41 830	944 560	22.58	10 032
Single	Macsteel Special Steels Dunswart	Gauteng	105 180	19 334	–	*	–
Multi	Supreme Industrial Park	Gauteng	99 000	29 370	1 124 236	38.28	4 957
Single	BMG	KwaZulu-Natal	98 396	9 515	–	*	–
Single	2 Lake Road	Gauteng	97 476	13 547	–	*	–
Multi	Berg River Park	Western Cape	96 400	35 664	1 079 572	30.27	1 976
Single	Moresport DC	Western Cape	95 600	12 991	–	*	–
Multi	Murrayfield	KwaZulu-Natal	92 100	16 822	1 141 448	67.85	274
Single	City Deep 45 & 46	Gauteng	90 100	13 407	–	*	–
Multi	Coricraft – Stormill	Gauteng	90 000	19 369	859 564	44.38	–
Multi	12 Piet Rautenbach Street	Gauteng	85 900	26 947	1 339 656	49.71	6 493
Single	Macsteel Trading Klerksdorp	North West	80 950	15 263	–	*	–
Multi	Spearhead Business Park	Western Cape	77 100	13 549	824 472	60.85	393
Single	Macsteel Trading Witbank	Mpumalanga	74 170	5 018	–	*	–
Single	Macsteel Roofing Harvey	Gauteng	73 680	14 133	–	*	–

PROPERTY INFORMATION [CONTINUED]

INDUSTRIAL [CONTINUED]

Multi/single tenanted	Property	Province	Valuation R'000	GLA m²	GMR R	GMR R/m²	Vacancy m²
Multi	Schneider Midrand	Gauteng	72 750	11 924	656 817	55.08	–
Single	Buco	Gauteng	70 400	27 000	–	*	–
Multi	Eagle Park	Western Cape	70 000	7 102	581 199	81.84	–
Single	Le Sel 1	Gauteng	64 692	11 606	–	*	–
Multi	Le Sel 2	Gauteng	64 574	10 680	609 267	57.05	–
Multi	Ferreiras North Riding	Gauteng	63 700	27 144	672 971	24.79	–
Multi	56 Rigger Road	Gauteng	61 200	16 216	616 696	38.03	–
Multi	18 Halifax Road	KwaZulu-Natal	60 781	14 693	621 514	42.30	1 485
Single	Trentyre Spartan	Gauteng	59 000	12 344	–	*	–
Multi	Platinum Park	Western Cape	58 300	9 362	479 527	51.22	1 630
Single	BAT	Gauteng	58 000	6 748	–	*	–
Single	101 Lawley	KwaZulu-Natal	57 155	33 249	–	*	11 249
Single	Aveng Stormill	Gauteng	55 000	5 965	–	*	–
Single	14 Piet Rautenbach Street	Gauteng	55 000	7 834	–	*	–
Single	Macsteel Trading Rustenburg	North West	52 820	7 860	–	*	–
Single	Macsteel VRN Pinetown	KwaZulu-Natal	51 900	7 517	–	*	–
Multi	S Burde	Gauteng	50 300	19 047	549 425	28.85	–
Single	SSAB	Gauteng	49 748	9 473	–	*	–
Multi	Amalgamated Inv – Tedelex	Gauteng	49 300	17 512	518 839	29.63	–
Single	26-28 Christiaan Avenue	Western Cape	48 600	13 727	–	*	–
Multi	Golf Air Park	Western Cape	48 300	14 800	520 999	35.20	946
Single	11 Galaxy Avenue	Gauteng	47 215	6 217	–	*	–
Single	Jupiter Ext. 1	Gauteng	46 000	11 507	–	*	–
Single	Macsteel Trading Nelspruit	Mpumalanga	45 010	5 262	–	*	–
Multi	Ohm Street Industrial Park	Gauteng	44 800	12 773	514 074	40.25	1 898
Single	GNLD International	Gauteng	43 099	5 477	–	*	–
Single	Erf 681 – Alrode	Gauteng	43 000	20 935	–	*	–
Single	Macsteel Trading Bloemfontein	Free State	42 600	4 947	–	*	–
Single	Trencor	Western Cape	40 600	6 861	–	*	–
Multi	Creation	North West	40 500	28 723	446 882	15.56	10 342
Single	Macsteel Special Steels Meyerton	Gauteng	40 180	11 693	–	*	–
Single	Macsteel VRN Richards Bay	KwaZulu-Natal	38 560	4 117	–	*	–
Single	6 Kruger Street – Denver	Gauteng	38 000	7 768	–	*	–
Single	East Balt	Gauteng	34 300	9 471	–	*	–
Multi	Denver Industrial Park	Gauteng	34 000	12 830	391 100	30.48	2 712
Multi	12 Nourse Avenue	Western Cape	34 000	10 581	331 861	31.36	–
Single	Hoist Avenue	Western Cape	33 600	5 051	–	*	–
Single	52 Mimetes Road	Gauteng	33 000	7 567	–	*	–
Multi	77 & 78 Plane Road	Gauteng	32 500	8 686	383 980	44.21	285
Multi	2 Sterling Road	Gauteng	30 100	7 144	350 826	49.11	–
Single	Deutz Diesel	Gauteng	30 000	7 678	–	*	–
Single	Macsteel Kimberley	Northern Cape	29 730	6 822	–	*	–
Single	Macsteel Trading Pretoria	Gauteng	29 590	7 698	–	*	–
Multi	66 Mimetes Road	Gauteng	26 600	5 903	253 854	43.00	–
Single	Macsteel VRN Rustenburg	North West	23 530	4 724	–	*	–
Single	Macsteel VRN Vaal	Gauteng	23 230	6 943	–	*	–
Single	64 Mimetes Road	Gauteng	23 000	5 136	–	*	–
Single	Aviz Labs	Gauteng	22 000	2 871	–	*	–
Single	Aristocrat Tech	Gauteng	17 942	2 158	–	*	–
Land	Golf Air Park II	Western Cape	15 908	–	–	–	–
Single	Macsteel Roofing Queenstown	Eastern Cape	14 780	4 674	–	*	–
Single	Macsteel Trading Welkom	Free State	12 770	5 550	–	*	–
Single	Trentyre Spartan 2	Gauteng	11 000	3 138	–	*	–
Single	Macsteel VRN Klerksdorp	North West	10 720	2 370	–	*	–

INDUSTRIAL [CONTINUED]

Multi/single tenanted	Property	Province	Valuation R'000	GLA m²	GMR R	GMR R/m²	Vacancy m²
Single	Macsteel Trading Newcastle	KwaZulu-Natal	4 970	2 060	–	*	–
Single	Macsteel Hudson Road	KwaZulu-Natal	4 281	–	–	*	–
Multi	Precision House	Gauteng	2 500	604	37 521	62.12	–
Single	Erf 755 Denver	Gauteng	1 506	–	–	*	–
Land	Erf 4462 Clayville	Gauteng	1 250	–	–	–	–
			10 163 302	1 921 950			77 126

* *Single-tenanted industrial properties weighted average rental rate of R48.00/m²*

PROPERTIES UNDER DEVELOPMENT – INDUSTRIAL

Property	Province	Valuation R'000	GLA m²	GMR R	GMR R/m²	Vacancy m²
S & J Industrial	Gauteng	300 000	–	–	–	–
34 Wrench Road	Gauteng	97 000	–	–	–	–
Isando DC	Gauteng	96 701	–	–	–	–
Midway Park	Gauteng	86 200	8 238	–	–	8 238
Cornubia 2	KwaZulu-Natal	73 000	–	–	–	–
Golf Air Park III	Western Cape	64 500	–	–	–	–
Cornubia 3	KwaZulu-Natal	49 850	–	–	–	–
Brackengate	Western Cape	20 091	–	–	–	–
		787 342	8 238			8 238

SPECIALISED

Multi/single tenanted	Property	Province	Valuation R'000	GLA m²	GMR R	GMR R/m²	Vacancy m²
Single	Bedford Gardens Hospital	Gauteng	336 328	12 817	–	*	–
Single	Southern Sun OR Tambo International Airport	Gauteng	74 069	14 153	–	*	–
			410 396	26 970			–

* *Single-tenanted specialised properties weighted average rental rate of R252.46/m²*

	Office	Retail	Industrial	Specialised	Total
Weighted average rental per m² by rentable area (R)	121.78	144.36	42.32	146.00	94.20
Weighted average portfolio escalation (%)	7.6	7.5	6.5	8.4	7.8
Average annualised property yield (%)	9.3	8.2	7.8	11.2	8.5

PROPERTY PORTFOLIO

South African investment property

Geographical profile

Province	Number of properties	GLA (m²)	GLA (%)	GMR R'000	GMR (%)
Gauteng	199	2 955 809	66	277 469	67
Western Cape	49	800 345	18	84 141	20
KwaZulu-Natal	33	359 645	8	23 770	6
Other	31	387 963	8	28 108	7
	312	4 503 761	100	413 488	100

Tenant profile

Sector	Grade	GLA (m²)*	GLA (%)
Office		1 105 361	
	A Grade	679 582	62
	B Grade	170 012	15
	C Grade	255 768	23
Retail		1 195 443	
	A Grade	772 214	65
	B Grade	189 207	15
	C Grade	234 023	20
Industrial		1 844 824	
	A Grade	1 217 594	66
	B Grade	295 241	16
	C Grade	331 989	18
Specialised		26 970	
	A Grade	26 970	100
		4 172 598	

* *Occupied GLA only (total GLA less vacancy)*

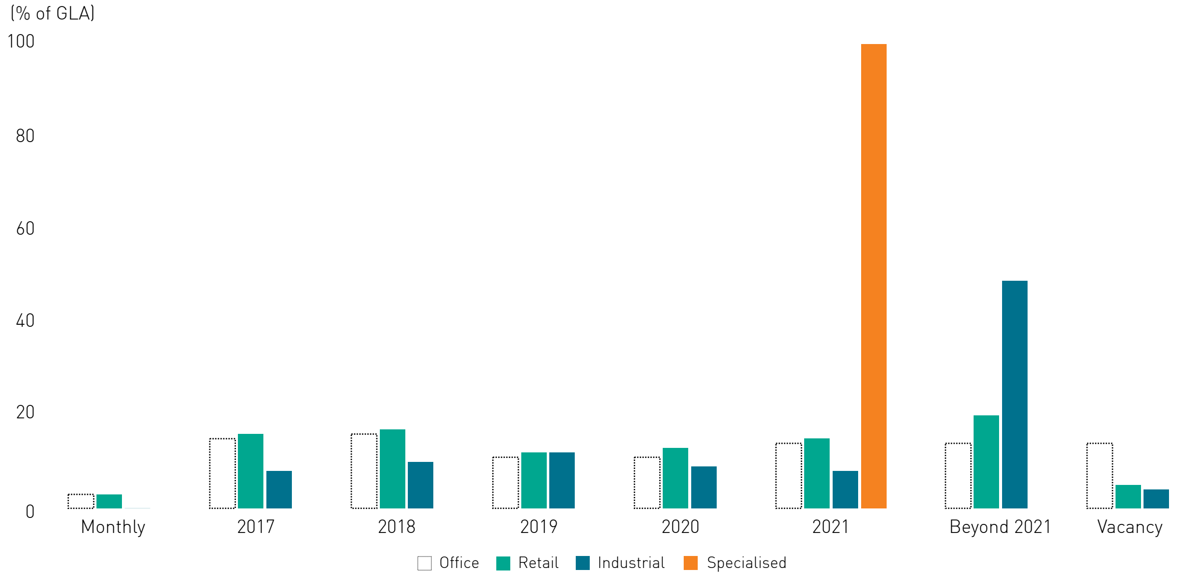
Grade A: Companies that trade out of multiple geographic locations and/or serve a diverse customer base and generally occupy more than 2 000m^2.

Grade B: Companies that have multiple offices although these may not be geographically dispersed, serve a reasonably diverse customer base, and generally occupy more than 1 000m^2 of space.

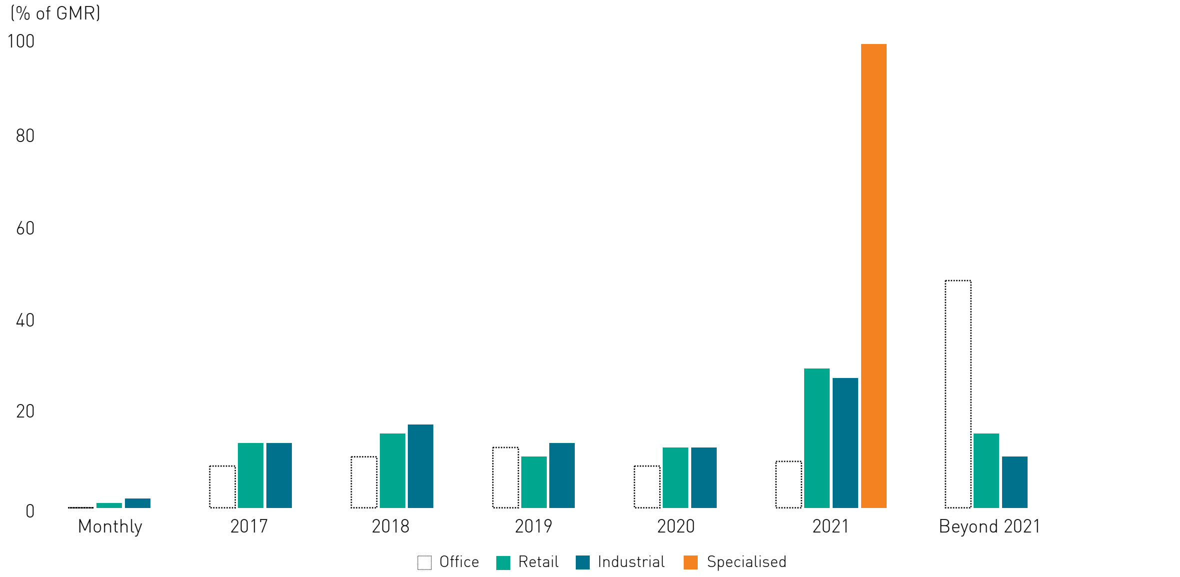
Grade C: Comprises individuals and sole proprietorships as well as other legal entities that trade out of one or very few locations occupying less than 300m^2.

There are 2 504 tenants included in grade C.

LEASE EXPIRY PROFILE BY GROSS LETTABLE AREA (GLA)



LEASE EXPIRY PROFILE BY GROSS MONTHLY RENTAL (GMR)



SHAREHOLDERS' ANALYSIS

Shareholder spread	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
1 – 1 000	7 338	26.33	2 072 802	0.04
1 001 – 10 000	10 858	38.96	48 264 714	0.95
10 001 – 100 000	7 661	27.49	230 865 776	4.56
100 001 – 1 000 000	1 522	5.46	465 146 633	9.19
Over 1 000 000	490	1.76	4 315 957 818	85.26
Total	27 869	100.00	5 062 307 743	100.00

Distribution of shareholders	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Assurance companies	69	0.25	123 744 669	2.44
Close corporations	253	0.91	12 390 745	0.24
Collective investment schemes	696	2.49	1 998 201 026	39.49
Control accounts	5	0.02	8 353	0.00
Custodians	87	0.31	135 774 591	2.68
Foundations and charitable funds	263	0.94	43 457 225	0.86
Hedge funds	14	0.05	4 461 004	0.09
Insurance companies	24	0.09	17 843 631	0.35
Investment partnerships	105	0.38	12 737 824	0.25
Managed funds	117	0.42	104 810 543	2.07
Medical aid funds	38	0.14	8 909 061	0.18
Organs of state	6	0.02	697 561 594	13.78
Private companies	503	1.80	207 724 774	4.10
Public companies	21	0.08	28 416 498	0.56
Public entities	6	0.02	3 376 636	0.07
Retail shareholders	21 817	78.28	266 899 966	5.27
Retirement benefit funds	482	1.73	719 080 480	14.20
Scrip lending	34	0.12	28 394 188	0.56
Sovereign funds	20	0.07	83 106 139	1.64
Stockbrokers and nominees	60	0.22	51 616 785	1.02
Treasury and share schemes	3	0.01	19 786 523	0.39
Trusts	3 229	11.59	493 904 859	9.76
Unclaimed scrip	17	0.06	100 629	0.00
Total	27 869	100.00	5 062 307 743	100.00

Shareholder type	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Non-public shareholders	28	0.09	755 337 634	14.92
Government Employees Pension Fund	4	0.01	612 426 785	12.10
Directors and associates (including share schemes)	22	0.08	135 117 654	2.67
Own holdings	1	0.00	5 876 766	0.11
Other employees	1	0.00	1 916 429	0.04
Public shareholders	27 841	99.91	4 306 970 109	85.08
Total	27 869	100.00	5 062 307 743	100.00

Beneficial shareholders with a holding greater than 2% of the issued shares	Number of shares	% of issued capital
Government Employees Pension Fund	612 426 785	12.10
The Redefine Empowerment Trust	300 000 000	5.93
Coronation Fund Managers	211 429 869	4.18
Stanlib	201 100 265	3.97
Investec	170 758 315	3.37
Investment Solutions	155 265 154	3.07
Vanguard	153 990 061	3.04
Old Mutual Group	149 379 959	2.95
Eskom Pension and Provident Fund	115 004 617	2.27
MMI	108 636 274	2.15
Prudential	106 558 277	2.10
Total	2 284 549 576	45.13

Fund managers with a holding greater than 2% of the issued shares	Number of shares	% of issued capital
Public Investment Corporation	632 844 646	12.50
Investec Asset Management	332 448 078	6.57
Coronation Fund Managers	325 305 642	6.43
Stanlib Asset Management	269 055 976	5.31
BlackRock	178 894 606	3.53
Vanguard Investment Management	165 284 389	3.27
Prudential Investment Managers	155 505 739	3.07
Old Mutual Investment Group	154 236 692	3.05
Sesfikile Capital	146 847 628	2.90
Meago Asset Management	109 468 659	2.16
Total	2 469 892 055	48.79

Shares in issue	2016	2015
Total number of shares in issue	5 062 307 743	4 754 499 789
Shares in issue (net of treasury shares)	4 700 910 847	4 448 623 023
Weighted average number of shares in issue (net of treasury shares)	4 500 281 473	3 743 054 722

Trading volumes	2016	2015
Volume traded during period	3 292 686 219	2 570 813 128
Ratio of volume traded to shares issued	65.04%	54.07%
Ratio of volume traded to weighted number of shares issued	73.17%	68.68%
Rand value traded during the year (R)	36 035 700 877	28 570 191 763
Market capitalisation at 31 August (R)	55 786 631 328	54 581 657 578
Number of shareholders	27 869	28 955
Opening price 01 September	R11.40	R9.55
Closing price 31 August	R11.02	R11.48
Closing high for year	R12.37	R12.68
Closing low for year	R8.20	R9.24

DEFINITIONS

ASX	Australian Securities Exchange
AUD	Australian dollar
BBBEE	Broad-based black economic empowerment
BEE	Black economic empowerment
CBD	Central business district
CPT	Cromwell Partners Trust
CGU	Cash generating unit
Delta	Delta Property Fund
EMIRA	Emira Property Fund
EPP	Echo Polska Properties N.V.
GBP	British pound
GLA	Gross lettable area
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRIC	International Financial Reporting Interpretations
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Committee
IHL	International Hotel Properties Limited
IPD	Investment Property Databank
IRBA	Independent Regulatory Board for Auditors
IT	Information technology
JSE	Johannesburg Stock Exchange
JV	Joint venture
KZN	KwaZulu-Natal
LSE	London Stock Exchange
NAV	Net asset value
NCI	Non-controlling interest
Pivotal	Pivotal Property Fund
PLC	Public limited company
REIT	Real Estate Investment Trust
RI PLC	Redefine International PLC
SA	South Africa/South African
SAICA	South African Institute of Chartered Accountants
SAPOA	South African Property Owners Association

ADMINISTRATION

REDEFINE PROPERTIES LIMITED

Incorporated in the Republic of South Africa
Registration Number 1999/018591/06
JSE Share Code RDF ISIN: ZAE000190252
Approved as a REIT by the JSE

Registered office and business address

Rosebank Towers, Office Level 5, 19 Biermann Avenue,
Rosebank 2196
PO Box 1731, Parklands 2121
Telephone +27 11 283 0000
Email **investorenquiries@redefine.co.za**
www.redefine.co.za

Independent auditors

KPMG Inc
85 Empire Road, Parktown 2193
Telephone +27 11 647 7111

Company secretary

B Baker
Telephone +27 11 283 0041
Email bronwynb@redefine.co.za

Transfer secretaries

Computershare Investor Services Proprietary Limited
Rosebank Towers, Office Level 2, 15 Biermann Avenue,
Rosebank 2196
Telephone +27 11 370 5000

Corporate advisor and sponsor

Java Capital
2nd Floor, 6A Sandown Valley Crescent, Sandton 2196
Telephone +27 11 722 3050

Investor relations

Should you wish to be placed on the mailing list to receive regular 'breaking news' email updates, please send an email to **investorenquiries@redefine.co.za**

REDEFINE PROPERTIES

We're not landlords. We're people.