2019

Group annual financial statements

for the year ended 31 August 2019

PURPOSE IN ACTION

Creating spaces to...

provide

REDEFINE PROPERTIES

We're not landlords. We're people.

Navigate our report

Throughout our reporting suite, the following icons are used to show the connectivity between sections:

Capitals

FC	Financial capital
MC	Manufactured capital
HC	Human capital
SRC	Social and relationship capital
IC	Intellectual capital
NC	Natural capital

Strategic matters

GR	Grow reputation
IS	Invest strategically
OC	Optimise capital
OE	Operate efficiently
ET	Engage talent

Materiality themes

- Uncertain geopolitical and socio-economic growth factors
- Disruptive technologies reshaping traditional business models
- Evolving role of business in creating a prosperous and sustainable society
- Heightened demands on governance and regulatory context

Guide to our report

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

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About Redefine

Redefine Properties Limited (Redefine) is a leading South African-based Real Estate Investment Trust (REIT), with the primary goal of growing and improving cash flow to deliver quality earnings, which will underpin growth in distributions and sustained value creation for all stakeholders.

We are listed on the Johannesburg Stock Exchange (JSE) and are included in the

JSE Top 40 Index

We actively manage a diversified property asset platform with a **value of R95.4 billion** comprising local and international property assets

Our 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 multiple international real estate markets

We differentiate ourselves by placing **people at the heart of what we do**

Our reporting suite

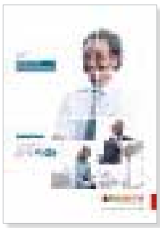
We are committed to report openly and honestly to our broad range of stakeholders. To view the full suite, please visit our website, www.redefine.co.za

IR Integrated report

Our **integrated report** is the primary report to our stakeholders. It is structured to show the relationship between the interdependent elements involved in our value creation story.

ESG Environmental, social and governance report

Our **environmental, social and governance report** is a detailed account of the group's holistic performance for the year, covering environmental, social and governance elements. The report also includes the **remuneration report,** as well as the social, ethics and transformation committee report.



AFS Group annual financial statements

The **group annual financial statements** provide a comprehensive report of the group's financial performance for the year.

AGM Notice of annual general meeting

The **notice of annual general meeting** provides supporting information for shareholders to participate in the AGM.

Our reporting suite is in compliance with:

- The International Integrated Reporting <IR> Framework
- The Companies Act, No 71 of 2008, as amended (Companies Act)
- The JSE Limited Listings Requirements
- King IV Report on Corporate Governance for South Africa 2016 (King IV)
- International Financial Reporting Standards (IFRS)

Feedback

Your feedback is important to us and we welcome your input to enhance the quality of our reporting.
Please visit www.redefine.co.za or email investorenquiries@redefine.co.za

The **essence** of who we are

To **create** sustained value, you must do it from a place of **purpose**

Our purpose is to **create** and **manage** spaces in a way that changes lives

Our vision is to **be** the best South African REIT

Our mission is to **create** sustained value for all our stakeholders

Our primary goal is to **grow** and **improve** cash flow

Our values are what **connect** us

b e s t

BRAVE
We strive to be excellent
We pursue innovation
We embrace change

ETHICAL
We show integrity
We are fair and consistent
We are honest and caring

SUSTAINABLE
We create lasting value
We consider long-term impacts
We grow together

TRUSTWORTHY
We earn trust
We show respect
We place people at the heart of everything we do

What sets us apart

We're not landlords. We're people.

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 stakeholders.

Material matters

We formulate our short-, medium- and long-term business strategy by using our material matters to guide our decision-making.

Materiality themes:

Our strategy is not about what we do – it is a matter of being different at what we do, and is informed by our strategic matters:

GR IS OC OE ET

Group annual financial statements

for the year ended 31 August 2019

Rosebank Link, Rosebank

Directors' responsibilities and approval

The directors are responsible for the preparation and fair presentation of the group annual financial statements of Redefine Properties Limited and its subsidiaries. These financial statements comprise the statement of financial position as at 31 August 2019, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the accounting policies and the notes to the financial statements, in accordance with International Financial Reporting Standards and the requirements of the Companies Act 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 information included in these financial statements.

The directors have made an assessment of the ability of the group to continue as a going concern and have no reason to believe that the group will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the group annual 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 4 November 2019 and are signed by:

AJ König
Authorised director

LC Kok
Authorised director

4 November 2019

Certificate by company secretary

In terms of Section 88(2)(e) of the Companies Act 2008, as amended, I declare that, to the best of my knowledge, for the year ended 31 August 2019, Redefine Properties Limited has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Companies Act and that such returns are true, correct and up to date.

BBaker

B Baker
Company secretary
4 November 2019

Audit committee **report**

The audit committee (committee) is pleased to present its report for the financial year ended 31 August 2019, in line with the Companies Act No 71 of 2008, as amended (Companies Act), the JSE Listings Requirements, the King IV Report on Corporate Governance for South Africa 2016 (King IV), and other applicable regulatory requirements.

The committee acts for the company and all of its subsidiaries (the group) and is an independent entity, accountable to both the board and shareholders. It operates within a documented mandate and acts in accordance with its statutory duties, the delegated authority of the board, and within the recommendations of King IV. The committee's terms of reference were reviewed, updated and approved in February 2019, taking into account material changes to the regulatory and legal environment and ensuring that the principles of King IV were adequately entrenched.

Composition and meeting procedures

At all times during the financial year, the committee comprised three independent non-executive directors, all of whom satisfied the requirements of Section 94(4) of the Companies Act. As a collective and having regard to the size and circumstances of the group, the committee was adequately skilled, and all members possessed the appropriate financial and related qualifications, skills, financial expertise and experience required to discharge their responsibilities.

The committee met on four occasions, which meetings were scheduled in line with the group's financial reporting cycle. The committee also met separately with the internal and external auditors and held a number of *ad hoc* meetings in order to review and recommend the approval of the company's integrated report and similarly to consider and assess the company's ability to exercise control over EPP N.V.

During the 2019 financial year, the committee comprised the following members:

Member	Appointed	Attendance	Regular invitees
Bridgitte Mathews (chairperson) *BCom Accounting; BCom Accounting Honours; HDip Tax; CA(SA)*	2 November 2018	100% 4/4 meetings	Board chairman Chief executive officer Financial director Chief operating officer Head of finance Internal auditor External auditors Head of risk and compliance
Nomalizo (Ntombi) Langa-Royds* *BA (Law); LLB*	12 June 2019	100% 1/1 meeting	
Lesego Sennelo *BCompt; BCom Accounting Honours; HDip Auditing; CA(SA)*	2 November 2018	100% 4/4 meetings	
Sindi Zilwa* *BCompt; CA(SA); CD(SA)*	2 November 2018	100% 1/1 meeting	

* *In accordance with Section 94(6) of the Companies Act, Nomalizo Langa-Royds was appointed as a temporary member of the committee on 12 June 2019, replacing Sindi Zilwa, whose resignation from the board in April 2019 resulted in a vacancy in the committee. Sindi Zilwa served on the committee from November 2018 until April 2019.*

Pursuant to the above and following the appointment of Dhanasagree (Daisy) Naidoo (BCom; Post Grad Dip Acc; CA(SA); MAcc (Taxation)) to the board in August 2019, Daisy was appointed as a permanent member of the committee with effect from 14 October 2019, replacing Bridgitte Mathews as its chairperson. At the same time, Nomalizo (Ntombi) Langa-Royds, temporary appointment to the committee, came to an end. Daisy held several introductory engagements with members of the committee, management and the external auditors to familiarise herself with the objectives of the committee.

Following the above changes, and subject to shareholder approval, the committee now comprises:
- **Daisy Naidoo (member and chairperson)**
- **Bridgitte Mathews (member)**
- **Lesego Sennelo (member)**

Our focus areas for 2019

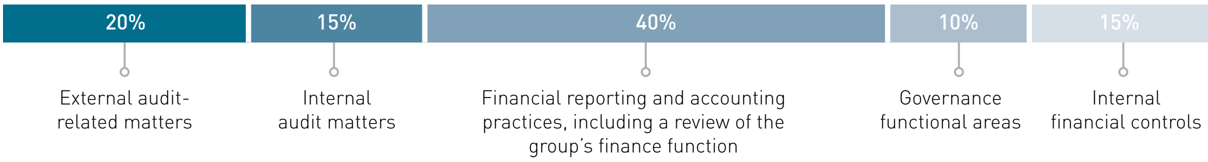
During the financial year, the committee primarily focused on:
- Financial matters:
  - Reviewing the expertise, resources and experience of the finance function, including the group's financial director
  - Evaluating financial reporting procedures and accounting practices, including IFRS 9 and 15 implementation and disclosure
  - Overseeing internal financial control measures
- External audit-related matters, including the external audit transition and onboarding of PwC
- Internal audit matters

Group annual financial statements

Supplementary information

- Governance functional areas:
  - Overseeing financial, internal control and fraud risks insofar as they relate to financial reporting
  - Overseeing combined assurance
  - Assessing the integrated report

and it spent its time as follows:



Discharge of duties for the 2019 financial year

In the execution of its statutory duties and in accordance with its terms of reference, the committee effectively discharged the following responsibilities during the past financial year:

Financial matters

Reviewed the expertise, resources and experience of the finance function

In accordance with the JSE Listings Requirements, the committee considered and satisfied itself that Leon Kok (CA(SA)), the group's financial director, had the appropriate expertise and experience to meet the responsibilities of his appointed position. The committee similarly satisfied itself regarding the quality and effectiveness of the finance function and the adequacy of the resources employed therein.

In evaluating the finance function, the committee considered and resolved that:

- Management of the finance function had demonstrated a commitment to character and competence
- The organisational structure of the finance function was appropriately designed, and the finance function assigned authority and responsibility in a manner that promoted accountability and control
- Appropriate and necessary information was obtained from and provided to management
- The finance function's management philosophy and operating style were consistent with a sound control environment
- The finance function had properly applied accounting principles in the preparation of the financial statements, and the group's financial reporting procedures were considered to be effective and reliable

Evaluated financial reporting and accounting practices

The committee reviewed the integrity of the interim results and annual financial statements for the year ended 31 August 2019, including the public announcements of the group's financial results, and made recommendations to the board for their approval. In the course of its review, the committee:

- Took steps to ensure that the financial statements were prepared in accordance with IFRS and in compliance with the provisions of the Companies Act and the JSE Listings Requirements
- Considered the appropriateness of the key audit matters reported in the external audit opinion
- Considered the appropriateness of significant accounting policies, key estimates, assumptions and disclosures made
- Completed a detailed review of the going concern assumption, taking into account management budgets and capital and liquidity profiles, confirming that it was appropriate in the preparation of the financial statements
- Reviewed the solvency and liquidity tests and recommended the interim and final dividend proposals for approval by the board
- Considered and noted the general proactive monitoring report issued by the JSE in February 2019 and ensured that appropriate actions were taken to apply the recommendations made by the JSE therein

The committee similarly challenged and satisfied itself as to the methods used to account for the following significant matters:

- Assessment of voting control in respect of EPP N.V.
- Upfront and delayed Edcon equity contributions
- Valuation of goodwill

Such matters were considered by the committee based on discussions with and submissions by management and were discussed with the external auditors during the planning stage of the audit and again on its completion.

External audit-related matters

In November 2018, and in accordance with paragraphs 3.84 (g)(iii) and 22.15(h) of the JSE Listings Requirements, the committee assessed the suitability of PricewaterhouseCoopers Inc. (PwC) for appointment as the company's independent, external auditors for the 2019 financial year, with John Bennett as the designated individual auditor.

External audit independence, objectivity and effectiveness during the 2019 financial year

Evaluation focus

The committee formally assessed the effectiveness of the 2019 external audit process and quality of the audit. The assessment covered all aspects of the audit service provided by PwC and was treated as an ongoing review throughout the audit cycle. The evaluation focused on:

- Robustness of the audit process
- Audit quality, including quality controls and indicators
- Appropriateness of the audit partner and the dedicated team, including their skills, knowledge and character
- Independence and objectivity
- Formal reporting

Inputs

The committee:

- Monitored audit performance, independence and objectivity throughout the year
- Approved, in consultation with management, the below audit fee and engagement terms for the 2019 financial year:

	Audit (R'000)	Non-audit (R'000)	Total (R'000)	% of total
2019	**14 647**	**80**	**14 727**	**0.5**
2018	7 293	383	7 676	5.0

- Reviewed and approved the above non-audit service fees and ensured that they were within limit and in line with the non-audit service policy
- Determined the nature and extent of allowable non-audit services and approved the contract terms for the provision thereof
- Reviewed and approved the external audit plan and related scope of work
- Reviewed the quality of reporting to the committee, the level of challenge and professional scepticism and understanding demonstrated by PwC of the business of the group
- Reviewed the quality of the audit team, technical skills and experience and the allocation of resources during the audit
- Held regular meetings with the audit engagement partner
- Considered the effectiveness of the company's policies and procedures for maintaining auditor independence
- Confirmed that no reportable irregularities were identified and reported by PwC in terms of the Auditing Profession Act, 26 of 2005

PwC:

- Provided the committee with confirmation that they operate in accordance with the ethical standards required of audit firms (Section 290 of the International Ethics Standards Board for Accountants (IESBA), Code of Ethics for Professional Accountants, and the Independent Regulatory Board for Auditors (IRBA) Code of Professional Conduct for Registered Auditors)
- Evidenced that the firm was accredited by the JSE and that John Bennett does not appear on the disqualified list of individual partners
- Confirmed the policies and procedures they have in place in order to maintain their independence
- Confirmed that there were no relationships with the company arising from:
  - Personal financial interests
  - Family and personal relationships
  - Employment relationships
  - Business relationships
- Provided confirmation that the non-audit services performed and fees billed during the period ended 31 August 2019 did not impair their independence or objectivity

Regulators:

- IRBA issued reviews of audits carried out by PwC. PwC shared these findings with the committee and confirmed how they were addressing the areas highlighted for improvement

Key outputs

- The quality of the audit partner and the team were confirmed, with no material issues raised in the feedback received
- PwC demonstrated a good understanding of the group and had identified and focused on the areas of greatest risk
- PwC's reporting to the committee was clear, transparent and thorough, and included explanations of the rationale behind particular conclusions as appropriate
- The audit had been well-planned and delivered, and management were comfortable that key findings had been raised appropriately
- There had been active engagement on misstatements and appropriate judgements on materiality
- It was confirmed that there had been an appropriate level of challenge and that PwC had functioned in accordance with their mandate for the 2019 financial year

The committee, having considered all relevant matters, concluded that it is satisfied that auditor independence, objectivity and effectiveness were maintained during the financial year.

Audit committee **report** continued

Internal audit matters

The committee reviewed and approved the internal audit charter and internal audit plan for the financial year ended 31 August 2019, ensuring that material risk areas were included and that coverage of significant business processes was acceptable. It oversaw and monitored that the internal audit function:

- Objectively assured the effectiveness of risk management and internal control frameworks
- Analysed and assessed business processes and associated controls
- Reported significant audit findings and recommendations to management and the committee

The committee satisfied itself that the internal audit function was independent and had the necessary resources, standing and authority to discharge its duties effectively. Furthermore, the committee confirmed that, in executing the FY2019 plan, there had been no impairments to the objectivity, independence and scope of the internal audit function, which remained effective in carrying out its duties.

The **internal audit function** provided a written assessment regarding the group's system of internal controls and confirmed that, based on the results of the work undertaken, these were deemed adequate and effective.

Internal financial controls

The committee reviewed the reports of both the internal and external auditors in respect of audits conducted on the internal control environment, took note of any matters arising from these audits, and considered the appropriateness of the responses received from management. Furthermore, the committee:

- Reviewed quarterly funding reports prepared by management and monitored compliance with financial covenants
- Fulfilled an oversight function with regard to tax governance
- Reviewed the group's policies and procedures for preventing and detecting fraud, bribery and corruption, as well as its mechanisms for protected disclosure and whistle-blowing
- Considered and, where appropriate, made recommendations on internal financial controls

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

Governance functional areas

Risk management

The committee received regular reports provided as part of the company's enterprise risk management framework and effectively monitored those strategic risks that fell within its mandate.

Integrated report

During the course of November and December 2019, the committee will evaluate the integrated report for the 2019 financial year and assess its consistency with operational, financial and other information available to the committee. Similarly, the committee will ensure that the report is prepared in accordance with appropriate reporting standards, and conforms to the requirements of King IV and the JSE Listings Requirements.

In conjunction with the social, ethics and transformation committee, the committee will review the integrity of the sustainability disclosures included in the environmental, social and governance report and confirm that they are reliable and do not conflict with financial information.

Based on the processes and assurances obtained, the committee will recommend the 2019 integrated report to the board for approval.

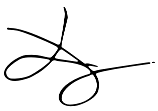
The performance of the committee is reviewed annually as part of the effectiveness review of the board and its committees. The latest review concluded that the committee continued to operate effectively and had successfully discharged its responsibilities and duties in 2019.

Committee focus in 2020

While the committee will continue to operate within its terms of reference and ensure that meetings address all regular matters reserved for its consideration, the following additional key activities are expected to require the committee's attention during 2020:

- Tax governance and group rationalisation
- IFRS 16 implementation
- Maturing and bedding down the combined assurance approach

On behalf of the audit committee



Daisy Naidoo
Committee chairperson
4 November 2019

Directors' report

To the shareholders of Redefine Properties Limited

We have pleasure in presenting the group annual financial statements of Redefine Properties Limited (Redefine) and its subsidiaries for the year ended 31 August 2019.

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 other property-related investments.

Nature of the business

The group is engaged in property investment and operates in South Africa and internationally.

Financial results

The financial results for the year ended 31 August 2019 are set out in detail on **pages 18-104** of these 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 of South Africa.

Stated capital

- The company's authorised stated capital consists of 10 000 000 000 (2018: 10 000 000 000) ordinary shares of no par value
- 27 383 451 shares were issued at an issue price of R9.50 per share on 28 May 2019, as part of the dividend reinvestment plan
- At 31 August 2019, there were 5 793 183 210 shares in issue, all of which rank for the dividend declared on 1 November 2019

Dividend distributions

On 2 November 2018, the board declared a final dividend of 49.80 cents for the six months ended 31 August 2018, which was paid on 4 December 2018.

On 3 May 2019, the board declared an interim dividend of 49.19 cents for the six months ended 28 February 2019, which was paid on 27 May 2019.

Subsequent to year end, on 1 November 2019, the board declared a final dividend of 48.13 cents for the six months ended 31 August 2019, which was paid on 25 November 2019.

These dividends have been declared from distributable earnings and meet the requirements of a REIT 'qualifying distribution' for purposes of section 25BB of the Income Tax Act, No 58 of 1962 , as amended.

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

Directorate

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

Executive directors

- AJ König – Chief executive officer
- LC Kok – Financial director

Non-executive directors

- SM Pityana* – Chairman
- B Mathews* – Lead independent
- ASP Dambuza*
- D Naidoo*
- HK Mehta
- LJ Sennelo*

- M Barkhuysen*
- NB Langa-Royds*

** Independent*

The following board changes are effective from 2 November 2018:
- A Dambuza was appointed as an independent non-executive director;
- L Sennelo was appointed as an independent non-executive director;
- S Zilwa was appointed as an independent non-executive director;
- DA Nathan resigned as an independent non-executive director; and
- P Langeni resigned as an independent non-executive director.

Further changes during the reporting period:
- B Nackan retired as an independent non-executive director on 14 February 2019;
- SV Zilwa resigned as an independent non-executive director on 5 April 2019;
- SM Pityana was appointed as the independent non-executive chairman on 3 May 2019;
- M Wainer stepped down as executive chair on 3 May 2019 and remained on the board; he retired as an executive director on 31 August 2019; and
- D Naidoo was appointed as an independent non-executive director on 28 August 2019.

Directors' emoluments and interests

Refer to notes 47 and 48 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. Though normal retirement age is 65 years for executive directors, the company's retirement policy makes provision to extend the working relationship beyond the normal retirement age. The executive directors are subject to three calendar months' written notice under their existing employment contracts.

Shareholders' analysis

Refer to **pages 118-119** in the supplementary information to the group annual financial statements for disclosure regarding shareholders' analysis.

Going concern

Refer to note 50 to the financial statements for disclosure regarding going concern.

Subsequent events

Refer to note 49 to the financial statements for disclosure regarding subsequent events.

Independent auditor's **report**

To the shareholders of Redefine Properties Limited

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Redefine Properties Limited (the company) and its subsidiaries (together the group) as at 31 August 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Redefine Properties Limited's consolidated financial statements set out on **pages 18-104** comprise:

- the consolidated statement of financial position as at 31 August 2019;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the accounting policies; and
- the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

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

Independence

We are independent of the group in accordance with the Sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (revised November 2018)* (together the IRBA Codes), and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*, respectively.

Our audit approach

Overview

Overall group materiality

R566 million, which represents 1% of consolidated net asset value.

Group audit scope

The group consists of **47 components**. We identified seven components, which, in our view, required an audit of their complete financial information due to statutory audit requirements and their financial significance and risk characteristics.

Key audit matters

- Valuation of **investment properties**
- **Impairment** of goodwill
- **Investment in associates:** assessment of control

Independent auditor's report continued

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole, as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall group materiality	**R566 million**
How we determined it	**1%** of the consolidated net asset value.
Rationale for the materiality benchmark applied	We chose net asset value as the benchmark because, in our view, it is the key benchmark considered by users of the financial statements. We chose **1%** based on our professional judgement and after consideration of the range of quantitative materiality thresholds that we would typically apply when using net assets to compute materiality.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

The group consists of 29 property-owning companies and 17 property-owning trusts which includes commercial, retail and industrial properties in South Africa, Nigeria, Poland, Australia and the UK, as well as the Employment Equity Trust which is currently non-operational.

Due to statutory audit requirements, we performed full scope audits on six of the companies in the group: Redefine Properties Limited, Redefine Retail Proprietary Limited, Redefine Global Proprietary Limited, Redefine Commercial Proprietary Limited, Redefine Empowerment Trust, and The Pivotal Fund Proprietary Limited. We requested a full scope audit on EPP N.V., an associate of the group, due to its financial significance and risk characteristics.

Detailed audit instructions were issued to all in-scope components, excluding those audited by the group engagement team. Throughout the audit, we held various calls and discussions with the teams of these in-scope components. We assessed the competence, knowledge and experience of the component auditors, and evaluated the procedures performed on the significant audit areas to assess the adequacy thereof in pursuit of our audit opinion on the consolidated financial statements.

We performed review procedures over eight of the companies within the group, and analytical procedures over the remaining companies to assess whether any risks exist that would require additional audit procedures. No such risks were identified.

The above-mentioned procedures, together with additional procedures performed at the group level, which included testing of consolidation journals and intercompany eliminations, gave us sufficient appropriate audit evidence regarding the financial information of the group.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	

Refer to note 1.4: Investment property, note 1.5: Properties under development and note 1.24: Key estimates and assumptions of the accounting policies and the following notes to the financial statements: Note 4: Investment property, note 6: Properties under development and note 30: Changes in fair value.
 	
The group's investment property portfolio comprises of properties in the office, retail, industrial, specialised and international sectors, as well as investment property under development, with a total carrying amount (including the straight-lining rental income accrual) of R78.6 billion and a related fair value gain of R1.54 billion for the period ended 31 August 2019.
 	
The investment properties are stated at their fair values based on external valuations performed by independent valuers.
 	
It is the policy of the group to obtain external valuations for all investment properties on an annual basis at the end of each financial reporting period. At year end, the fair values of the investment properties were determined by independent valuers using the discounted cash flow method of valuation.
 	
In determining a property's valuation, the valuers take into account property-specific information such as expected market rental growth, expected expense growth, occupancy rate, vacancy periods and rent-free periods.
 	
The independent valuers apply assumptions for yields and estimated market rent, which are influenced by prevailing market yields and comparable market transactions, to arrive at the final valuation.
 	
Investment property under development is measured at fair value at year end, which is determined based on the costs incurred up to the date of the valuation. If fair value cannot be reasonably determined, it is stated at cost and not depreciated. Undeveloped (vacant) land is valued in terms of the comparable sales method, which involves the use of recent comparable transactions as a basis for the valuation. Bulk rates are determined for the land that has been zoned.
 	
We considered the year-end valuation of investment properties to be a matter of most significance to our audit due to:
▫ Significant judgements applied in determining the fair values of investment properties and properties under development; and
▫ The magnitude of the balance of the investment properties recorded in the consolidated statement of financial position, as well as the changes in fair value relating to the property portfolio recorded in the statement of profit or loss and other comprehensive income.
	We obtained an understanding of the approaches followed by management and the independent valuers for the valuation of the group's investment property portfolio through discussions with management and the external valuers, as well as the inspection of minutes of meetings. We inspected the valuation reports for a representative sample of properties to evaluate whether the valuation approach for each property is suitable for use in determining the fair value for the purpose of the financial statements.
	
	We have evaluated the independent valuers by assessing their competence, capabilities and objectivity, and noted no aspects requiring further consideration.
	
	We obtained an understanding of and tested the relevant controls relating to the valuation of investment properties, which included controls in relation to the following:
	▫ The entering and amending of leases in support of contractual rental income;
	▫ The setting and approval of budgets by the group; and
	▫ Board approval of the valuations obtained.
	
	We performed the following procedures on a representative sample of the investment properties to assess the reasonableness of the inputs into the valuation:
	▫ Compared data inputs into the valuations against the appropriate market information, South African Property Owners Association (SAPOA) and Rode's Reports. Where differences were noted, we involved our internal valuation experts to assess the reasonableness of these inputs. The inputs tested include:
	  ▫ Discount rates;
	  ▫ Vacancy rates; and
	  ▫ Terminal cap rates.
	▫ Assessed the reasonableness of the cash flows of each property used by the valuers in the discounted cash flow models. This involved:
	  ▫ Agreeing the current year cash flows to actual results; and
	  ▫ Assessing the forecasted cash flows against market information as per the SAPOA and Rode's Reports.
	
	We performed the following procedures on a representative sample of the properties under development to assess the reasonableness of the inputs into the comparable sales valuation method:
	▫ We recalculated the value of the land based on comparable market data, which included the Rode's Report and comparable listed sales prices; and
	▫ We tested the development costs incurred in respect of the property under development to supporting documentation and assessed the eligibility of capitalising these costs.
	
	Together with our internal valuation experts, we performed an independent valuation of each property based on the data inputs and cash flows referred to above.
	
	We identified differences between management's valuation and our independently recalculated fair values which are judgemental in nature. These differences did not impact our overall assessment of the reasonableness of the fair value of investment property.

Independent auditor’s **report** continued

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Impairment of goodwill</td></tr>
<tr><td>
Refer to note 1.11: Goodwill, 1.13: Impairment of non-financial assets and note 1.24: Key estimates and assumptions of the accounting policies and the following note to the financial statements note 8: Goodwill and intangible assets.
As at 31 August 2019, the group has goodwill of R5.03 billion, which arose from business combinations in prior periods.
For the purpose of impairment testing, goodwill is allocated to each of the group’s cash-generating units (CGUs) that are expected to benefit from the portfolio synergies of the combination.
For the purposes of testing for impairment, goodwill and intangible assets are allocated to the following CGUs:
Office;
Retail;
Industrial; and
Specialised.
The CGUs to which goodwill is allocated are tested annually for impairment. This impairment assessment is subject to significant judgement by directors with regard to key assumptions which includes growth, exit and discount rates which are used in determining the value-in-use and the fair value less costs to sell of the goodwill.
An impairment of R60.9 million in relation to the specialised CGU has been recognised in the current year.
We considered the impairment of goodwill as a matter of most significance to our audit due to:
The significant judgement required by the directors in determining the value-in-use and the fair value less costs to sell of the CGUs to which these assets are allocated; and
The magnitude of the balance of the goodwill recorded in the consolidated statement of financial position.
</td><td>
The following procedures were performed:
To assess the reasonableness of the value-in-use determined by management, we performed the following procedures:
Assessed the future cash flows that are used in determining the value-in-use for reasonability based on historic market data and taking into account current economic conditions;
Involved our valuation experts in the assessment of the valuation methodology and assumptions involved in determining the value-in-use of each of the CGUs; and
Our valuation experts have reperformed the valuation of the value-in-use calculation of each of the CGUs.
Management’s value-in-use was found to be within a reasonable range.
To assess the reasonableness of the fair value less costs to sell, determined by management, we performed the following procedures:
Obtained an understanding as to how management determined the fair value through discussions with management and inspection of their fair value calculation;
Reperformed management’s allocation of the fair value across the CGU’s; and
Tested management’s calculation of the costs to sell.
Management’s fair value less costs to sell was found to be within a reasonable range.
Based on our testing, we agree with management’s assessment that the recoverable amount of each CGU is the value-in-use. We recalculated the impairment noting no material exceptions.
</td></tr>
<tr><td colspan="2">Assessment of control of EPP N.V.</td></tr>
<tr><td>
The group classifies its shareholdings in EPP N.V. (EPP) as an investment in associate.
During the year, the group increased its shareholding in EPP through the acquisition of new shares issued by the entity. Management has determined that the acquisition does not result in the group controlling EPP. However, in order to avoid market uncertainty about the group’s ability to control EPP, a Voting Limitation Deed was entered into to address the potential indicator of de facto control. This deed limited the group, and all related parties of the group who hold an interest in EPP, of voting rights at any meeting of the shareholders of EPP to 40% of the votes present at shareholder meetings.
In making their control assessment, management considered various factors, the most significant being:
The ability of the group to control the relevant activities of EPP;
Ability of the group to nominate a director for appointment/ removal; and
Historical voting patterns of the shareholder meetings of EPP.
We considered the assessment of control of EPP N.V. to be a matter of most significance to our audit due to the judgement involved in assessing whether the group controls EPP.
</td><td>
With the assistance of our accounting experts, we performed the following procedures to assess whether the group controls EPP:
We obtained the shareholders agreement, as well as held discussions with management concerning the nature of EPP’s business, its governance structure and the group’s representation on the EPP board of directors to allow us to fully understand whether the group controls EPP; and
We assessed whether control was met in terms of IFRS 10 Consolidated Financial Statements.
Based on the outcome of the procedures above, we concur with management’s assessment that the group does not control EPP and that the investment in EPP should be reflected as an investment in associate and therefore equity-accounted in the consolidated financial statements of the group.
</td></tr>
</table>

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Redefine Properties Limited group annual financial statements for the year ended 31 August 2019" and the document titled "Redefine Properties Limited company annual financial statements for the year ended 31 August 2019", which includes the directors' Report, the audit committee report and the certificate by the Company Secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the document titled "Redefine Properties integrated report 2019", which is expected to be made available to us after that date. The other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information, and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting, unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent auditor's **report** continued

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette No 39475, dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Redefine Properties Limited for one year.

PricewaterhouseCoopers Inc.
Director: John Bennett

Registered auditor
Johannesburg
4 November 2019


22 Bree, Newtown

Statement of financial position

as at 31 August 2019

Figures in R'000s	Notes	2019	2018
ASSETS			
Non-current assets		**99 422 252**	95 843 287
Investment properties		**78 640 182**	74 395 956
– Fair value of investment properties	4	**72 794 853**	66 271 904
– Straight-line rental income accrual	5	**2 291 651**	2 197 947
– Properties under development	6	**3 553 678**	5 926 105
Listed securities	7	**937 288**	1 935 843
Goodwill and intangible assets	8	**5 622 459**	5 746 203
Investment in associates	9	**11 850 004**	11 508 630
Derivative assets	22	**71 500**	34 754
Loans receivable	10	**1 731 921**	1 930 342
Other financial assets	11	**373 387**	218 890
Property, plant and equipment	12	**195 511**	72 669
Current assets		**2 239 092**	2 300 847
Properties held-for-trading		**451 883**	28 943
Trade and other receivables	13	**1 120 777**	1 076 079
Loans receivable	10	**180 047**	767 806
Derivative assets	22	**76 259**	6 041
Taxation receivable		**3 432**	–
Cash and cash equivalents	14	**406 694**	421 978
Non-current assets held-for-sale	15	**1 081 659**	549 089
Total assets		**102 743 003**	98 693 223
EQUITY AND LIABILITIES			
Equity		**56 569 476**	58 149 200
Shareholders' interest		**55 960 310**	57 677 363
– Stated capital	16	**44 589 066**	44 329 101
– Accumulated profit		**10 597 777**	12 617 787
– Other reserves		**773 467**	730 475
Non-controlling interests	18	**609 166**	471 837
Non-current liabilities		**39 234 899**	35 513 831
Interest-bearing borrowings	20	**34 754 868**	31 151 253
Interest-bearing borrowings at fair value	21	**1 971 088**	2 502 753
Derivative liabilities	22	**1 498 645**	907 687
Other financial liabilities	23	**75 670**	86 167
Deferred taxation	24	**934 628**	865 971
Current liabilities		**6 938 628**	5 030 192
Trade and other payables	25	**2 020 682**	2 278 322
Interest-bearing borrowings	20	**3 908 104**	2 469 899
Interest-bearing borrowings at fair value	21	**551 635**	–
Interest accrual on interest-bearing borrowings		**368 724**	262 081
Derivative liabilities	22	**78 806**	13 852
Other financial liabilities	23	**10 677**	–
Taxation payable		**–**	6 038
Total equity and liabilities		**102 743 003**	98 693 223

Statement of **profit or loss** and other comprehensive income

for the year ended 31 August 2019

Figures in R'000s	Notes	2019	Restated 2018
Continuing operations			
Revenue			
Property portfolio revenue		**8 637 504**	8 133 099
– Contractual rental income	26	**8 543 800**	7 879 370
– Straight-line rental income accrual		**93 704**	253 729
Investment income		**153 698**	308 223
Total revenue		**8 791 202**	8 441 322
Costs			
Operating costs	27	**(2 935 506)**	(2 637 956)
Administration costs		**(376 015)**	(365 144)
Net operating profit	28	**5 479 681**	5 438 222
Other gains	29	**113 531**	245 470
Loss on disposal of interest in associates and joint ventures		**–**	(57 787)
Changes in fair values of investment properties	30	**1 490 979**	2 594 040
Changes in fair values of financial instruments	30	**(1 318 158)**	(914 820)
Amortisation of intangible asset		**(62 856)**	(62 856)
Impairments	31	**(407 353)**	(1 053 753)
Net equity-accounted (loss)/profit (net of taxation)	9	**(315 972)**	2 541 427
Profit before finance costs and taxation		**4 979 852**	8 729 943
Net interest costs		**(1 486 470)**	(1 511 179)
– Interest income	32	**1 061 828**	919 828
– Interest expense	33	**(2 548 298)**	(2 431 007)
Foreign exchange gains/(losses)	34	**44 115**	(69 254)
Profit before taxation		**3 537 497**	7 149 510
Taxation	35	**(43 113)**	(532 682)
Profit for the year		**3 494 384**	6 616 828
Attributable to:			
– Redefine Properties Limited shareholders		**3 341 893**	6 575 079
– Non-controlling interests		**152 491**	41 749
Other comprehensive income		**24 374**	1 469 289
Items that may not be reclassified subsequently to profit or loss			
Share of revaluation of property, plant and equipment of an associate		**–**	4 126
Items that are or may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations:			
– Subsidiaries		**(32 210)**	155 016
– Associates		**56 584**	942 336
Reclassification of foreign currency differences on loss of significant influence		**–**	367 811
Total comprehensive income for the year		**3 518 758**	8 086 117
Attributable to:			
– Redefine Properties Limited shareholders		**3 369 177**	8 035 162
– Non-controlling interests		**149 581**	50 955
Earnings per share from continuing operations	36		
– Basic		**61.76**	123.07
– Diluted		**61.55**	123.01

Statement of **changes** in equity

for the year ended 31 August 2019

Figures in R'000s	Notes	Stated capital	Accumulated profit
Balance as at 31 August 2017		43 070 822	11 137 593
Total comprehensive income for the year		–	6 575 079
Profit for the year		–	6 575 079
Other comprehensive income for the year		–	–
Transactions with owners (contributions and distributions)		1 258 279	(5 031 330)
Issue of ordinary shares		1 258 279	–
Dividends		–	(5 031 252)
Recognition of share-based payments		–	(5 999)
Disposal of investment in an associate		–	5 921
Share of post-acquisition change in net assets of associates		–	–
Transactions with owners (changes in ownership interests)		–	(63 555)
Change in ownership of subsidiary with NCI		–	(63 555)
Acquisition of subsidiary with NCI		–	–
Balance as at 31 August 2018		44 329 101	12 617 787
Total comprehensive income for the year		**–**	**3 341 893**
Profit for the year		**–**	**3 341 893**
Other comprehensive income for the year		**–**	**–**
Transactions with owners (contributions and distributions)		**259 965**	**(5 355 990)**
Issue of ordinary shares	16	**259 965**	**–**
Dividends		**–**	**(5 349 819)**
Recognition of share-based payments		**–**	**(6 171)**
Disposal of investment in an associate		**–**	**–**
Share of post-acquisition change in net assets of associates		**–**	**–**
Transactions with owners (changes in ownership interests)		**–**	**(5 913)**
Change in ownership of subsidiary with NCI		**–**	**(5 913)**
Acquisition of subsidiary with NCI		**–**	**–**
Balance as at 31 August 2019		**44 589 066**	**10 597 777**

Dividend per share (cents)
Interim
Final^

^ *The final dividend is declared post the financial year end and is therefore a non-adjusting subsequent event (Refer to note 49: Subsequent events).*

Foreign currency translation reserve	Share-based payment reserve	Share of associates' reserves	Shareholders' interest	Non-controlling interests (NCI)	Total equity
(814 377)	52 875	(11 176)	53 435 737	350 448	53 786 185
1 455 957	–	4 126	8 035 162	50 955	8 086 117
–	–	–	6 575 079	41 749	6 616 828
1 455 957	–	4 126	1 460 083	9 206	1 469 289
–	5 488	37 582	(3 729 981)	(75 125)	(3 805 106)
–	–	–	1 258 279	–	1 258 279
–	–	–	(5 031 252)	(75 125)	(5 106 377)
–	5 488	–	(511)	–	(511)
–	–	(5 921)	–	–	–
–	–	43 503	43 503	–	43 503
–	–	–	(63 555)	145 559	82 004
–	–	–	(63 555)	(3 126)	(66 681)
–	–	–	–	148 685	148 685
641 580	58 363	30 532	57 677 363	471 837	58 149 200
27 284	**–**	**–**	**3 369 177**	**149 581**	**3 518 758**
–	**–**	**–**	**3 341 893**	**152 491**	**3 494 384**
27 284	**–**	**–**	**27 284**	**(2 910)**	**24 374**
–	**(1 184)**	**16 892**	**(5 080 317)**	**(12 918)**	**(5 093 235)**
–	**–**	**–**	**259 965**	**13 311**	**273 276**
–	**–**	**–**	**(5 349 819)**	**(26 229)**	**(5 376 048)**
–	**(1 184)**	**–**	**(7 355)**	**–**	**(7 355)**
–	**–**	**–**	**–**	**–**	**–**
–	**–**	**16 892**	**16 892**	**–**	**16 892**
–	**–**	**–**	**(5 913)**	**666**	**(5 247)**
–	**–**	**–**	**(5 913)**	**666**	**(5 247)**
–	**–**	**–**	**–**	**–**	**–**
668 864	**57 179**	**47 424**	**55 960 310**	**609 166**	**56 569 476**

2019	2018
97.32	97.10
49.19	47.30
48.13	49.80

Statement of cash flows

for the year ended 31 August 2019

Figures in R'000s	Notes	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	37	**5 267 179**	6 399 525
Interest received		**899 642**	738 279
Interest paid		**(2 451 727)**	(2 602 039)
Taxation received/(paid)	38	**20 579**	(569 083)
Dividends and interest received from associates and joint ventures	9	**889 099**	1 016 328
Net cash inflow from operating activities		**4 624 772**	4 983 010
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition and development of investment properties		**(4 900 832)**	(5 879 783)
Acquisition of property, plant and equipment		**(9 332)**	(13 720)
Acquisition of other financial assets		**(46 913)**	(138 315)
Acquisition of subsidiary (net of cash acquired)		**–**	(1 231 495)
Investments in associates and joint ventures		**(2 036 115)**	(987 570)
Proceeds on disposal of investment properties		**1 422 951**	2 826 030
Proceeds on disposal of non-current assets held-for-sale (other than investment properties)		**–**	3 888 275
Proceeds on disposal of listed securities		**205 117**	33 789
Proceeds on the disposal of property, plant and equipment		**1 359**	249
Proceeds on disposal of shares in associates and joint ventures		**–**	2 007 117
Proceeds on disposal of other financial assets		**53 133**	–
Other financial liabilities raised on investments made		**–**	44 257
Loans receivable repaid	39	**970 457**	369 496
Loans receivable advanced	39	**(325 416)**	(1 016 073)
Net cash outflow from investing activities		**(4 665 591)**	(97 743)
CASH FLOWS FROM FINANCING ACTIVITIES			
Shares issued		**259 965**	1 258 279
Dividends paid		**(5 349 819)**	(5 031 252)
Shares issued to non-controlling interests		**13 311**	148 685
Disposal of non-controlling interests		**(5 247)**	(66 681)
Dividends paid to non-controlling interests		**(26 229)**	(75 125)
Interest-bearing borrowings raised	40	**9 647 973**	8 329 784
Interest-bearing borrowings repaid	40	**(4 524 493)**	(9 072 536)
Net cash inflow/(outflow) from financing activities		**15 461**	(4 508 846)
Net (decrease)/increase in cash and cash equivalents		**(25 358)**	376 421
Cash and cash equivalents at the beginning of the year		**421 978**	180 661
Effect of foreign currency exchange fluctuations		**10 074**	(135 104)
Cash and cash equivalents at end of year		**406 694**	421 978

Accounting policies
for the year ended 31 August 2019

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 Pronouncements as issued by the Financial Reporting Standards Council, and the requirements of the Companies Act 2008.

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). All amounts have been rounded to the nearest thousand, unless otherwise indicated.

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 flows 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 flows 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.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, the other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

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 Non-controlling interests

The non-controlling interest relates to the portion of equity ownership in a subsidiary not attributable to the parent company. Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

1.2.3 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 by the contractual parties on decisions about the 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. The group's share of the investee's reserves are recognised in the statement of changes in equity per the relevant reserve category.

Accounting policies continued

for the year ended 31 August 2019

1. Significant accounting policies continued

1.2 Basis of consolidation continued

1.2.3 Associates and joint ventures continued

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. Any gain on bargain purchase is included as income in the group's share of the associate or joint venture's profit or loss in the period in which the investment is acquired. 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.

When additional investments are made while maintaining significant influence or joint control, the cost of the additional investment is added to the carrying value of the investee. Goodwill that arises from this additional acquisition is added to the carrying value of the investee. When the ownership interest in an investee is reduced without affecting the classification as an associate or joint venture, 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

Transactions in foreign currencies are translated into the respective functional currencies of the group companies at the exchange rates at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated into the functional currency at the exchange rate 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. Foreign currency differences are generally recognised in profit or loss.

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, the South African rand, using the respective foreign exchange rates prevailing at the 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 in the foreign currency translation reserve. 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. If the group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amounts is reattributed to non-controlling interests.

1.4 Investment properties

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 2019, all properties were valued.

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. Significant accounting policies continued

1.5 Properties under development

Properties under development comprise the cost of the land and development, and are measured 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 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; interest expense is recognised using the effective interest method.

1.7 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:

- Leasehold improvements: ten years
- Computer equipment: five years
- Furniture and fittings: three years
- Office equipment: three years
- Motor vehicles: five years

The depreciation method, useful lives, and residual values are reviewed at each reporting date.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

1.8 Properties held-for-trading

Properties held-for-trading comprise properties acquired, as well as properties developed with the intention of disposing for a 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.

1.9 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 of disposal, 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 IFRS 9 *Financial Instruments*, 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.

1. Significant accounting policies continued

1.9 Non-current assets held-for-sale and discontinued operations continued

Non-current assets held-for-sale are presented separately from other assets and liabilities on the statement of financial position. Prior periods are not reclassified.

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 re-presented as if the operation had been discontinued from the start of the comparative year.

1.10 Financial instruments

Accounting policy applied from 1 September 2018

Financial assets

(i) Classification

From 1 September 2018, the group classifies its financial assets in the following measurement categories:

- Those to be measured at amortised cost; or
- Those to be measured subsequently at fair value (either through other comprehensive income (OCI) or through profit or loss).

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held-for-trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on the trade date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value.

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest is measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the consolidated statement of profit or loss.

FVTPL: Assets that do not meet the criteria for amortised cost are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and is presented net within other gains/(losses) in the period in which it arises.

1. Significant accounting policies continued

1.10 Financial instruments continued

Accounting policy applied from 1 September 2018 continued

Financial assets continued

(iv) Impairment

From 1 September 2018, the group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The group's financial assets are subject to the expected credit loss (ECL) model.

For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The expected loss rates are based on the payment profiles of trade receivables over a period of 36 months and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the liability of the tenants to settle the receivable. Such forward-looking information would include:

- changes in economic, regulatory, technological and environmental factors (such as industry outlook, GDP, employment and politics);
- external market indicators; and
- tenant base.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor. Impaired debts are derecognised when they are assessed as uncollectible.

The ECL associated with loans and other receivables carried at amortised cost are assessed on a forward-looking basis using the general model per IFRS 9. Three main parameters are used to measure ECL on loans and other receivables carried at amortised cost. These are the probability of default (PD), loss given default (LGD), and exposure at default (EAD). The group has leveraged existing parameters used for determining capital demands under the Basel guidance and internal risk management practices to calculate ECL. The group uses three categories (performing, underperforming and non-performing), which reflect the credit risk and how the loss provision is determined for each of those categories. An internal credit risk rating system is also used.

Debt investment and other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

The impairment charge for debt investments at FVOCI is recognised in profit or loss and reduces the fair value loss otherwise recognised in OCI.

Investment in equity

The group subsequently measures all equity investments at fair value. Dividends from such investments continue to be recognised in profit or loss as investment income when the group's right to receive payments is established. Changes in the fair values of financial assets at FVTPL are recognised in changes in fair values of financial instruments.

Loan receivables and trade and other receivables

Loan and trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less expected credit losses. The group holds the loan and trade and other receivables with the objective to collect the contractual cash flows.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

1. Significant accounting policies continued

1.10 Financial instruments continued

Accounting policy applied from 1 September 2018 continued

Financial liabilities

The group recognises a financial liability when it first becomes a party to the contractual rights and obligations in the contract.

All financial liabilities are initially recognised at fair value minus (in the case of a financial liability that is not at FVTPL) transaction costs that are directly attributable to issuing the financial liability. Financial liabilities are measured at amortised cost, unless the group opted to measure a liability at FVTPL. The exchangeable bonds have been recognised at FVTPL as it is a hybrid contract containing embedded derivatives. These embedded derivatives significantly modify the cash flows of the host contract relating to the exchangeable bonds.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method (see note 1.6 for the accounting policy on borrowings costs). However, interest-bearing borrowings comprising exchangeable bonds remain measured at fair value, with subsequent changes in fair value recognised in profit or loss.

Financial liabilities included in trade and other payables are recognised initially at fair value and subsequently at amortised cost. The fair value of a non-interest-bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

Derivatives

The group does not apply hedge accounting in accordance with IFRS 9. Derivative financial assets and liabilities are classified as financial assets or liabilities at FVTPL. Derivative financial assets and liabilities comprise mainly interest rate swaps and forward foreign exchange contracts for hedging purposes (economic hedge). Recognition of the derivative financial instruments takes place when the economic hedging contracts are entered into. They are measured initially and subsequently at fair value; transaction costs are included directly in finance costs. Gains or losses on derivatives are recognised in profit or loss in changes in fair values of financial instruments.

Accounting policies applied until 31 August 2018

Financial instruments

The group has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the group's previous accounting policy.

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 that are classified at 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 as 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 measured 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.

1. Significant accounting policies continued

1.10 Financial instruments continued

Accounting policies applied until 31 August 2018 continued

Financial instruments continued

The financial assets of the group are classified as follows:

- Listed securities are classified at fair value through profit or loss. The underlying investment of the listed securities is investment property and is, therefore, treated in the same way as other property investments, i.e. at fair value through profit or loss;
- 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, cross-currency interest rate swaps, and forward exchange options are classified as at fair value through profit or loss.

The group derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. 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.

Financial liabilities at fair value through profit or loss include all instruments classified as held-for-trading and those instruments designated as held at fair value through profit or loss. These instruments are initially recorded at fair value, with changes in fair value subsequently recognised in profit or loss.

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;
- Interest-bearing borrowings at fair value through profit or loss, comprising exchangeable bonds, are classified as financial liabilities at fair value through profit or loss; the exchangeable bond is a hybrid contract (where the host is not an asset) containing embedded derivatives. The entire hybrid contract is recognised at fair value as the embedded derivatives significantly modify the cash flows relating to the exchangeable bonds;
- Derivatives, comprising interest rate swaps, cross-currency 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 as 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. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

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 detail on derivative financial instruments is disclosed in note 44: Financial risk management.

1. Significant accounting policies continued

1.11 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 in note 1.2.3: Associates and joint ventures.

1.12 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 the acquisition date.

Intangible assets with an indefinite useful life (other than goodwill) 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 financial year end and adjusted if necessary.

The types of intangible assets, including the applicable useful lives, are listed below:

- Right to manage property: 15 years
- Electricity recovery business: indefinite life

The amortisation method and useful lives are reviewed annually at the financial year end.

1.13 Impairment of non-financial assets

The carrying value of non-financial assets (other than goodwill, intangible assets with an indefinite useful life, investment property and deferred tax assets) are 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 of disposal 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.

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.

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.

An impairment loss in respect of goodwill is 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.

1.14 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. Significant accounting policies continued

1.15 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.

1.16 Dividends paid

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.

1.17 Revenue recognition

Revenue includes rental income, service charges and property management charges.

Rental income from operating leases is recognised on a straight-line basis over the lease term. When the group provides incentives to its tenants, the cost of the incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income.

Revenue from service and property management charges is recognised in the accounting period in which control of the services are passed to the customer, which is when the service is rendered. For certain service contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

Some property management contracts may include multiple elements of service, which are provided to tenants. The group assesses whether individual elements of service in the contract are separate performance obligations. Where the contracts include multiple performance obligations, and/or lease and non-lease components, the transaction price will be allocated to each performance obligation (lease and non-lease component) based on the relative standalone selling prices. Where these selling prices are not directly observable, they are estimated based on an expected cost plus margin. In the case of fixed price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

Revenue is measured at the transaction price agreed under the contract. Amounts disclosed as revenue are net of variable consideration and payments to customers, which are not for distinct services. This consideration may include discounts, trade allowances, rebates and amounts collected on behalf of third parties. For arrangements that include deferred payment terms that exceed twelve months, the group adjusts the transaction price for the financing component, with the impact recognised as interest income using the effective interest method over the period of the financing.

A receivable is recognised when services are provided as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

When the group is acting as an agent, the commission rather than gross income is recorded as revenue.

The group pays lease commissions in order to secure certain contracts; these lease commissions are assessed to be an incremental cost of obtaining a contract. For lease commissions paid in relation to revenue contracts which are for a period greater than one year, the lease commissions are capitalised as an other non-current asset and is amortised over the period of the revenue contract to which it relates.

1.18 Net operating profit

Net operating profit is before other gains, loss on disposal of interest in associates and joint ventures, changes in fair values, amortisation of intangible asset, impairments and equity-accounted profit/(loss) (net of taxation).

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 which the group has a present legal or constructive obligation to pay as a result of the employees' services provided up to the reporting date.

1. Significant accounting policies continued

1.19 Employee benefits continued

1.19.2 Defined contribution plans share appreciation scheme

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 Other long-term employee benefits

In terms of the long-term staff incentive scheme, a conditional right to a cash award is awarded to employees subject to performance and vesting conditions. The scheme is accounted for in terms of IAS 19, *Employee Benefits* as the group's net obligation in respect of other long-term employee benefits is the amount of future benefits that employees have earned in return for their services to date. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise. No actuarial valuations have been performed.

1.19.4 Share-based payments

i) Restricted Share Scheme (RSS)

Short-term and long-term incentive 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.

ii) 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.

Nil-cost options

In terms of the staff incentive scheme, a conditional right to shares or a cash equivalent, at the employees' option, is awarded to employees subject to performance and vesting conditions. The scheme is accounted for as a compound financial instrument.

Liability portion: The fair value of the amount payable in terms of the cash alternative of the nil-cost options is recognised as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the value of the cash alternative of the nil-cost options. Any changes in the liability are recognised in profit or loss.

Equity portion: The equity portion is calculated as the services received in return for the number of nil-cost options expected to vest multiplied by the share price at the date of award less discounted future anticipated distributions less the above liability portion. The grant-date fair value of the equity portion of the nil-cost option 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.

Conditional awards

In terms of the staff incentive scheme, a conditional right to a cash equivalent is awarded to employees subject to performance and vesting conditions. The fair value of the amount payable in respect of conditional awards is recognised as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is based on the fair value of the underlying Redefine shares at each reporting date and is measured until settlement date. Any changes in the liability are recognised in profit or loss.

1. Significant accounting policies continued

1.20 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.

1.21 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. The group identifies and presents operating segments based on the information that is provided internally to the executive management committee (Exco), the group's operating decision-making forum. 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. The group comprises six segments, namely Office, Retail, Industrial, Specialised, Head Office and International.

1.22 Leases

1.22.1 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.

1.22.2 Group as a lessor

Properties leased to third parties under operating leases are included in investment properties in the statement of financial position.

The group provides certain incentives for the lessee to enter into lease agreements. Initial periods of the lease term may be agreed to be rent-free or at a reduced rent. All incentives are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of the payments.

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. Significant accounting policies continued

1.23 Earnings and headline earnings

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 4/2018 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.

1.24 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 and properties under development

The portfolio is valued annually. For the purposes of the independent valuations at 31 August 2019, all properties were valued. By obtaining external valuations from accredited valuators for the portfolio, management is of the opinion that the risk relating to estimation uncertainty has been mitigated as far as possible. Refer to notes 1.4 and 4: Investment property and notes 1.5 and 6: Properties under development, for further information.

Goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating units to which goodwill has been allocated. Refer to note 8: Goodwill and intangible assets for further information.

Impairment of investments in associates

Investments in associates are tested for impairment if any impairment indicators are present. Indicators of impairment include:

- diminishing dividend yields;
- net assets of the company is higher than the market capitalisation;
- the carrying amount of the associate is higher than the carrying amount of the investees' assets; and
- a dividend received exceeds the total comprehensive income of the investee.

Management will perform an impairment calculation by comparing the carrying amount of the investment to its recoverable amount. The recoverable amount is the higher of the fair value less cost of disposal, represented by the closing share price, if applicable, and the value in use, determined by discounting future cash flows.

Refer to note 9: Investment in associates and joint ventures for the indicators considered, as well as the impairment tests performed, where applicable.

Accounting for investments in associates and joint ventures

The group holds various investments in associates and joint ventures (all of which are foreign), which are required to be equity-accounted. In accordance with the group's accounting policies, the investment in the associates and joint ventures is measured at cost, with the group's share of post-acquisition earnings recognised in profit or loss and other comprehensive income. The application of the equity method is complex, with inherent risks included in this accounting treatment due to factors such as change in the interest held in the associate or joint venture, movement in the exchange rates, profit or loss on dilution of interest held, disposal of the investments, and the complexity of the foreign currency translation reserve calculation.

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 *Investment Property,* 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 *Business Combinations*, as there were no adequate processes identified within these properties to warrant classification as businesses.

Per IFRS 3, a business consists of inputs and processes applied to those inputs, that have the ability to create outputs. Property acquisitions are assessed to determine whether a process was acquired with the property, which would indicate that the acquisition is a business combination.

IFRS 3 defines input as "... an economic resource that creates, or has the ability to create outputs when one or more processes are applied to it".

1. Significant accounting policies continued

1.24 Key estimates and assumptions continued

Business combination versus asset acquisition continued

The property acquisition may include the building and/or land and tenants. These are considered to be the inputs. Tenants are considered to be an input as processes must be applied to create output, such as billing and rental income collection.

IFRS 3 defines process as "...any system, standard, protocol, convention or rule that, when applied to an input, creates or has the ability to create outputs".

Redefine's employees apply processes to the inputs to generate rental income. The processes include (but are not limited to) letting of space, maintaining of buildings, billing of rent, and collection of rent. These property management and asset management processes are typically provided by Redefine's employees. The property acquired would be included in one of Redefine's operating segments and strategic management processes and resource allocation would be managed at a portfolio level.

Processes are rarely acquired together with the inputs in a single property acquisition. As a result, these property acquisitions would not constitute a business as defined.

Acquisition of a portfolio of properties on a large scale may include the associated business processes. In practice, the statutory entity which owns the property portfolio would typically be acquired together with the business. This would then be accounted for in terms of IFRS 3 and not a property acquisition in terms of IAS 40.

Control versus significant influence

Significant judgements were required in determining whether the group controlled its investment in EPP N.V. or if it continued to exercise significant influence. IFRS 10 *Consolidated Financial Statements* determines that an investor controls an investee if, and only if, the investor has power to control the relevant activities of the investee and exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. The directors have assessed that the group does not control EPP principally because:

- Redefine does not have the right to appoint directors;
- Redefine does not hold more than 50% of the voting rights in issue;
- the directors in common are both appointed as non-executive, and do not represent a majority on the board of directors;
- operating and financing decisions are directed by the executive committee, which Redefine cannot appoint (appointment is by majority of the board);
- EPP's operations are not dependent on Redefine;
- there are no contractual arrangements in place that dictate how EPP operates;
- size and dispersion of shareholder base of the EPP shareholder base indicates that Redefine does not have the ability to direct the relevant activities of EPP; and
- historical voting patterns did not contain sufficient evidence that Redefine could use its voting rights to exercise power over relevant activities.

Although two tranches of shares were acquired during the 2019 financial year, which increased Redefine's holding in EPP to under 45%, a voting limitation deed (VLD) was entered into, resulting in Redefine's voting rights being restricted to 40% of the votes present at shareholder meetings. The VLD does not seek to avoid consolidation in the event where control exists, but rather to reaffirm Redefine's non-controlling interest in EPP. In particular, the VLD seeks to avoid any potential indicator of *de facto* control that may otherwise arise as a consequence of shareholder apathy amongst other EPP shareholders, which could result in the votes exercised by Redefine in respect of its EPP shares factually constituting a majority of the votes exercised on a particular resolution.

Based on the above assessment, the directors have concluded that Redefine does not control EPP; instead it exercises significant influence over EPP and as such will continue to equity account this investment.

1. Significant accounting policies continued

1.25 New standards and interpretations adopted by the group

IFRS 9 *Financial Instruments*

Classification and measurement of financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets and their cash flow characteristics are managed. IFRS 9 contains three principal classification categories for financial assets – amortised cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVTPL).

Amortised cost

A debt instrument that meets both of the following conditions other than those designated at FVTPL:

- Held within a business model whose objective is to hold the debt instrument (financial asset) in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Fair value through other comprehensive income (FVOCI)

A debt instrument that meets both of the following conditions (other than those designated at FVTPL):

- Held within a business model in which the debt instrument (financial asset) is managed to both collect contractual cash flows and sell financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Equity financial assets which are not held-for-trading and are irrevocably elected (on an instrument-by-instrument basis) to be presented at fair value through OCI.

Fair value through profit or loss (FVTPL)

Financial assets that are not classified into one of the above-mentioned financial asset categories.

With the exception of certain vendor loans of the group, the measurement categories of financial instruments remained the same on the date of initial application, 1 September 2018.

On the date of initial application, 1 September 2018, the measurement categories of the financial instruments of the group were as follows:

Financial assets	Original (IAS 39)	New (IFRS 9)
Listed securities	Held-for-trading	FVTPL
Derivative financial assets	FVTPL	FVTPL
Loans receivable		
Vendor loans	Loans and receivables	Amortised cost and FVTPL
Share purchase scheme	Loans and receivables	Amortised cost
Direct loan to non-controlling interest	Loans and receivables	Amortised cost
Other financial assets	FVTPL	FVTPL
Investment in unlisted shares	Held-for-trading	FVTPL
Trade and other receivables	Loans and receivables	Amortised cost
Cash and cash equivalents	Loans and receivables	Amortised cost

Financial liabilities	Original (IAS 39)	New (IFRS 9)
Interest-bearing borrowings	Amortised cost	Amortised cost
Interest-bearing borrowings at fair value	FVTPL	FVTPL
Trade and other payables	Amortised cost	Amortised cost
Derivative liabilities	FVTPL	FVTPL
Other financial liabilities	FVTPL	FVTPL

1. Significant accounting policies continued

1.25 New standards and interpretations adopted by the group continued

IFRS 9 *Financial Instruments* continued

Vendor loans

The group's business model is achieved by collecting the contractual cash flows.

Where the contractual cash flows of the vendor loans consist solely of principal and interest, the group continued to classify and measure these loans at amortised cost.

Where the contractual cash flows of the Vendor loans did not consist solely of principal and interest, the group reclassified and measured these vendor loans to FVTPL.

	IAS 39	IFRS 9	
	31 August 2018	1 September 2018	
R'000	Amortised cost	Amortised cost	FVTPL
Loans receivable	2 698 148	2 506 038	192 110

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost or FVOCI.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- **12-month ECLs:** These are ECLs that result from possible default events within the 12 months after the reporting date; or
- **Lifetime ECLs:** These are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition, and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component.

From 1 September 2018, the group has the following types of financial assets that are subject to IFRS 9's new expected credit loss model:

- Loans and other receivables carried at amortised cost;
- Trade receivables; and
- Cash and cash equivalents.

The group assesses on a forward-looking basis the expected credit losses associated with its loans and other receivables carried at amortised cost. The group uses three main parameters to measure ECL on loans and other receivables carried at amortised cost. These are the probability of default (PD), loss given default (LGD), and exposure at default (EAD). The group has leveraged existing parameters used for determining capital demands under the Basel guidance and internal risk management practices to calculate ECL.

For trade receivables, the group applies the IFRS 9 simplified impairment provision matrix based on historical credit loss experiences to estimate lifetime ECL for all trade receivables.

ECLs are calculated by applying a loss ratio to the aged balance of the trade receivables at each reporting date. The loss ratio is calculated according to the aging of credit by applying historic/proxy write-offs to the payment profile of the credit population. The historic loss ratio is then adjusted for forward-looking information to determine the ECL for the portfolio of trade receivables at the reporting period to the extent that there is a strong correlation between the forward-looking information and the ECL.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the expected credit losses are immaterial.

1. Significant accounting policies continued

1.25 New standards and interpretations adopted by the group continued

IFRS 9 *Financial Instruments* continued

Refinancing of financial liabilities

There was no material impact from the adoption of IFRS 9 on the financial liabilities of the group.

The group retrospectively adopted IFRS 9 on 1 September 2018, with an adjustment to the group's opening 1 September 2018 accumulated profit and, as permitted by IFRS 9, did not restate its comparative financial results. Accordingly, the group's previously reported financial results up to 31 August 2018 are presented in accordance with the requirements of IAS 39 and, for future reporting periods, are presented in terms of IFRS 9.

The total impact on the group's accumulated profit as at 1 September 2018 is as follows:

R'000	1 September 2018
Opening accumulated profit as originally presented	12 617 787
Change in accounting policy brought by the adoption of IFRS 9:	
– Change in fair value of vendor loans measured at amortised cost now classified as vendor loans at FVTPL	–
– Increase in provision for loans receivable carried at amortised cost	–
– Increase in provision for trade receivables	–
Adjusted accumulated profit	12 617 787

Reconciliation of financial assets impairment from IAS 39 to IFRS 9:

R'000	Loans receivable (amortised cost)
31 August 2018, opening balance under IAS 39	2 709 294
31 August 2018, loss allowance under IAS 39	(11 146)
31 August 2018, closing balance under IAS 39	2 698 148
Reclassification of Loans receivable to FVTPL	–
IFRS 9 *Loss Allowance* amounts adjusted through opening Accumulated profits 1 September 2018*	–
1 September 2018, opening balance under IFRS 9	2 698 148
Net movements (repayments, interest) during the year	(743 275)
IFRS 9 *Impairment* charge recognised in profit or loss during the year	(42 905)
31 August 2019, closing balance under IFRS 9	1 911 968

* *The impact of IFRS 9 expected credit losses compared to the loss allowance recognised based on IAS 39 was not material and did not lead to an adjustment of the accumulated profit as at 1 September 2018.*

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 is effective for annual periods beginning on or after 1 January 2018, replacing the existing revenue standards and the related interpretations. The standard sets out the requirements for recognising revenue that applies to all contracts with customers, except for contracts that are within the scope of the standards on leases, insurance contracts or financial instruments.

This standard requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled, in exchange for those goods or services. This core principle is achieved through a five-step methodology that is required to be applied to all contracts with customers.

The group adopted IFRS 15 on 1 September 2018 and, as permitted by IFRS 15, did not restate its comparative financial results. The standard does not apply to revenue associated with leases and financial instruments, and therefore does not impact the majority of the group's revenue.

Revenue from lease components includes rent, and revenue recognition remains consistent with the accounting policies outlined in the most recent audited annual consolidated financial statements.

Revenue related to the services component of the group's leases are accounted for in accordance with IFRS 15. These services consist primarily of operating costs recoveries for which the revenue is recognised over time, typically as the costs are incurred, which is when the services are provided. This IFRS 15 treatment is the same as that applied previously under IAS 18.

1. Significant accounting policies continued

1.25 New standards and interpretations adopted by the group continued

IFRS 15 *Revenue from Contracts with Customers* continued

The adoption of IFRS 15 did not have an impact on the timing of recognition or measurement of revenue and was limited to additional disclosure on the disaggregation of the group's various revenue streams.

R'000	August 2019	August 2018
Gross rental income (not in scope of IFRS 15)	**6 750 890**	6 304 318
Operating costs recoveries (IFRS 15)	**1 792 910**	1 575 052
Contractual rental income	**8 543 800**	7 879 370

1.26 New 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 to IFRS 9 *Financial Instruments*: Prepayment features with negative compensation

The amendments clarify that financial assets containing prepayment features with negative compensation can now be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9.

The amendments apply for annual periods beginning on or after 1 January 2019 with retrospective application, and early adoption is permitted.

As there are no prepayment features in the group's financial instrument contracts, the group has determined that the above amendment will not have a material impact on the financial statements.

IFRS 16 *Leases*

IFRS 16 replaces existing leases guidance, including IAS 17, *Leases*, IFRIC 4, *Determining Whether an Arrangement Contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16.

IFRS 16 is effective for the group's financial reporting period ending 31 August 2020.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases.

The group has completed its detailed assessment and determined that no material adjustments were necessary.

Lessor

The group is not required to make any adjustments for leases in which it is a lessor, except where it is an intermediate lessor in a sub-lease.

The group has determined that the sub-leases should continue to be recognised as an operating lease based on the new classification criteria.

Lessee

The group will recognise new assets and liabilities for its operating leases of leased land. On adoption of IFRS 16, the group will recognise lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17, *Leases*. These liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 September 2019. A lease-by-lease approach was used in determining the respective incremental borrowing rate for each lease as the lease profiles were different. A right-of-use asset will also be recognised for each lease; these assets will be measured at the amount equal to the lease liability. The cumulative amount for these lease liabilities and right-of-use assets will be R182.6 million.

In addition, the nature of expenses related to those leases will now change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Accounting policies continued

for the year ended 31 August 2019

1. Significant accounting policies continued

1.26 New standards and interpretations not yet effective continued

Transition

The group has assessed the available transition methods, including the practical expedients, and determined that no prior year adjustments are required.

Interpretation 23, Uncertainty over income tax treatments

The interpretation gives clarity to the accounting for income tax treatments that have yet to be accepted by tax authorities.

The amendments are effective for annual periods beginning on or after 1 January 2019.

The group has determined that its accounting for tax treatments is in line with the relevant tax authorities (locally and abroad) and, as such, does not expect a material impact to the financial statements when IFRIC 23 is adopted.

Long-term interests in associates and joint ventures – Amendments to IAS 28

The amendments clarify the accounting for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under IFRS 9 *Financial Instruments* before applying the loss allocation and impairment requirements in IAS 28 *Investments in Associates and Joint Ventures*.

The amendments are effective for annual periods beginning on or after 1 January 2019.

The group has determined that this amendment will not impact the financial statements as it has no long-term interest in an associate or joint venture.

Annual improvements to IFRs Standards 2015-2017 cycle

The following improvements were finalised in December 2017:

- IFRS 3 ***Business Combinations*** – clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages.
- IFRS 11 ***Joint Arrangements*** – clarified that the party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation.
- IAS 12 ***Disclosure of Interests in Other Entities*** – clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.
- IAS 23 ***Borrowing Costs*** – clarified that, if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The amendments are effective for annual periods beginning on or after 1 January 2019.

The group has determined that these amendments will not have a material impact on the annual financial statements when implemented.

Plan amendment, curtailment or settlement – Amendments to IAS 19

The amendments to IAS 19 *Employee Benefits* clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must:

- calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change;
- recognise any reduction in a surplus immediately in profit or loss, either as part of past-service cost or as a gain or loss unsettlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling; and
- separately recognise any changes in the asset ceiling through other comprehensive income.

The amendments are effective for annual periods beginning on or after 1 January 2019.

The group has determined that these amendments will not have a material impact on the annual financial statements as it has no defined benefit plans.

1. Significant accounting policies continued

1.26 New standards and interpretations not yet effective continued

Definition of material – Amendments to IAS 1 and IAS 8

The IASB has made amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors,* which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.

In particular, the amendments clarify:

- that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole; and
- the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

The amendments are effective for annual periods beginning on or after 1 January 2020.

The group is currently assessing the impact of these amendments.

Definition of a business – Amendments to IFRS 3

The amended definition of a business requires an acquisition to include an input and a substantive process that, together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

The amendments will likely result in more acquisitions being accounted for as asset acquisitions.

The amendments are effective for annual periods beginning on or after 1 January 2020.

The group is currently assessing the impact of these amendments.

Revised conceptual framework for financial reporting

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting;
- reinstating prudence as a component of neutrality;
- defining a reporting entity, which may be a legal entity or a portion of an entity;
- revising the definitions of an asset and a liability;
- removing the probability threshold for recognition and adding guidance on derecognition;
- adding guidance on different measurement basis; and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

The amendments are effective for annual periods beginning on or after 1 January 2020.

The group is currently assessing the impact of these amendments.

Notes to the financial statements
for the year ended 31 August 2019

Figures in R'000s	2019 Office	2019 Retail
2. Segmental report		
STATEMENT OF FINANCIAL POSITION		
Investment properties (including straight-line rental income accrual)	24 986 554	27 943 702
Properties under development	217 232	371 469
Listed securities	–	–
Goodwill and intangible assets	1 913 810	2 883 662
Investment in associates	–	–
Loans receivables	–	–
Property, plant and equipment	105 096	4
Properties held-for-trading	–	–
Non-current assets held-for-sale	90 000	494 204
Other assets	–	–
Total assets	27 312 692	31 693 041
Interest-bearing borrowings	–	–
Interest-bearing borrowings at fair value	–	–
Other liabilities	–	–
Total liabilities	–	–
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Contractual rental income	2 824 905	3 418 066
Straight-line rental income accrual	(32 420)	79 165
Investment income	–	–
Total revenue	2 792 485	3 497 231
Operating costs	(854 230)	(1 342 247)
Administration costs	–	–
Net operating profit/(loss)	1 938 255	2 154 984
Other gains	–	–
Net changes in fair values	(415 357)	418 513
Amortisation of intangible assets	–	–
Impairments	–	–
Net equity-accounted loss (net of taxation)	–	–
Profit/(loss) before finance and taxation	1 522 898	2 573 497
Interest income	–	–
Interest expense	–	–
Foreign exchange gains	–	–
Profit before taxation	1 522 898	2 573 497
Taxation	–	–
Profit/(loss)for the year	1 522 898	2 573 497
Non-controlling interests	–	–
Profit/(loss) for the year attributable to Redefine Properties Limited shareholders	1 522 898	2 573 497

2019					
Industrial	Specialised	Head office	Total local	International	Total
12 427 957	2 856 488	–	68 214 701	6 871 803	75 086 504
1 230 882	–	–	1 819 583	1 734 095	3 553 678
–	–	178 248	178 248	759 040	937 288
510 710	–	314 277	5 622 459	–	5 622 459
–	–	–	–	11 850 004	11 850 004
–	–	1 301 772	1 301 772	610 196	1 911 968
–	32 677	54 903	192 680	2 831	195 511
56 549	395 334	–	451 883	–	451 883
48 195	–	–	632 399	449 260	1 081 659
–	–	1 158 695	1 158 695	893 354	2 052 049
14 274 293	3 284 499	3 007 895	79 572 420	23 170 583	102 743 003
–	–	30 718 206	30 718 206	7 944 766	38 662 972
–	–	–	–	2 522 723	2 522 723
–	–	2 724 834	2 724 834	2 262 998	4 987 832
–	–	33 443 040	33 443 040	12 730 487	46 173 527
1 437 868	337 088	–	8 017 927	525 873	8 543 800
66 446	(19 487)	–	93 704	–	93 704
–	–	89 751	89 751	63 947	153 698
1 504 314	317 601	89 751	8 201 382	589 820	8 791 202
(393 744)	(134 470)	–	(2 724 691)	(210 815)	(2 935 506)
–	–	(280 158)	(280 158)	(95 857)	(376 015)
1 110 570	183 131	(190 407)	5 196 533	283 148	5 479 681
–	–	72 912	72 912	40 619	113 531
207 074	52 838	(1 107 772)	(844 704)	1 017 525	172 821
–	–	(62 856)	(62 856)	–	(62 856)
–	–	(103 794)	(103 794)	(303 559)	(407 353)
–	–	–	–	(315 972)	(315 972)
1 317 644	235 969	(1 391 917)	4 258 091	721 761	4 979 852
–	–	915 574	915 574	146 254	1 061 828
–	–	(2 161 205)	(2 161 205)	(387 093)	(2 548 298)
–	–	–	–	44 115	44 115
1 317 644	235 969	(2 637 548)	3 012 460	525 037	3 537 497
–	–	(25 062)	(25 062)	(18 051)	(43 113)
1 317 644	235 969	(2 662 610)	2 987 398	506 986	3 494 384
–	–	(49 532)	(49 532)	(102 959)	(152 491)
1 317 644	235 969	(2 712 142)	2 937 866	404 027	3 341 893

2. Segmental report continued

Figures in R'000s	2018 Office	2018 Retail
STATEMENT OF FINANCIAL POSITION		
Investment properties (including straight-line rental income accrual)	23 818 094	27 441 765
Properties under development	1 653 690	243 316
Listed securities	–	–
Goodwill and intangible assets	1 913 810	2 883 662
Investment in associates	–	–
Loans receivable	–	–
Non-current assets held-for-sale	378 851	84 610
Properties held-for-trading	–	–
Other assets	–	–
Total assets	27 764 445	30 653 353
Interest-bearing borrowings	–	–
Interest-bearing borrowings at fair value	–	–
Other liabilities	–	–
Total liabilities	–	–
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Contractual rental income	2 917 649	3 297 234
Straight-line rental income accrual	122 316	41 504
Investment income	–	–
Total revenue	3 039 965	3 338 738
Operating costs	(876 054)	(1 277 879)
Administration costs	–	–
Net operating profit/(loss)	2 163 911	2 060 859
Other gains	–	–
Loss on disposal of interest in associates and joint ventures	–	–
Net changes in fair values	876 727	1 555 349
Amortisation of intangible assets	–	–
Impairments	–	–
Net equity-accounted profit (net of taxation)	–	–
Profit/(loss) before finance costs and taxation	3 040 638	3 616 208
Interest income	–	–
Interest expense	–	–
Foreign exchange losses	–	–
Profit/(loss) before taxation	3 040 638	3 616 208
Taxation	–	–
Profit/(loss) for the year	3 040 638	3 616 208
Non-controlling interests	–	–
Profit/(loss) for the year attributable to Redefine Properties Limited shareholders	3 040 638	3 616 208

2018					
Industrial	Specialised	Head office	Total local	International	Total
11 386 868	2 457 628	–	65 104 355	3 365 496	68 469 851
1 675 229	498 586	–	4 070 821	1 855 284	5 926 105
–	–	990 083	990 083	945 760	1 935 843
510 710	60 888	377 133	5 746 203	–	5 746 203
–	–	–	–	11 508 630	11 508 630
–	–	1 693 533	1 693 533	1 004 615	2 698 148
23 874	–	–	487 335	61 754	549 089
28 943	–	–	28 943	–	28 943
–	–	1 195 297	1 195 297	635 114	1 830 411
13 625 624	3 017 102	4 256 046	79 316 570	19 376 653	98 693 223
–	–	27 723 196	27 723 196	5 897 956	33 621 152
–	–	–	–	2 502 753	2 502 753
–	–	3 504 246	3 504 246	915 872	4 420 118
–	–	31 227 442	31 227 442	9 316 581	40 544 023
1 340 892	262 405	–	7 818 180	61 190	7 879 370
106 396	(16 487)	–	253 729	–	253 729
–	–	157 574	157 574	150 649	308 223
1 447 288	245 918	157 574	8 229 483	211 839	8 441 322
(368 808)	(96 689)	–	(2 619 430)	(18 526)	(2 637 956)
–	–	(219 753)	(219 753)	(145 391)	(365 144)
1 078 480	149 229	(62 179)	5 390 300	47 922	5 438 222
–	–	170 113	170 113	75 357	245 470
–	–	–	–	(57 787)	(57 787)
298 296	102 918	(461 651)	2 371 639	(692 419)	1 679 220
–	–	(62 856)	(62 856)	–	(62 856)
–	–	–	–	(1 053 753)	(1 053 753)
–	–	–	–	2 541 427	2 541 427
1 376 776	252 147	(416 573)	7 869 196	860 747	8 729 943
–	–	788 109	788 109	131 719	919 828
–	–	(2 110 628)	(2 110 628)	(320 379)	(2 431 007)
–	–	–	–	(69 254)	(69 254)
1 376 776	252 147	(1 739 092)	6 546 677	602 833	7 149 510
–	–	51 640	51 640	(584 322)	(532 682)
1 376 776	252 147	(1 687 452)	6 598 317	18 511	6 616 828
–	–	(50 390)	(50 390)	8 641	(41 749)
1 376 776	252 147	(1 737 842)	6 547 927	27 152	6 575 079

3. Restatement

Re-presentation of changes in fair values on the statement of profit and loss and other comprehensive income

In the prior year, changes in fair values were shown as one line item in the statement of profit and loss and other comprehensive income. In the restated comparatives, this line item was separated out into changes in fair values of investment properties and changes in fair values of financial instruments to better represent the operations of the group.

This change was applied retrospectively and the following line items were effected:

Figures in R'000s	Previously reported 31 August 2018	Adjustments	Restated 31 August 2018
STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME			
Changes in fair values	1 679 220	(1 679 220)	–
Changes in fair values of investment properties	–	2 594 040	2 594 040
Changes in fair values of financial instruments	–	(914 820)	(914 820)

Figures in R'000s	Notes	2019	2018
4. Investment property			
Carrying amount			
Cost		**56 632 086**	50 906 033
Cumulative fair value adjustments		**16 162 767**	15 365 871
Balance at end of year		**72 794 853**	66 271 904
Movement for the year			
Balance at beginning of year		**66 271 904**	57 299 006
Additions at cost		**1 087 690**	2 025 254
– arising from acquisitions		**163 000**	765 184
– arising from subsequent expenditure		**865 503**	1 162 729
– capitalised borrowing costs*		**59 187**	97 341
Additions on acquisitions of subsidiaries		**–**	3 107 049
Disposals at fair value		**(627 401)**	(209 147)
Change in fair value		**1 800 918**	2 926 720
Tenant installations and lease commissions		**125 855**	39 032
– costs capitalised		**211 005**	115 094
– amortisation		**(85 150)**	(76 062)
Transfer to properties under development		**–**	(742 000)
Transfer from properties under development	6	**5 002 762**	2 227 093
Transfer to non-current assets held-for-sale	15	**(536 204)**	(309 335)
Transfer to property, plant and equipment	12	**(143 055)**	–
Transfer to properties held-for-trading		**–**	(96 487)
Foreign exchange (loss)/gain		**(93 912)**	258 447
Straight-line rental income adjustment	5	**(93 704)**	(253 728)
Balance at end of year		**72 794 853**	66 271 904
Reconciliation to valuations			
Investment properties at end of year		**72 794 853**	66 271 904
Straight-line rental income accrual		**2 291 651**	2 197 947
Valuations at 31 August		**75 086 504**	68 469 851

* *Borrowing costs were capitalised using the weighted average cost of debt of 9.22% (2018: 9.22%).*

4. Investment property continued

South African valuations were obtained from valuers who are all registered valuers in terms of Section 19 of the Property Valuers Professional Act (Act No 47 of 2000), Poland valuations were obtained from valuers who are members of the Royal Institution of Chartered Surveyors, and Australian valuations were obtained from valuers who are members of the Australian Property Institute:

▫ 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
▫ Sterling Valuation Specialists	A Smith	BSc, MIV (SA), professional valuer
▫ Jones Lang LaSalle	J Karg	BSc, MRICS, MIV (SA), professional valuer
▫ Knight Frank	Martin Fitchet	MRICS, MIV (SA), professional valuer
▫ Mills Fitchet Cape	S Wolff	NDip (Prop Val), professional associated valuer
▫ BNP Paribas Real Estate – Poland	Izabela Mucha	MRICS, RICS registered valuer
▫ Savills.pl – Poland	Kamil Kowa	MRICS, RICS registered valuer
▫ Savills.pl – Poland	Malgorzata Linska-Bator	MRICS, RICS registered valuer
▫ Savills.pl – Poland	Tomasz Paszkowski	MRICS, RICS registered valuer
▫ Savills.pl – Poland	Karina Szafranska	MRICS, RICS registered valuer
▫ Jones Lang LaSalle – Australia	David Hill	Certified practising valuer
▫ Jones Lang LaSalle – Australia	Noral Wild	Certified practising valuer
▫ Knight Frank – Australia	David T Way	Certified practising valuer

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 R52.9 billion (2018: R53.4 billion) as security for secured interest-bearing borrowings of R27.3 billion (2018: R20.8 billion), as well as international investment property with a fair value of R6.5 billion (2018: RNil) as security for secured interest-bearing borrowings of R3.5 billion.

Refer to the note 2: Segmental report for a breakdown by sector of investment property, contractual rental income and property expenses.

4. 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 across sectors (%, unless otherwise stated)	2019	2018
Expected market rental growth	**3.00-6.00**	3.00-6.00
Expected expense growth	**6.50 -8.00**	6.50-8.00
Occupancy rate	**94.60**	95.68
Vacancy periods	**0-12 months**	0-12 months
Rent-free periods	**0-6 months**	0-6 months
Office sector		
Discount rate	**10.00-17.00**	10.00-17.00
Exit capitalisation rate	**7.75-12.25**	7.50-13.25
Bulk rate	**R2 000-R4 725 p/m^2**	R2 000-R4 725 p/m^2
Retail sector		
Discount rate	**12.00-17.00**	11.75-17.00
Exit capitalisation rate	**7.00-13. 00**	7.25-12.00
Bulk rate	**R330-R4 000 p/m^2**	R330-R4 000 p/m^2
Industrial sector		
Discount rate	**13.00-16.00**	13.00-16.00
Exit capitalisation rate	**8.00-12.00**	8.00-11.50
Bulk rate	**R400-R 1 850 p/m^2**	R60-R1 900 p/m^2
Specialised sector		
Discount rate	**14.00-14.50**	14.00-14.50
Exit capitalisation rate	**9.50-10.50**	9.50-10.50
International sector		
Core yield	**N/A**	6.25-7.50
Discount rate	**7.00-9.00**	6.25-7.50
Exit capitalisation rate	**6.50-7.25**	n/a
Bulk rate	**R398-R403 p/m^2**	n/a

Measurement of fair value

Valuation techniques

Valuations were completed using the following methods of valuation:

Investment property – 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 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 the MSCI and South African Property Owners Association (SAPOA). The capitalisation rate is dependent on a number of factors, such as location the condition of the property, current market conditions, the lease covenants and the risk inherent in the property, and is also tested for reasonableness by benchmarking against comparable recent sales and surveys prepared by MSCI/SAPOA.

4. Investment property continued

Properties under development – Comparable sales method

Properties under development comprise of the cost of land and development, and are measured at fair value. Fair value is based on the costs incurred up to the date of the valuation. Undeveloped land is valued in terms of the internationally accepted and preferred method of comparison. This involves the use of recent comparable transactions as a basis for the valuation. Bulk rates are determined for the land that has been zoned.

Inter-relationship 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);
- exit capitalisation rate was lower/(higher);
- capitalisation rate was lower/(higher);
- bulk rate was higher/(lower); or
- core yield was lower/(higher).

The fair value measurement for investment properties of R75.1 billion (2018: R68.5 billion) and properties under development of R3.6 billion (2018: R5.9 billion) has been categorised as level 3 under the fair value hierarchy based on the inputs to the valuation technique used. Refer to note 44.4: Financial risk management for the level-3 reconciliation.

Figures in R'000s	Notes	2019	2018
5. Straight-line rental income accrual			
Balance at beginning of year		**2 197 947**	1 944 218
Arising during the year	4	**93 704**	253 729
Balance at end of year		**2 291 651**	2 197 947
6. Properties under development			
Balance at beginning of year		**5 926 105**	3 948 869
Acquisitions		**440 560**	–
Arising from acquisitions of subsidiaries		**–**	107 298
Development costs		**2 441 276**	3 111 825
Capitalised borrowing costs*		**490 279**	481 383
Change in fair value		**(180 428)**	(151 825)
Disposals		**(112 259)**	(206 180)
Transfer from investment property	4	**–**	742 000
Foreign exchange (loss)/gain		**(13 490)**	119 828
Transfer to non-current assets held-for-sale		**(54 195)**	–
Transfer to properties held-for-trading		**(381 408)**	–
Completed developments transferred to investment properties	4	**(5 002 762)**	(2 227 093)
Balance at end of year		**3 553 678**	5 926 105

* *Borrowing costs were capitalised using the weighted average cost of debt of 9.22% (2018: 9.22%).*

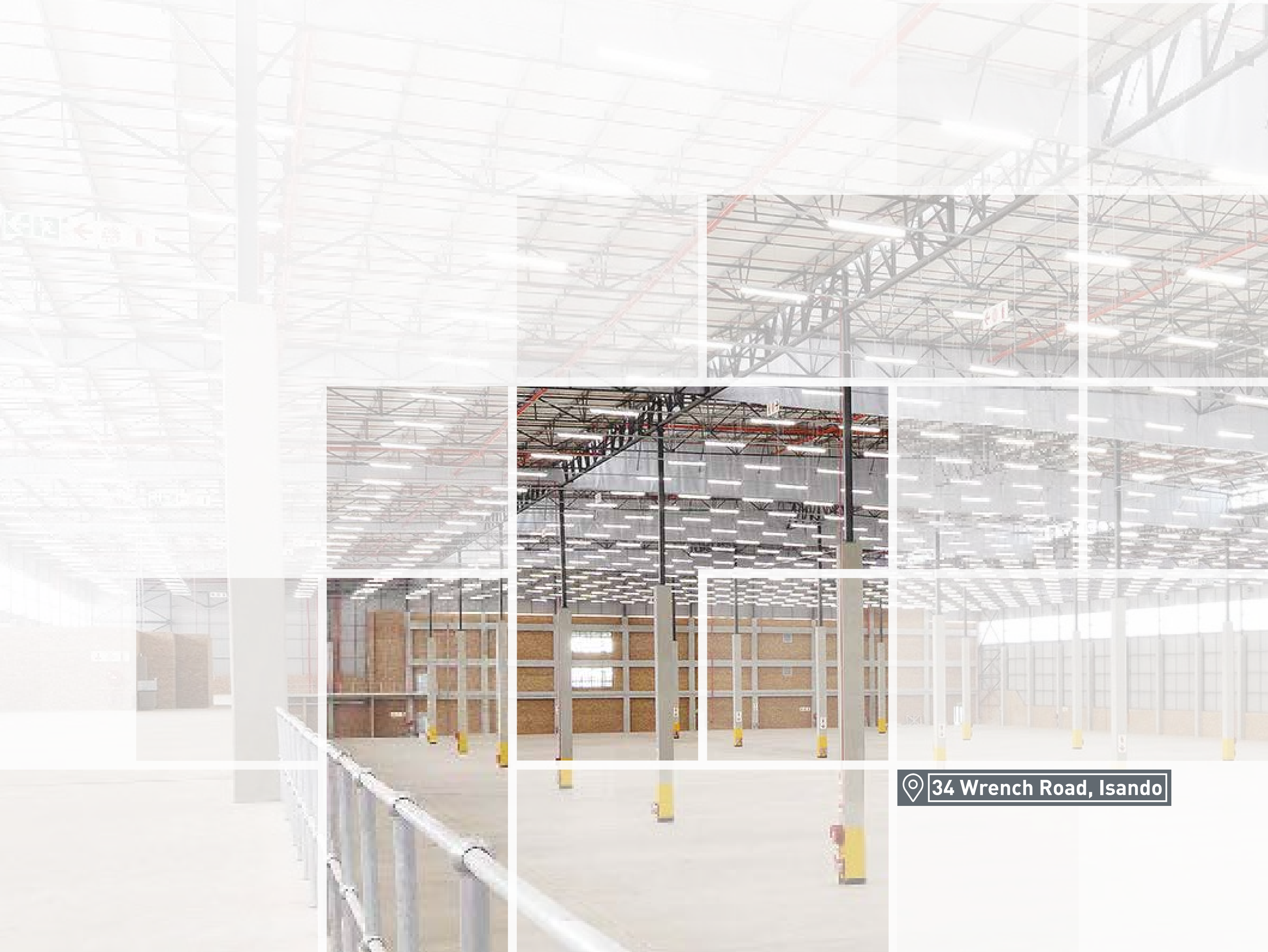
Refer to note 4: Investment property for the valuation techniques applied, unobservable inputs used, and fair value category of properties under development.

Figures in R'000s	Notes	2019	2018

7. Listed securities

Delta Property Fund Limited		**178 248**	990 083
GRIT Real Estate Income Group Limited		**–**	238 100
Cromwell Property Group		**759 040**	707 660
Balance at end of year		**937 288**	1 935 843
Movement for the year			
Balance at beginning of the year		**1 935 843**	1 453 994
Disposals		**(205 117)**	(33 789)
Transfer from investment in associates and joint ventures		**–**	626 545
Change in fair value	30	**(793 438)**	(110 907)
Balance at end of year		**937 288**	1 935 843

Details of listed securities	Stock exchange	% held	Number of units held 2019	Number of units held 2018
Delta Property Fund Limited	JSE (REIT)	22.7	**162 043 079**	162 043 079
GRIT Real Estate Income Group Limited	SEM	–	**–**	11 400 822
Cromwell Property Group	ASX	2.3	**60 000 000**	60 000 000


34 Wrench Road, Isando

Figures in R'000s	2019	2018

8. Goodwill and intangible assets

	2019	2018
Cost	6 311 905	6 311 905
Impairment	(60 888)	–
Amortisation	(628 558)	(565 702)
Balance at end of year	**5 622 459**	5 746 203
Movement for the year		
Balance at beginning of year	5 746 203	5 809 059
Impairment of goodwill	(60 888)	–
Amortisation of intangibles	(62 856)	(62 856)
Balance at end of year	**5 622 459**	5 746 203
Goodwill		
At acquisition cost/indefinite life	5 093 654	5 093 654
Impairment	(60 888)	–
Total goodwill	**5 032 766**	5 093 654
Intangible assets		
At cost less amortisation		
The right to manage property – Redefine*	314 277	377 133
– Cost	942 835	942 835
– Amortisation	(628 558)	(565 702)
Electricity recovery business#	275 416	275 416
Total intangible assets	**589 693**	652 549

* *Accounted for before 1 September 2009 in terms of IFRS 3 Business Combinations, where the purchase method was applied.*
# *Indefinite useful life intangible asset.*

Goodwill

The carrying amount of goodwill is the gross amount recognised less any impairment losses.

Goodwill is tested for impairment annually. To test for impairment, goodwill is allocated to each cash-generating unit (CGU), based on management's reportable operating segments. Refer to note 2: Segmental report. The operating segments (Office, Retail, Industrial and Specialised) each represent the lowest CGU level within the group, at which goodwill is monitored.

The carrying amount of the goodwill allocated to each CGU is presented below:

	Financial year*	Office	Retail	Industrial	Total
Arising from business combination of:					
Annuity Properties Limited	2014	59 968	54 918	7 433	122 319
ApexHi and Madison group	2009	1 028 213	1 259 562	282 759	2 570 534
Fountainhead group	2013 & 2015	295 509	1 235 264	140 189	1 670 962
Leaf group	2015	101 227	–	–	101 227
Pivotal group	2017	306 571	227 090	34 063	567 724
Total goodwill		1 791 488	2 776 834	464 444	5 032 766

* *The financial year in which the business combination occurred.*

8. Goodwill and intangible assets continued

The recoverable amounts of the CGUs are based on value in use. The recoverable amount for each CGU was calculated by discounting future cash flows. Growth and discount rates are appropriately estimated for each CGU, taking into account both historic and future expectations of performance and risk. The inputs are considered to be level 3 inputs.

The key assumptions made in determining the recoverable amount of the CGUs include:

	2019				
	Discount period (years)	Growth less than one year (%)	Growth one to five years (%)	Discount rate (%)	Exit rate (%)
Retail	5	0.0	4.0	12.1	8.4
Office	5	0.0	4.0	12.4	8.6
Industrial	5	0.0	4.0	13.0	9.2
Specialised	5	0.0	4.0	13.5	9.6

	2018				
	Discount period (years)	Growth less than one year (%)	Growth one to five years (%)	Discount rate (%)	Exit rate (%)
Retail	5	5.5	5.5	12.9	8.3
Office	5	5.5	5.5	13.6	8.9
Industrial	5	5.5	5.5	14.1	9.3
Specialised	5	5.5	5.5	15.5	10.0

Impact of possible changes in key estimates

Office – CGU

If the estimated growth rate used in the value-in-use calculation for the Office CGU had been 1% lower than management's estimate as at 31 August 2019 (3% instead of 4%), the group would have had to recognise an impairment against the carrying amount of goodwill of R522 million.

If the discount rate applied to the cash flow projections of this CGU had been 1% higher than managements estimate as at 31 August 2019 (13.4% instead of 12.4%), the group would have had to recognise an impairment against the carrying amount of goodwill of R519 million.

If the estimated exit rate used in the value-in-use calculation for the Office CGU had been 1% higher than management's estimate as at 31 August 2019 (9.6% instead of 8.6%), the group would have had to recognise an impairment against the carrying amount of goodwill of R1 billion.

In the prior year, there were no reasonable possible changes in any of the key assumptions that would have resulted in an impairment write-down in the Office CGU.

Industrial – CGU

If the estimated growth rate used in the value-in-use calculation for the Industrial CGU had been 1% lower than management's estimate as at 31 August 2019 (3% instead of 4%), the group would have had to recognise an impairment against the carrying amount of goodwill of R311 million.

If the discount rate applied to the cash flow projections of this CGU had been 1% higher than management's estimate as at 31 August 2019 (14.0% instead of 13.0%), the group would have had to recognise an impairment against the carrying amount of goodwill of R309 million.

If the estimated exit rate used in the value-in-use calculation for the Industrial CGU had been 1% higher than management's estimate as at 31 August 2019 (10.2% instead of 9.2%), the group would have had to recognise an impairment against the carrying amount of goodwill of R464 million.

In the prior year, there were no reasonable possible changes in any of the key assumptions that would have resulted in an impairment write-down in the Industrial CGU.

Retail – CGU

The carrying amount of the Retail CGU significantly exceeded the recoverable amount of the Retail CGU.

8. Goodwill and intangible assets continued

Intangible assets

Right to manage property

This relates to a property and asset management function that remains in operation.

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.

Carrying amount of the electricity recovery business allocated to cash-generating units (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.*

Growth and discount rates were appropriately estimated for the electricity recovery business, taking into account both historic and future expectations of performance and risk. The following key assumptions were used in calculating the value in use of the electricity recovery business:

- Electricity recovered from tenants will increase by 8% (2018: 6%) per annum;
- Operating expenses relating to electricity recovered from tenants will increase by 8% (2018: 6%) per annum;
- All profits will be distributed and thus no normal tax is payable;
- A discount rate of 13% (2018: 13%) applies; and
- The value in use was calculated by discounting forecasted future cash flows for five years 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		2019	2018
9. Investment in associates					
Associates					
EPP N.V.	Poland	45.4%		**9 023 856**	6 996 725
Oando Wings Development Limited#	Nigeria	40.6%		**–**	553 498
RDI REIT Plc	United Kingdom	29.4%		**2 826 148**	3 958 407
Carrying amount				**11 850 004**	11 508 630
Movement for the year					
Balance at beginning of year				**11 508 630**	15 253 726
Additional investment in associates				**2 066 670**	1 125 364
Transfer to listed securities*			7	**–**	(626 545)
Disposals				**–**	(2 065 023)
Equity-accounted results for the year per the statement of profit or loss and other comprehensive income					
Net equity-accounted profit or loss of associates				**(315 972)**	2 541 427
Share of distributable profit				**226 370**	995 707
Fair value adjustment of investment property (net of tax)				**(542 342)**	1 467 593
Bargain purchase on acquisition of associate				**–**	78 127
Other comprehensive income of associates				**202 474**	(70 867)
Items that may not be reclassified to profit or loss				**–**	4 126
Items that are or may be reclassified to profit or loss				**202 474**	(74 993)
Dividends and interest from associates				**(803 762)**	(954 878)
Interest income				**85 337**	61 450
Dividend income				**(889 099)**	(1 016 328)
Share of other reserves of associates				**16 892**	43 628
Capitalised transaction costs on share issue of equity-accounted investee				**–**	(125)
Profit on dilution of interest in associate				**(46 081)**	24 295
Transfer to non-current assets held-for-sale			15	**(329 397)**	–
Loss on disposal of interest in associates				**–**	(57 787)
Deemed transfer on associate becoming a listed investment				**–**	(328 023)
Impairment of investment in associates			31	**(303 560)**	(1 053 753)
Transfer to held-for-sale				**–**	(3 707 949)
Currency translation adjustment of foreign investments				**(145 890)**	1 385 140
Recognised directly in profit or loss				**–**	367 811
Recognised in other comprehensive income				**(145 890)**	1 017 329
Balance at end of year				**11 850 004**	11 508 630

* *Refer to note 6: Listed securities, for further detail.*
\# *Transferred to non-current asset held-for-sale.*

The investments in foreign associates and joint ventures comprise of Redefine's offshore property exposure. Refer to note 2: Segmental report for details on the foreign operations relating to the group. There are no restrictions on the ability of the foreign associates to transfer funds to its shareholders in the form of cash and dividends or interest.

9. Investment in associates continued

EPP N.V.

EPP N.V. (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). The acquisition date of Redefine's investment is 1 June 2016.

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 2019 (being the interim reporting date) have been equity-accounted.

No impairment indicators were present, as the decline in the share price was not significant or prolonged.

	2019	2018
Holding on JSE		
Number of shares	**412 568 785**	323 986 081
Closing share price – 31 August (ZAR)	**18.70**	19.55
Quoted fair value of the investment (R'000)	**7 715 036**	6 333 928

RDI REIT Plc

RDI REIT 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.

	2019	2018
Holding on JSE		
Number of shares	**30 634 425**	153 172 125
Closing share price – 31 August (ZAR)	**18.82**	6.47
Quoted fair value of the investment (R'000)	**576 540**	991 024
Holding on LSE		
Number of shares	**81 248 687**	406 243 451
Closing share price – 31 August (GBP)	**1.01**	0.34
Closing foreign exchange rate – 31 August (GBP/ZAR)	**18.66**	19.14
Quoted fair value of the investment (R'000)	**1 537 334**	2 628 201
Total quoted fair value of the investment (R'000)	**2 113 874**	3 619 225

RDI REIT 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 2019 have been equity-accounted.

As impairment indicators were present, an impairment test was performed. The subsequent impairment test using the discounted cash flow model resulted in an impairment loss of R266.4 million (2018: R753.8 million).

The recoverable amount was based on the value in use of the investment and was calculated using a five-year dividend growth model. The following key assumptions and inputs were used:

- Dividend growth – 2.0% (2018: 2.5%)
- Exit yield – 8.2% (2018: 8.2%)
- Discount rate – 10.0% (2018: 9.0%)

Oando Wings Development Limited (OWDL)

OWDL has a 31 December financial year end with management accounts available to 30 June. For practical purposes, results to 30 June 2019 have been equity-accounted. The equity-accounted investment in OWDL has been transferred to non-current assets held-for-sale as Redefine has entered into a sales agreement to dispose of its investment in OWDL through the sale of SB Wings Proprietary Limited which is a subsidiary of the group. Refer to note 15: Non-current assets held-for-sale.

An impairment test was performed for OWDL as several impairment indicators were present.

The subsequent impairment test resulted in an impairment of R37.2 million (2018: R138.2 million). The recoverable amount was determined using the fair value (adjusted net asset value) less cost of disposal. The following key assumptions and inputs were used:

- Marketability discount – 13.60%
- Cost of disposal – 0.25%

9. Investment in associates 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 which are foreign operations are translated from the respective functional currency to South African rand.

	2019					
Figures in R'000s	**Cromwell Property Group**	**EPP N.V.**	**RDI REIT Plc**	**Oando Wings Develop-ment Limited**	**Cromwell Partners Trust**	**Total**
Functional currency	AUD	PLN	GBP	USD	AUD	
Effective interest	–	45.44%	29.44%	40.61%	–	
SUMMARISED STATEMENTS OF FINANCIAL POSITION						
Investment property	–	38 802 966	21 464 713	2 333 236	–	62 600 915
Property, plant, and equipment	–	–	16 794	6 654	–	23 448
Other non-current assets	–	3 109 013	479 565	–	–	3 588 578
Non-current assets	–	41 911 979	21 961 072	2 339 890	–	66 212 941
Current assets	–	2 398 151	5 562 576	438 509	–	8 399 236
Total assets	–	44 310 130	27 523 648	2 778 399	–	74 612 177
Non-controlling interests	–	–	1 071 090	–	–	1 071 090
Interest-bearing borrowings	–	21 849 235	12 267 150	1 216 756	–	35 333 141
Loans from shareholders	–	–	–	2 075 678	–	2 075 678
Other non-current liabilities	–	2 500 532	378 800	–	–	2 879 332
Non-current liabilities	–	24 349 767	13 717 040	3 292 434	–	41 359 241
Current liabilities	–	1 257 657	1 013 243	139 154	–	2 410 054
Total liabilities	–	25 607 424	14 730 283	3 431 588	–	43 769 295
Net assets	–	18 702 706	12 793 365	(653 189)	–	30 842 882
Proportionate share of net assets	–	8 498 463	3 766 367	(265 260)	–	11 999 570
Goodwill (included in carrying amount)	–	525 393	79 949	–	–	605 342
Shareholder loans	–	–	–	770 078	–	770 078
Impairment of investment in associate	–	–	(1 020 168)	(175 420)	–	(1 195 588)
Transfer to non-current asset held-for-sale	–	–		(329 397)	–	(329 397)
Carrying amount of investments	–	9 023 856	2 826 148	–	–	11 850 004
SUMMARISED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME						
Revenue	–	3 333 338	1 718 887	274 780	–	5 327 005
Operating costs	–	(931 764)	(426 504)	(343 184)	–	(1 701 452)
Fair value adjustments	–	(44 511)	(1 213 332)	(557 258)	–	(1 815 101)
Equity-accounted profit	–	18 726	16 545	–	–	35 271
Interest expense	–	(734 094)	(476 141)	(437 031)	–	(1 647 266)
Profit/(loss) for the year	–	1 283 624	(1 344 585)	(1 045 950)	–	(1 106 911)
Equity-accounted profit/(loss)s	–	527 000	(419 928)	(423 044)	–	(315 972)
Other comprehensive income	–	188 653	72 229	–	–	260 882
Equity-accounted other comprehensive income	–	80 695	4 870	116 909	–	202 474
Total comprehensive income	–	1 472 278	(1 272 356)	(1 045 950)	–	(846 028)
Bargain purchase on acquisition of associate	–	(46 081)	–	–	–	(46 081)
Total equity-accounted earnings of associates and joint ventures	–	561 614	(415 058)	(306 135)	–	(159 579)
Dividend income	–	(671 821)	(217 278)	–	–	(889 099)

9. Investment in associates continued

Figures in R'000s	Cromwell Property Group	EPP N.V.	RDI REIT Plc	Oando Wings Develop-ment Limited	Cromwell Partners Trust	Total
	2018					
Functional currency	AUD	PLN	GBP	USD	AUD	
Effective interest	–	39.03%	29.44%	38.94%	–	
SUMMARISED STATEMENTS OF FINANCIAL POSITION						
Investment property	–	35 487 408	30 587 510	2 851 618	–	68 926 536
Property, plant, and equipment	–	–	9 643	403	–	10 046
Other non-current assets	–	2 707 233	560 199	–	–	3 267 432
Non-current assets	–	38 194 641	31 157 352	2 852 021	–	72 204 014
Current assets	–	2 408 967	1 266 523	301 642	–	3 977 132
Total assets	–	40 603 608	32 423 875	3 153 663	–	76 181 146
Non-controlling interests	–	–	1 140 014	–	–	1 140 014
Interest-bearing borrowings	–	18 321 883	15 010 401	1 191 122	–	34 523 406
Loans from shareholders	–	30 255	–	1 754 366	–	1 784 621
Other non-current liabilities	–	2 109 102	241 466	–	–	2 350 568
Non-current liabilities	–	20 461 240	16 391 881	2 945 488	–	39 798 609
Current liabilities	–	2 611 093	658 042	103 196	–	3 372 331
Total liabilities	–	23 072 333	17 049 923	3 048 684	–	43 170 940
Net assets	–	17 531 275	15 373 952	104 979	–	33 010 206
Proportionate share of net assets	–	6 843 479	4 526 092	40 879	–	11 410 449
Goodwill (included in carrying amount)	–	153 246	186 134	–	–	339 380
Shareholder loan	–	–	–	650 829	–	650 829
Impairment of investment in associates	–	–	(753 818)	(138 210)	–	(892 028)
Carrying amount of investments	–	6 996 725	3 958 408	553 498	–	11 508 630
SUMMARISED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME						
Revenue	2 079 930	2 723 443	1 953 956	208 532	265 625	7 231 486
Operating costs	(342 978)	(834 677)	(441 116)	(26 184)	(86 669)	(1 731 624)
Fair value adjustments	597 814	1 322 706	188 363	55 271	–	2 164 154
Equity-accounted profit	1 240 989	588 020	4 773	–	1 748 320	3 582 102
Interest expense	(788 473)	(461 320)	(522 945)	(346 906)	(60 120)	(2 179 764)
Profit for the year	2 027 766	2 583 432	1 679 030	(85 457)	1 824 503	8 029 274
Equity-accounted profit	242 071	888 922	453 303	(33 507)	912 511	2 463 300
Other comprehensive income	2 109	(77 401)	(95 526)	–	–	(170 818)
Equity-accounted other comprehensive income	(11 988)	(26 274)	(33 992)	1 387	–	(70 867)
Total comprehensive income	2 029 875	2 506 031	1 583 505	(85 457)	1 824 503	7 858 457
Bargain purchase on acquisition of associate	–	78 127	–	–	–	78 127
Total equity-accounted earnings of associates and joint ventures	230 083	940 775	419 311	(32 120)	912 511	2 470 560
Dividend income	(200 077)	(462 511)	(262 063)	–	(91 677)	(1 016 328)
Additional specific disclosure for joint ventures:						
Interest income					849	
Taxation (per the statement of profit or loss and other comprehensive income)					(2 037)	
Cash and cash equivalents					–	
Other non-current financial liabilities					–	
Current financial liabilities (excluding trade and other payables)					–	

10. Loans receivable

Figures in R'000s	Notes	2019	2018
Secured			
Vendor loans		**1 854 993**	2 481 218
Share purchase scheme		**111 027**	113 820
Direct loan to non-controlling interest		**–**	114 256
Expected credit loss		**(54 052)**	(11 146)
Balance at end of year		**1 911 968**	2 698 148
Non-current		**1 731 921**	1 930 342
Vendor loans		**1 672 115**	1 702 266
Share purchase scheme		**59 806**	113 820
Direct loan to non-controlling interest		**–**	114 256
Current		**180 047**	767 806
Vendor loans		**141 719**	767 806
Share purchase scheme		**38 328**	–
Gross loan receivable		**1 966 020**	2 709 294
Expected credit loss – opening balance	44	**(11 146)**	(11 146)
Expected credit loss movement		**(42 906)**	–
Net loan receivable		**1 911 968**	2 698 148

	Capital repayment date	Interest rate	2019	2018
Redefine share purchase scheme			**111 027**	113 820
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 10 436 088 (2018: 10 736 088) Redefine Properties Limited shares.	Earlier of: – 14 May 2023; or – termination of employment	3-month JIBAR+2%	**72 699** **38 328**	113 820 –
RJP Maponya Property Investment Trust The loans are secured by a first mortgage bond over investment property.	27 March 2019	9.5% on most significant loan	**–**	473 832
Khulemani Masingita The loan is secured by a mortgage bond over investment property.	Third anniversary of the commencement date of the development	3-month JIBAR+2%	**104 948**	95 074
Setso Holdco Proprietary Limited The loan is secured by a pledge of the shareholder equity of the wholly owned subsidiary, Setso Property Fund Proprietary Limited.	30 December 2022	13.00%	**540 658**	494 621

10. Loans receivable continued

Figures in R'000s	Capital repayment date	Interest rate	2019	2018
Kyalami Retail Village Proprietary Limited The loan is secured by a suretyship and pledge agreement from the shareholders of Kyalami Retail Village Proprietary Limited.	11 November 2021	Prime less 0.5%	**159 911**	145 238
Chariot Top Group B.V This loan is unsecured; Redefine holds 25% of the equity in the Chariot Top Group B.V.	31 December 2027	7.87%	**604 965**	812 505
Oando Plc* The loan is secured by means of additional equity holdings in Oando Wings Development Limited to the extent the repayment of the loan is not honoured.	1 November 2019	Interest-free	**–**	133 674
Cradlestone Mall Proprietary Limited The loan is secured by a pledge agreement from the shareholders of Cradlestone Mall Proprietary Limited.	18 November 2020	Prime less 0.5%	**80 245**	72 882
Setso Holdco Proprietary Limited This loan is unsecured as it is due to be settled in the short term.	31 August 2019	10.92%	**–**	37 354
Glen Iris Development Trust The loan is secured by the right to proceeds on disposal of the investment property at the lender's request.	31 August 2020	15%	**5 231**	18 050
Divercity Urban Property Fund Proprietary Limited The loan is secured by a cession and pledge agreement of the shares in K201810351 (South Africa) Proprietary Limited held by Divercity Urban Property Fund Proprietary Limited.	14 November 2020	9.20%	**173 053**	–
Turnover Trading 191 Proprietary Limited			**40 351**	–
The loan is secured by a second covering sectional title mortgage bond, suretyship from the sureties and a cession of the borrowers' co-ownership voting rights.	30 November 2022	10%	**30 351**	–
	30 November 2019	10%	**10 000**	–
Hanushek Proprietary Limited The loan is secured by the right to proceeds on disposal of the investment property at the lender's request.	31 January 2019	15%	**–**	40 386
Bridgehead Real Estate Fund Proprietary Limited The loan is secured by 8 824 Respublica Student Living Proprietary Limited shares.	12 May 2019	Prime plus 1%	**–**	114 256
Van Der Merwe Venter Proprietary Limited			**137 601**	149 579
The loan is secured by first mortgage bonds over various investment properties.	9 May 2022	10.61%	**82 932**	149 579
	4 July 2020	10.16%	**54 669**	–
Noskop 2 Proprietary Limited The loan is secured by a suretyship by QPG Holdings Proprietary Limited and two directors of QPG Holdings Proprietary Limited.	8 February 2020	Prime plus 2%	**8 030**	8 023
			1 966 020	2 709 294

* *This loan was transferred to non-current assets held-for-sale. Refer to the note 15: Non-current assets held-for-sale.*

Figures in R'000s	2019	2018
11. Other financial assets		
Investment in unlisted shares	**373 387**	218 890
	373 387	218 890
Non-current	**373 387**	218 890
Investment in unlisted shares	**373 387**	218 890

Investment in Chariot Top Group B.V.

During the prior year, Redefine acquired a 25% equity share in Chariot Top Group B.V. (Chariot) for an acquisition price of R138.3 million (EUR 8.5 million). Due to Redefine not obtaining the power to participate in the financial and operating policy decisions of Chariot, the definition of significant influence has not been met. Chariot has therefore been accounted for as an unlisted investment at fair value through profit and loss. In order to calculate the fair value of the Chariot investment, a look-through approach to their statement of financial position was adopted, where 25% of the fair value in the underlying assets and liabilities was used to calculate the fair value of Redefine's investment.

Further to the above equity investment, Redefine granted a loan of R771.7 million (EUR 49.4 million) in proportion to its shareholding; refer to note 10: Loans receivable.

Edcon Limited (Edcon)

Redefine participated in the restructuring of Edcon, providing an upfront equity contribution of R38.9 million and a delayed equity contribution of R8.0 million in the current financial period. Redefine will continue to provide monthly equity injections totalling R12.8 million into Edcon over a period of 19 months. Management's best estimate of the fair value of the unlisted Edcon equity is R39.9 million, taking into account information from Edcon's management and comparative information available in the market.

12. Property, plant and equipment

Figures in R'000s	2019	2018
Carrying amount		
Leasehold	33 031	35 973
– Cost	45 194	43 709
– Accumulated depreciation	(12 163)	(7 736)
Computer equipment	19 200	25 280
– Cost	52 236	120 258
– Accumulated depreciation	(33 036)	(94 978)
Furniture and fittings	3 338	8 480
– Cost	23 548	21 726
– Accumulated depreciation	(20 210)	(13 246)
Owner-occupied	105 097	–
– Cost	100 948	–
– Revaluation adjustment	4 149	–
Hotels	32 676	–
– Cost	42 108	–
– Revaluation adjustment	(9 432)	–
Office equipment	161	359
– Cost	1 494	1 582
– Accumulated depreciation	(1 333)	(1 223)
Motor vehicles	2 008	2 577
– Cost	2 950	2 945
– Accumulated depreciation	(942)	(368)
Balance at end of year	195 511	72 669
Movement for the year		
Balance at beginning of year	72 669	81 615
Additions at cost	9 332	13 812
– Leasehold	1 485	–
– Computer equipment	5 790	8 148
– Furniture and fittings	1 889	2 294
– Office equipment	100	582
– Motor vehicles	68	2 788
Disposals at carrying amount	(1 359)	(249)
– Computer equipment	(1 014)	(11)
– Furniture and fittings	(281)	(238)
– Motor vehicles	(64)	–
Transfer from investment property	143 056	–
– Owner-occupied	100 948	–
– Hotels	42 108	–
Revaluation	(5 283)	–
– Owner-occupied	4 149	–
– Hotels	(9 432)	–
Depreciation	(23 730)	(22 509)
– Leasehold	(4 428)	(4 371)
– Computer equipment	(11 400)	(9 848)
– Furniture and fittings	(7 031)	(7 455)
– Office equipment	(297)	(527)
– Motor vehicles	(574)	(308)
Foreign exchange gain	826	–
– Computer equipment	826	–
Balance at end of year	195 511	72 669

Figures in R'000s	Notes	2019	2018
13. Trade and other receivables			
Trade receivables (incl. municipal recoveries)		**617 450**	536 055
Less: Expected credit loss	44	**(129 520)**	(104 766)
		487 930	431 289
Deposits		**102 275**	124 401
Prepayments		**104 414**	96 243
Rates clearances		**12 185**	22 835
Interest receivable		**13 246**	13 145
Current taxation receivable		**100 686**	167 919
Value added taxation		**126 881**	–
Other receivables		**173 160**	220 247
		1 120 777	1 076 079
Refer to note 44: Financial risk management for credit risk management.			
14. Cash and cash equivalents			
Unrestricted cash balances		**406 694**	421 978
Material bank balances are with The Standard Bank of South Africa Limited and ING Bank N.V. who have a Moody's credit rating of Baa3 and Aa3 respectively.			
15. Non-current assets held-for-sale			
Non-current assets held-for-sale			
South African investment property		**632 399**	487 335
SB Wings Development Proprietary Limited		**436 198**	–
Foreign investment property		**13 062**	61 754
		1 081 659	549 089
Balance at the beginning of year		**549 089**	2 403 756
Additions		**16 672**	–
Disposals		**(514 356)**	(6 141 601)
Transfer from loans receivable	10	**106 801**	–
Transfer from investment in associates	9	**329 397**	3 707 949
Transfer from investment property	4	**536 204**	309 335
Transfer from developments	6	**54 195**	–
Tenant installations capitalised		**442**	–
Capitalised borrowing costs		**1 103**	–
Change in fair values		**4 446**	253 468
Translation differences		**(2 334)**	16 182
Balance at end of year		**1 081 659**	549 089

The investment properties reclassified as held-for-sale are properties that the directors have decided will be recovered through sale rather than through continuing use.

Figures in R'000s	2019	2018

16. Stated capital

	2019	2018
Authorised		
10 000 000 000 (2018: 10 000 000 000) ordinary shares of no par value		
Issued		
5 793 183 210 (2018: 5 765 799 759) ordinary shares of no par value	**44 589 072**	44 329 107
Less: 361 396 896 (2018: 361 396 896) treasury shares	**(6)**	(6)
	44 589 066	44 329 101
Reconciliation of issued stated capital		
In issue at beginning of year	**44 329 101**	43 070 822
Issued during the year	**259 965**	1 258 279
Balance at end of year	**44 589 066**	44 329 101
Reconciliation of issued number of shares ('000)		
In issue at beginning of year	**5 404 403**	5 288 655
Issued during the year	**27 383**	115 748
Balance at end of year	**5 431 786**	5 404 403
Reconciliation of number of ordinary shares ('000)		
Number of shares at end of year	**5 431 786**	5 404 403
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	**5 793 183**	5 765 800

The following shares were issued during the course of the years:

28 May 2019: Dividend re-investment of 27 383 451 shares at an issue price of R9.50 per share.

17. Share-based payment reserve

	Notes	2019	2018
– Restricted Share Scheme	19	**34 111**	32 879
– Matching Share Scheme	19	**23 068**	25 484
		57 179	58 363

Figures in R'000s	Principal place of business	Effective interest/ voting rights	2019	2018
18. Non-controlling interests				
Journal Student Accommodation Fund and Journal Student Living Proprietary Limited	Australia	90.0%	**182 377**	90 111
Respublica Student Living Proprietary Limited	South Africa	53.4%	**336 785**	308 204
European Logistics Investment B.V.	Netherlands	95.0%	**90 004**	73 522
			609 166	471 837

Respublica Student Living Proprietary Limited

With effect from 1 September 2015, Redefine acquired a 51% equity interest in Respublica Student Living Proprietary Limited (RSL). Redefine controls RSL due to the number of voting rights held and its significant loans granted.

During the current financial year, RSL issued further shares to RSL's management, resulting in a change of Redefine shareholding to 53.4%.

The shareholder holding the remaining 46.6% interest is Bridgehead Real Estate Fund Proprietary Limited (Bridgehead).

RSL has a 28 February financial year end, with interim management accounts to 31 August available for consolidation purposes.

Journal Student Accommodation Fund and Journal Student Living Proprietary Limited

With effect from 1 September 2016, Redefine acquired a 90% equity interest in Journal Student Accommodation Fund (JSAF) and Journal Student Living Proprietary Limited (JSL). Redefine controls JSAF and JSL due to the number of voting rights held.

The shareholder holding the remaining 10% is Citiplan Student Accommodation Fund (Citiplan).

JSAF and JSL both have a 30 June financial year end and, for practical purposes, management accounts to 31 August 2019 have been used for consolidation purposes.

European Logistics Investment B.V.

On 2 July 2018, the group acquired 95% effective ownership of the shares and voting rights in a number of SPVs through a newly formed Redefine Europe structure with residence in the Netherlands. The SPV shares were acquired by Logistics Platform B.V. (Logistics), a 100% subsidiary of European Logistics Investment B.V. in which Redefine group has a 95% shareholding.

The shareholders holding the remaining 5% is held by two of the partners of Griffen Real Estate.

The different SPVs currently have different year-end periods, with management accounts to 31 August available for consolidation purposes.

18. Non-controlling interests continued

The non-controlling interest balance is reconciled as follows:

	2019			
	Journal Student Accommodation Fund and Journal Student Living	Respublica Student Living	European Logistics Investment B.V.	Total
Opening balance	90 111	308 204	73 522	471 837
Interest in additional net asset value	10 546	1 650	1 115	13 311
Share of profit for the year	85 546	49 532	17 413	152 491
Share of other comprehensive income for the year	(864)	–	(2 046)	(2 910)
Share of dividends for the year	(2 962)	(23 267)	–	(26 229)
Change in ownership of subsidiary with NCI	–	666	–	666
Balance at end of year	182 377	336 785	90 004	609 166

	2018			
	Journal Student Accommodation Fund and Journal Student Living	Respublica Student Living	European Logistics Investment B.V.	Total
Opening balance	51 896	298 552	–	350 448
Interest in at acquisition net asset value	–	–	59 031	59 031
Interest in additional net asset value	37 825	37 513	14 316	89 654
Share of (loss)/profit for the year	(3 481)	50 390	(5 160)	41 749
Share of other comprehensive income for the year	3 871	–	5 335	9 206
Share of dividends for the year	–	(75 125)	–	(75 125)
Change in ownership of subsidiary with NCI	–	(3 126)	–	(3 126)
Balance at end of year	90 111	308 204	73 522	471 837

Summarised financial information for each subsidiary that has a non-controlling interest is presented below, which reflects the financial information prepared by the respective entities in accordance with IFRS.

Refer to note 46: Related-party transactions.

18. Non-controlling interests continued

	2019			
	Journal Student Accommodation Fund and Journal Student Living	Respublica Student Living	European Logistics Investment B.V.	Total
Functional currency	AUD	ZAR	EUR	
Effective interest	90.00%	53.40%	95.00%	
SUMMARISED STATEMENTS OF FINANCIAL POSITION				
Non-current assets	2 844 297	1 268 775	5 764 431	9 877 503
Investment property	2 841 549	1 268 775	5 764 349	9 874 673
Property, plant and equipment	2 748	–	82	2 830
Current assets	73 090	30 199	310 481	413 770
Total assets	2 917 387	1 298 974	6 074 912	10 291 273
Non-current liabilities	1 053 756	229 724	3 695 991	4 979 471
Interest-bearing borrowings	847 785	80 000	2 673 307	3 601 092
Loans from shareholders	153 625	149 724	587 626	890 975
Other non-current liabilities	52 346	–	435 058	487 404
Current liabilities	39 863	346 473	578 866	965 202
Total liabilities	1 093 619	576 197	4 274 857	5 944 673
Net assets	1 823 768	722 777	1 800 055	4 346 600
Net assets attributable to non-controlling interests	182 377	336 785	90 004	609 166
SUMMARISED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME				
Revenue	91 676	181 582	434 197	707 455
Operating costs	(41 192)	(78 541)	(169 622)	(289 355)
Administration costs	(25 730)	(952)	(48 965)	(75 647)
Fair value adjustments	840 824	49 409	309 098	1 199 331
Interest income	156	2 018	–	2 174
Interest expense	(10 272)	(46 781)	(66 168)	(123 221)
Other	–	–	(110 282)	(110 282)
Profit for the year	855 462	106 735	348 258	1 310 455
Other comprehensive income	(8 639)	–	(40 919)	(49 558)
Total comprehensive income	846 823	106 735	307 339	1 260 897
Net total comprehensive income attributable to non-controlling interests	84 682	49 532	15 367	149 581
Dividends	29 623	50 000	–	79 623

18. Non-controlling interests continued

	2018			
	Journal Student Accommodation Fund and Journal Student Living	**Respublica Student Living**	**European Logistics Investment B.V.**	**Total**
Functional currency	AUD	ZAR	EUR	
Effective interest	90.00%	53.61%	95.00%	
SUMMARISED STATEMENTS OF FINANCIAL POSITION				
Non-current assets	1 369 344	1 178 799	3 852 068	6 400 211
Investment property	1 368 712	1 178 799	3 852 068	6 399 579
Property, plant and equipment	632	–	–	632
Current assets	23 399	44 425	384 225	452 049
Total assets	1 392 743	1 223 224	4 236 293	6 852 260
Non-current liabilities	390 499	487 996	2 267 457	3 145 952
Interest-bearing borrowings	378 345	384 973	1 725 676	2 488 994
Loans from shareholders	–	103 023	237 599	340 622
Other non-current liabilities	12 154	–	304 182	316 336
Current liabilities	101 131	70 853	498 404	670 388
Total liabilities	491 630	558 849	2 765 861	3 816 340
Net assets	901 113	664 375	1 470 432	3 035 920
Net assets attributable to non-controlling interests	90 111	308 204	73 522	471 837
SUMMARISED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME				
Revenue	3 351	159 250	57 839	220 440
Operating costs	(14 379)	(69 946)	(15 505)	(99 830)
Administration costs	(12 044)	(510)	(113 423)	(125 977)
Fair value adjustments	(11 340)	51 394	(9 802)	30 252
Interest income	192	10 253	134	10 579
Interest expense	(588)	(41 818)	(10 507)	(52 913)
Other	–	–	(11 926)	(11 926)
Profit/(loss) for the year	(34 808)	108 623	(103 190)	(29 375)
Other comprehensive income	38 707	–	106 696	145 403
Total comprehensive income	3 899	108 623	3 506	116 028
Net total comprehensive income attributable to non-controlling interests	390	50 390	175	50 955
Dividends	–	131 496	–	131 496

19. Share-based payments

Restricted scheme long-term incentive

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 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.

Restricted Share Scheme awards are subject to the vesting condition. In addition, 75% (2018: 75%) of the awards are subject to performance conditions.

The participant will not be entitled to any voting rights or distributions of Redefine 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.

	2019	2018
Shares expected to vest*	**5 353 608**	5 046 229
Vesting period	**3 years**	3 years
Average discounted price per share#	**8.01**	7.88
IFRS 2 *Share-based Payments* expense recognised in administration expenses (R'000)	**10 917**	13 473
Weighted average share price at date of vesting	**10.57**	10.04

* *This was determined by taking into account the performance of the group to date and forecasts to the end of the performance period, against the performance targets set at the time of the award.*

\# *The future anticipated distributions were adjusted for annual growth of between 4.0% and 8.3% and discounted by a distribution yield of between 8.3% and 10.1%.*

These awards will vest over the next three years.

The number of conditional share awards allotted in terms of the conditional share award scheme are:

	2018	Granted	Forfeited	Vested	2019	IFRS 2 charge R'000
AJ König	1 111 530	434 081	–	(300 000)	**1 245 611**	2 313
LC Kok	784 780	349 184	–	(230 000)	**903 964**	1 674
M Wainer	1 422 450	542 561	–	(400 000)	**1 565 011**	3 649
DH Rice*	874 156	393 480	–	(275 000)	**992 636**	1 846
MJ Ruttell*	519 917	221 469	–	(155 000)	**586 386**	1 092
Other employees	333 396	–	–	(273 396)	**60 000**	343
	5 046 229	1 940 775	–	(1 633 396)	**5 353 608**	10 917

	2017	Granted	Forfeited	Vested	2018	IFRS 2 charge R'000
AJ König	890 000	446 530	(5 737)	(219 263)	1 111 530	2 704
LC Kok	638 000	306 780	(3 744)	(156 256)	784 780	1 935
M Wainer	1 175 000	547 450	(5 760)	(294 240)	1 422 450	3 488
DH Rice*	767 000	332 156	(11 745)	(213 255)	874 156	2 171
MJ Ruttell*	468 000	201 917	(5 310)	(144 690)	519 917	1 314
Other employees	626 042	–	–	(292 646)	333 396	1 861
	4 564 042	1 834 833	(32 296)	(1 320 350)	5 046 229	13 473

* *DH Rice and MJ Ruttell form part of the executive committee and meet the definition of a 'prescribed officer' in terms of the Companies Act.*

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 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 three executive directors and two prescribed officers.

Short-term incentive share scheme awards are subject to the vesting condition.

The participant will not be entitled to any voting rights or distributions of Redefine 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.

	2019	2018
Shares expected to vest	**2 482 626**	1 471 386
Vesting period	**1-3 years**	1-3 years
Average discounted price per share#	**8.58**	8.58
IFRS 2 *Share-based payments* expense recognised in administration expenses (R'000)	**11 844**	6 566
Weighted average share price at date of vesting	**10.57**	10.04

The future anticipated distributions were adjusted for annual growth of between 4.0% and 8.3% and discounted by a distribution yield of between 8.3% and 10.1%.

These awards will vest in three equal tranches over the next three years.

The number of conditional share awards allotted in terms of the conditional share award scheme are:

	2018	Granted	Forfeited	Vested	2019	IFRS 2 charge R'000
AJ König	328 565	434 081	–	(207 657)	**554 989**	2 105
LC Kok	252 291	349 184	–	(159 451)	**442 024**	1 673
M Wainer	444 836	542 561	–	(279 373)	**708 024**	5 121
DH Rice*	282 605	393 480	–	(179 616)	**496 469**	1 880
MJ Ruttell*	163 089	221 469	–	(103 438)	**281 120**	1 065
	1 471 386	1 940 775	–	(929 535)	**2 482 626**	11 844

	2017	Granted	Forfeited	Vested	2018	IFRS 2 charge R'000
AJ König	536 223	–	–	(207 658)	328 565	1 466
LC Kok	411 742	–	–	(159 451)	252 291	1 126
M Wainer	724 209	–	–	(279 373)	444 836	1 988
DH Rice*	462 222	–	–	(179 617)	282 605	1 259
MJ Ruttell*	266 529	–	–	(103 440)	163 089	727
	2 400 925	–	–	(929 539)	1 471 386	6 566

* *DH Rice and MJ Ruttell form part of the executive committee and meet the definition of a 'prescribed officer' in terms of the Companies Act.*

19. Share-based payments continued

Matching 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 the participants will receive shares in settlement of their awards, a share-based payment reserve has been recognised. Vesting of the matching shares will occur in three years from the date of award. The participant will not be entitled to any voting rights or distributions of Redefine prior to the vesting of the matching shares.

Matching share awards are subject to the vesting condition. In addition, 100% of the awards are subject to performance conditions.

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.

	2019	2018
Shares expected to vest	**4 590 873**	5 378 605
Vesting period	**3 years**	3 years
Average discounted price per share#	**7.58**	8.11
IFRS 2 *Share-based Payments* expense recognised in administration expenses (R'000)	**10 664**	12 627
Weighted average share price at date of vesting	**10.57**	10.04

The future anticipated distributions were adjusted for annual growth of between 0.8% and 9.3% and discounted by a distribution yield of between 7.5% and 10.1%.

These awards will vest over the next three years.

The number of matching share awards in terms of the matching share award scheme are:

	2018	Granted	Forfeited	Vested	2019	IFRS 2 charge R'000
AJ König	1 261 320	422 769	(28 563)	(306 156)	**1 349 370**	3 051
LC Kok	868 668	391 260	(18 504)	(201 948)	**1 039 476**	2 350
M Wainer	1 564 509	–	(34 192)	(392 486)	**1 137 831**	2 573
DH Rice*	1 110 729	42 135	(30 923)	(266 026)	**855 915**	1 935
MJ Ruttell*	232 164	–	(2 220)	(21 663)	**208 281**	471
Other employees	341 215	–	–	(341 215)	**–**	284
	5 378 605	856 164	(114 402)	(1 529 494)	**4 590 873**	10 664

	2017	Granted	Forfeited	Vested	2018	IFRS 2 charge R'000
AJ König	1 129 023	436 803	(54 405)	(250 101)	1 261 320	2 956
LC Kok	551 772	316 896	–	–	868 668	2 036
M Wainer	1 347 039	574 347	(61 906)	(294 971)	1 564 509	3 666
DH Rice	1 004 283	379 893	(53 997)	(219 450)	1 110 729	2 602
MJ Ruttell	90 477	170 157	(5 303)	(23 167)	232 164	544
Other employees	615 918	–	(7 612)	(267 091)	341 215	823
	4 738 512	1 878 096	(183 223)	(1 054 780)	5 378 605	12 627

* *DH Rice and MJ Ruttell form part of the executive committee and meet the definition of a 'prescribed officer' in terms of the Companies Act.*

19. Share-based payments continued

Nil-cost options

Under the staff incentive scheme operated by the group, certain employees are awarded nil-cost options. These awards grant employees with a conditional right to receive a number of shares or the cash equivalent at the employees' option against the achievement of specific performance conditions, free of any cost. As the participants will receive shares or a cash alternative in settlement of their awards, a share-based payment expense has been recognised.

In terms of the staff incentive share scheme, a conditional right to a share or cash settlement is awarded to employees subject to the satisfaction of performance conditions over the performance period, as well as the vesting condition over the vesting period.

The participant will not be entitled to any voting rights or distributions of Redefine prior to the vesting of the nil-cost option.

The fair value of services received in return for the nil-cost option award 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.

	2019	2018
Total conditional shares	**4 209 354**	2 270 333
Vesting period	**3-8 years**	3-8 years
Shares expected to vest*	**4 103 789**	2 213 396
Average discounted price per share#	**6.06**	8.14
IFRS 2 *Share-based Payments* expense (R'000) recognised in:	**2 065**	4 710
Operating costs (R'000)	**1 428**	2 299
Administration expenses (R'000)	**637**	2 411

* *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 4.0% and discounted by a distribution yield of 12.6%.*

These awards will vest over the next three years.

The number of conditional share awards allotted in terms of the conditional share award scheme are:

	2019	2018
Opening balance	**2 270 333**	1 062 610
Granted	**2 022 734**	1 414 775
Forfeited	**(83 713)**	(207 052)
	4 209 354	2 270 333

19. Share-based payments continued

Conditional awards

Under the staff incentive scheme operated by the group, certain employees are awarded conditional awards. These awards grant employees with a conditional right to receive a cash settlement of the market value of the number of shares awarded against the achievement of specific performance conditions. As it is anticipated that the participants will receive a cash settlement of their awards, a share-based payment expense has been recognised.

In terms of the staff incentive share scheme, a conditional right to the cash settlement is awarded to employees subject to the satisfaction of performance conditions over the performance period, as well as the vesting condition over the vesting period.

The participant will not be entitled to any voting rights or distributions.

The fair value of services received in return for the conditional awards has been determined as follows:

- The number of shares expected to vest multiplied by share price at reporting date less discounted anticipated future distribution flows.

The number of conditional share awards allotted in terms of the conditional share award scheme are:

	2019	2018
Total conditional shares	**3 358 668**	2 030 164
Vesting period	**3 years**	3 years
Shares expected to vest*	**3 095 013**	1 870 796
Average discounted price per share#	**6.47**	8.59
IFRS 2 *Share-based Payments* expense (R'000) recognised in:	**1 396**	4 548
Operating costs (R'000)	**1 183**	3 368
Administration expenses (R'000)	**213**	1 180

* *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 4.0% and discounted by a distribution yield of 12.6%.*

These awards will vest over the next three years.

	2019	2018
Opening balance	**2 030 164**	853 445
Granted	**1 550 449**	1 304 842
Forfeited	**(221 945)**	(128 123)
	3 358 668	2 030 164

20. Interest-bearing borrowings

Figures in R'000s	2019	2018
Bank loans	**12 883 517**	12 384 505
Secured	**10 184 081**	9 714 738
Unsecured	**2 699 436**	2 669 767
Bonds and commercial paper	**25 779 455**	21 236 647
Secured	**14 224 817**	13 224 817
Unsecured	**11 554 638**	8 011 830
	38 662 972	33 621 152
Non-current		
Bank loans	**11 180 413**	11 214 606
Bonds and commercial paper	**23 574 455**	19 936 647
	34 754 868	31 151 253
Current		
Bank loans	**1 703 104**	1 169 899
Bonds and commercial paper	**2 205 000**	1 300 000
	3 908 104	2 469 899

The average all-in interest rate in respect of the total local group borrowings is 9.14% (2018: 9.26%).

Local interest-bearing borrowings are mainly at floating rates, of which 93% (2018: 82%) have economically been hedged to fixed rates. Refer to note 22: Derivative assets/(liabilities) for further detail of the group's interest rate swap agreements.

Total group borrowings (net of cash on hand) represent 43.9% (2018: 39.1%) of the value of the property portfolio (which includes investment properties, listed securities, loans receivable and investments in associates).

Group interest-bearing borrowings have been secured by mortgage loans over investment property to the value of R59.4 billion (2018: R57.8 billion), pledges over investments in associates to the value of R2.1 billion (2018: R2.0 billion), and pledges over listed securities to the value of R759 million (2018: R867 million).

Total group undrawn facilities at year end amount to R5.6 billion (2018: R3.8 billion).

Refer to note 44: Financial risk management and note 45: Capital management.

20. Interest-bearing borrowings continued

Variable and fixed rate loans – South African rand

Bank loans	Facility end date	Interest rate (%)	2019	2018
Absa			**1 965 000**	659 000
	1 July 2024	3-month JIBAR plus 1.75	**500 000**	500 000
	30 April 2024	3-month JIBAR plus 1.57	**500 000**	–
	1 July 2025	3-month JIBAR plus 1.75	**500 000**	159 000
	1 July 2022	Prime less 1.45	**465 000**	–
LibFin			**1 000 000**	1 000 000
	20 October 2023	3-month JIBAR plus 1.85	**500 000**	500 000
	20 October 2024	3-month JIBAR plus 1.95	**500 000**	500 000
Nedbank			**1 454 969**	2 251 373
	27 May 2019	3-month JIBAR plus 1.70	**–**	500 000
	27 May 2019	3-month JIBAR plus 1.70	**–**	150 000
	1 July 2019	3-month JIBAR plus 1.70	**–**	15 000
	1 August 2019	Prime less 1	**–**	131 400
	23 December 2019	Fixed 10.15	**85 000**	85 000
	27 December 2019	1-month JIBAR plus 2.26	**114 974**	114 978
	2 January 2020	3-month JIBAR plus 1.71	**800 000**	800 000
	25 August 2020	1-month JIBAR plus 2.09	**24 995**	24 995
	25 August 2020	Fixed 10.55	**80 000**	80 000
	31 December 2020	3-month JIBAR plus 1.75	**350 000**	350 000
Rand Merchant Bank			**80 000**	580 092
	30 August 2022	Prime less 1.35	**–**	500 092
	31 August 2020	1-month JIBAR plus 2.15	**80 000**	80 000
Standard Bank			**1 150 000**	1 996 084
	1 June 2019	3-month JIBAR plus 1.69	**–**	150 000
	30 September 2019	3-month JIBAR plus 1.72	**–**	96 424
	30 September 2019	3-month JIBAR plus 1.88	**–**	69 000
	30 September 2019	3-month JIBAR plus 1.78	**–**	199 007
	31 October 2019	3-month JIBAR plus 1.63	**–**	575 000
	31 October 2019	3-month JIBAR plus 1.63	**–**	300 000
	31 October 2019	3-month JIBAR plus 1.67	**–**	400 000
	31 March 2020	Prime less 1.80	**–**	206 653
	31 March 2022	3-month JIBAR plus 1.62	**1 150 000**	–
Total local currency loans			**5 649 969**	6 486 549

20. Interest-bearing borrowings continued

Variable rate loans – Foreign currency

Bank loans	Facility end date	Interest rate (%)	2019	2018
AUD loans				
Standard Chartered Bank Australia	18 September 2024	3-month BBSW plus 2.00	**1 028 510**	1 067 360
National Bank of Australia	28 February 2022	BBSY bid rate plus 2.90	**847 786**	378 345
EUR loans				
ING Bank	3 July 2025	3-month EURIBOR plus 1.40	**1 860 540**	1 725 676
Bank Pekao S.A.	30 June 2025	1-month EURIBOR plus 2.30	**428 945**	–
	30 June 2020	1-month WIBOR plus 2.00	**5 106**	–
	30 September 2020	1-month EURIBOR plus 2.50	**174 308**	–
	30 September 2021	1-month WIBOR plus 2.00	**3 294**	–
mBank	31 March 2025	1-month WIBOR plus 2.30	**206 219**	–
GBP loans				
Standard Bank Isle of Man			**1 853 572**	1 901 301
	31 July 2022	3-month LIBOR plus 2.81	**1 107 168**	1 135 677
	30 November 2020	6-month LIBOR plus 1.98	**373 202**	382 812
	30 November 2021	6-month LIBOR plus 2.25	**373 202**	382 812
USD loans				
Standard Bank Isle of Man			**383 000**	367 685
	31 August 2020	3-month US LIBOR plus 2.01	**383 000**	367 685
Rand Merchant Bank (USD)			**232 239**	–
	18 March 2021	3-month US LIBOR plus 2.25	**232 239**	–
Total variable rate loans – Foreign currency			**7 023 519**	5 440 367
Fixed rate loans – Foreign currency				
Investec*			**210 029**	234 090
Investec (EUR loan)	30 April 2020	2.54	**87 696**	93 489
Investec (EUR loan)	22 January 2020	2.86	**106 826**	114 790
Investec (GBP loan)	6 March 2020	3.07	**15 507**	25 811
Rand Merchant Bank(USD)	18 March 2019	4.15	**–**	223 499
Total fixed rate loans – Foreign currency			**210 029**	457 589
Total bank loans			**12 883 517**	12 384 505

* *Fixed deposits are held with Investec Bank Limited and provide security over foreign exchange loans.*

In terms of the loan agreements, Redefine is entitled to net settle the Investec foreign loans, and as such the loans and deposits are offset and disclosed on a net basis as set out below:

2019	Loan	Fixed deposit	Net
Investec (EUR loan)	**381 406**	**(293 710)**	**87 696**
Investec (EUR loan)	**524 334**	**(417 508)**	**106 826**
Investec (GBP loan)	**400 159**	**(384 652)**	**15 507**
			210 029

2018	Loan	Fixed deposit	Net
Investec (EUR loan)	387 199	(293 710)	93 489
Investec (EUR loan)	532 298	(417 508)	114 790
Investec (GBP loan)	410 463	(384 652)	25 811
			234 090

20. Interest-bearing borrowings continued

Variable rate loans – Foreign currency continued

Bonds and commercial paper		Capital repayment date	Interest rate (%)	2019	2018
Bonds				**7 954 638**	4 661 830
5 years	RDFB05	27 November 2019	3-month JIBAR plus 2.00	**501 000**	501 000
5 years	RDFB09	2 December 2021		**831 988**	832 869
	Nominal value		3-month JIBAR plus 1.85	**830 000**	830 000
	Issued at premium			**3 966**	3 966
	Amortised premium			**(1 978)**	(1 097)
4 years	RDFB08	30 September 2021		**750 650**	750 961
	Nominal value		3-month JIBAR plus 1.85	**750 000**	750 000
	Issued at premium			**1 404**	1 404
	Amortised premium			**(754)**	(443)
3 years	RDFB06	22 March 2019	3-month JIBAR plus 1.95	**–**	450 000
3 years	RDFB07	30 September 2019	3-month JIBAR plus 1.60	**700 000**	700 000
3 years	RDFB10	27 March 2020	3-month JIBAR plus 1.54	**284 000**	284 000
3 years	RDFB13	12 March 2021	3-month JIBAR plus 1.40	**299 000**	299 000
5 years	RDFB11	27 March 2022	3-month JIBAR plus 1.75	**216 000**	216 000
5 years	RDFB12	27 November 2022	3-month JIBAR plus 1.65	**200 000**	200 000
5 years	RDFB14	12 March 2023	3-month JIBAR plus 1.60	**428 000**	428 000
3 years	RDFB16	11 February 2022	3-month JIBAR plus 1.30	**250 000**	–
3 years	RDFB19	22 March 2022	3-month JIBAR plus 1.31	**210 000**	–
3 years	RDFB23	22 August 2022	3-month JIBAR plus 1.85	**120 000**	-
5 years	RDFB15	5 December 2023	3-month JIBAR plus 1.60	**646 000**	–
5 years	RDFB17	11 February 2024	3-month JIBAR plus 1.55	**465 000**	–
5 years	RDFB20	22 March 2024	3-month JIBAR plus 1.55	**231 000**	–
5 years	RDFB22	29 March 2024	3-month JIBAR plus 1.67	**640 000**	–
5 years	RDFB24	22 August 2024	3-month JIBAR plus 1.66	**630 000**	–
7 years	RDFB18	11 February 2026	3-month JIBAR plus 1.75	**382 000**	–
7 years	RDFB21	22 March 2026	3-month JIBAR plus 1.80	**170 000**	–
Unlisted bonds				**17 104 817**	15 724 817
6 years	RDF02U	4 December 2020	3-month JIBAR plus 1.70	**1 500 000**	1 500 000
5 years	RDF06U	28 August 2022	3-month JIBAR plus 1.85	**1 525 000**	1 525 000
4 years	RDF13U	31 August 2022	3-month JIBAR plus 1.65	**1 286 000**	1 286 000
5 years	RDF07U	22 December 2022	3-month JIBAR plus 1.80	**848 000**	848 000
5 years	RDF08U	1 August 2023	3-month JIBAR plus 1.60	**500 000**	500 000
5 years	RDF09U	21 August 2023	3-month JIBAR plus 1.65	**2 000 000**	2 000 000
5 years	RDF14U	30 August 2023	3-month JIBAR plus 1.70	**2 338 000**	2 338 000
5 years	RDF11U	31 August 2023	3-month JIBAR plus 1.63	**1 846 817**	1 846 817
6 years	RDF15U	30 August 2024	3-month JIBAR plus 1.80	**1 196 000**	1 196 000
6 years	RDF12U	31 August 2024	3-month JIBAR plus 1.72	**1 175 000**	1 175 000
7 years	RDF10U	21 August 2025	3-month JIBAR plus 1.55	**1 010 000**	1 010 000
5 years	RDF19U	30 August 2025	3-month JIBAR plus 1.85	**380 000**	–
7 years	RDF18U	13 April 2026	3-month JIBAR plus 0.70	**500 000**	–
5 years	RDF17U	8 November 2024	3-month JIBAR plus 1.60	**500 000**	–
8 years	RDF16U	30 August 2026	3-month JIBAR plus 2.05	**500 000**	500 000
Commercial paper				**720 000**	850 000
6-month	RDFC42	23 September 2018	3-month JIBAR plus 0.70	**–**	250 000
12-month	RDFC41	5 October 2018	3-month JIBAR plus 0.97	**–**	250 000
6-month	RDFC44	28 January 2019	3-month JIBAR plus 0.70	**–**	100 000
12-month	RDFC43	4 June 2019	3-month JIBAR plus 0.95	**–**	250 000
12-month	RDFC45	16 October 2019	3-month JIBAR plus 0.92	**200 000**	–
12-month	RDFC46	15 November 2019	3-month JIBAR plus 0.93	**170 000**	–
12-month	RDFC48	4 June 2020	3-month JIBAR plus 1	**250 000**	–
12-month	RDFC49	29 July 2020	3-month JIBAR plus 1	**100 000**	–
Total bonds and commercial paper				**25 779 455**	21 236 647

21. Interest-bearing borrowings at fair value

Secured

Euro-exchangeable bonds	Capital repayment date	Interest rate (%)		2019	2018
Opening balance				**2 520 890**	2 269 933
Fair value gain (foreign exchange portion)				**53 673**	2 348
At fair value				**2 574 563**	2 272 281
	16 September 2019	Fixed 1.50	**	**555 542**	–
	16 September 2021	Fixed 1.50		**2 019 021**	2 272 281
Fair value gain				**(33 974)**	248 609
Closing balance				**2 540 589**	2 520 890
Interest-bearing borrowings at fair value				**1 971 088**	2 502 753
Interest-bearing borrowings at fair value – current portion				**551 635**	–
Interest accrual on interest-bearing borrowings*				**17 866**	18 137

* *Presented as part of the interest accrual on interest-bearing borrowings on the statement of financial position.*

** *The exercise of a put option resulted in the early settlement of EUR32.8 million in exchangable bonds on 16 September 2019. The fair value of the exercised portion is R551.6 million.*

During the 2017 financial year, Redefine issued exchangeable bonds for a principal amount of EUR100 000 each, and a total principal amount of EUR150 million. The exchangeable bonds can be settled by cash, the exchange property, or a combination at Redefine's option. The settlement value is calculated as either the principal amount of EUR150 million or the value of the final exchange property at the bondholder's option on settlement date.

The exchangeable bond is secured with the exchange property and has a Moody's credit rating of Baa3.

Exchange property

The exchange property comprises a number of RDI REIT Plc shares. The exchange property is adjusted during the term of the exchangeable bonds for certain RDI REIT Plc dilutive events, *inter alia* share sub-divisions, consolidations and redenominations, rights issues, bonus issues, re-organisations, capital distributions and cash dividends.

Reconciliation of the exchange property	2019	2018
Number of RDI REIT Plc shares		
Initial exchange property	**280 441 783**	242 310 908
Additional exchange property	**13 449 518**	38 130 875
Share consolidation	**(235 113 042)**	–
Additional exchange property (post-consolidation)	**2 193 574**	–
	60 971 833	280 441 783

Share consolidation

(i) Redefine International consolidated their issued shared in a ratio of 5:1 in February 2019

(ii) Early redemption at Redefine's option

(iii) Redefine may redeem the bonds in whole, but not in part at their principal amount plus accrued interest

21. Interest-bearing borrowings at fair value

Early redemption at the bondholder's option

The bondholder may redeem the bonds on the optional put date or upon the occurrence of a put event, in each case at the principal amount plus accrued interest to the optional put date or the date set for redemption, as the case may be. 'Optional put date' means 16 September 2019. A 'put event' means the occurrence of either of the following:

(i) A change of control of Redefine Properties, where any persons and/or parties acting in concert shall own, acquire or control more than 50% of the issued share capital of Redefine or the right to cast more than 50% of the votes which may ordinarily be cast at Redefine's general meeting; or

(ii) A free float event, which shall occur if for any period of at least 20 consecutive trading days the number of shares comprising the free float is equal to or less than 20 percent of the total number of issued shares.

Stock lending facility

Redefine has set up a stock lending facility with J.P. Morgan Securities Plc (J.P. Morgan), in which J.P. Morgan may borrow up to 63 628 273 RDI REIT Plc shares from Redefine on the bond issue date.

The title of the shares is effectively transferred to investors who borrow the shares, whilst the ultimate beneficial interest remains with Redefine, who will still be entitled to the income that accrues to these shares.

All borrowed shares will be returned to Redefine at maturity of the exchangeable bonds, to the extent that the borrowed shares have not already been returned.

22. Derivative assets/(liabilities)

Figures in R'000s	2019	2018
Non-current assets	**71 500**	34 754
Current assets	**76 259**	6 041
Non-current liabilities	**(1 498 645)**	(907 687)
Current liabilities	**(78 806)**	(13 852)
	(1 429 692)	(880 744)
Foreign exchange options	**140 771**	(11 740)
Cross-currency interest rate swaps	**(1 055 949)**	(819 706)
Interest rate swap agreements	**(506 660)**	(49 298)
Embedded derivative	**(7 854)**	–
	(1 429 692)	(880 744)

A significant portion of the foreign currency exposure on income has been economically hedged. Refer to note 44: Financial risk management for further detail.

22. Derivative assets/(liabilities) continued

Redefine has entered into a number of cross-currency interest rate swaps, which is used to transform long-term ZAR borrowings into synthetic foreign currency borrowings. This is achieved by swapping interest during the derivative contract and exchanging the currency principal amounts at maturity. This is used to fund Redefine's foreign investments with an interest rate relative to the investment's local funding environment.

	Maturity	Nominal value	Rate (%)	2019	2018
Cross-currency interest rate swaps					
Standard Bank				**(88 014)**	(109 199)
	25 November 2019	EUR40 000 000	0.88		
		ZAR612 000 000	3-month JIBAR plus 1.60	**(55 561)**	(69 311)
	24 November 2021	EUR20 000 000	1.43		
		ZAR306 000 000	3-month JIBAR plus 1.85	**(32 453)**	(39 888)
Rand Merchant Bank				**(66 180)**	(61 721)
	28 June 2023	EUR50 300 000	1.79		
		ZAR797 461 230	3-month JIBAR plus 1.70	**(66 180)**	(61 721)
Standard Chartered				**(158 815)**	(166 351)
	12 July 2021	EUR40 000 000	1.44		
		ZAR580 800 000	3-month JIBAR plus 1.65	**(95 891)**	(112 099)
	28 June 2021	EUR40 000 000	1.37		
		ZAR634 000 000	3-month JIBAR plus 1.50*	**–**	(54 252)
	28 June 2022	EUR40 000 000	1.37		
		ZAR616 800 000	3-month JIBAR plus 1.50	**(62 924)**	–
Absa				**(721 711)**	(482 435)
	13 December 2022	GBP60 000 000	2.61		
		ZAR952 650 000	3-month JIBAR plus 1.85	**(174 315)**	(194 225)
	13 December 2022	GBP40 000 000	2.62		
		ZAR650 400 000	3-month JIBAR plus 1.85	**(100 006)**	(113 425)
	20 December 2022	GBP58 000 000	1.74		
		ZAR839 840 000	3-month JIBAR plus 1.85	**(162 243)**	(174 785)
	22 January 2024	EUR64 922 243	1.81		
		ZAR1 014 734 663	3-month JIBAR plus 1.65	**(135 008)**	–
	31 May 2024	EUR65 000 000	1.35		
		ZAR1 035 450 000	3-month JIBAR plus 1.60	**(108 754)**	–
	2 April 2024	EUR35 000 000	1.75		
		ZAR577 500 000	3-month JIBAR plus 1.60	**(41 385)**	–
Investec				**(21 229)**	–
	10 October 2023	EUR45 000 000	1.89		
		ZAR797 461 230	3-month JIBAR plus 1.70	**(21 229)**	–
Total cross-currency interest rate swaps				**(1 055 949)**	(819 706)

* *The above cross-currency interest rate swaps were early-settled.*

22. Derivative assets/(liabilities) continued

A significant portion of the floating interest rate borrowings has been economically hedged to fixed interest rates. Refer to note 44: Financial risk management for further detail.

	Maturity	Nominal value	Rate (%)	2019	2018
Interest rate swap agreements					
Absa				**(157 210)**	(1 640)
	8 October 2018	230 000 000	10.48	**–**	(1 474)
	12 November 2018	413 795 000	8.86	**–**	(1 893)
	8 April 2019	200 000 000	7.68	**–**	(741)
	9 April 2019	500 000 000	7.79	**–**	(2 258)
	13 May 2019	200 000 000	7.52	**–**	(436)
	15 August 2019	200 000 000	7.40	**–**	(162)
	15 October 2019	750 000 000	7.40	**(741)**	(422)
	18 November 2019	675 000 000	7.25	**(691)**	1 193
	20 November 2019	250 000 000	7.57	**–**	(507)
	25 November 2019	200 000 000	7.56	**–**	(369)
	9 December 2019	300 000 000	6.86	**162**	2 068
	12 August 2020	230 000 000	7.72	**(2 949)**	(1 656)
	1 July 2021	350 000 000	7.94	**(8 884)**	(2 207)
	7 July 2021	350 000 000	7.96	**(9 024)**	(2 319)
	10 August 2021	350 000 000	7.75	**(7 871)**	(6)
	8 September 2021	250 000 000	7.82	**(6 460)**	(788)
	8 September 2021	250 000 000	7.82	**(6 460)**	(788)
	8 September 2021	300 000 000	7.80	**(7 625)**	(772)
	22 September 2021	350 000 000	7.75	**(8 531)**	(267)
	22 September 2021	350 000 000	7.76	**(8 604)**	(165)
	27 September 2021	700 000 000	7.74	**(16 955)**	17
	14 February 2022	250 000 000	7.73	**(6 690)**	791
	14 July 2022	700 000 000	7.39	**(14 488)**	11 521
	30 January 2023	250 000 000	7.50	**(6 512)**	–
	2 August 2023	250 000 000	7.00	**(2 398)**	–
	30 January 2024	250 000 000	7.65	**(8 354)**	–
	4 April 2024	700 000 000	7.48	**(18 660)**	–
	14 June 2024	650 000 000	7.30	**(12 404)**	–
	2 August 2024	250 000 000	7.15	**(3 071)**	–
Nedbank				**(38 974)**	(5)
	15 October 2018	50 000 000	7.00	**–**	(5)
	18 April 2023	500 000 000	7.34	**(10 664)**	–
	5 June 2023	500 000 000	7.07	**(5 923)**	–
	8 February 2024	500 000 000	7.53	**(14 467)**	–
	13 February 2024	250 000 000	7.60	**(7 920)**	–
Rand Merchant Bank				**(25 575)**	6 260
	18 July 2019	100 000 000	7.44	**–**	(187)
	27 November 2019	525 000 000	6.98	**(212)**	2 642
	22 May 2020	500 000 000	7.06	**(1 440)**	3 803
	1 August 2020	55 478 694	8.27	**(885)**	–
	3 August 2020	89 956 894	8.64	**–**	(857)
	3 August 2020	2 253 382	7.14	**–**	3
	12 August 2020	270 000 000	7.72	**(3 324)**	(1 803)
	19 May 2021	350 000 000	7.39	**(4 980)**	2 659
	8 February 2023	500 000 000	7.39	**(11 380)**	–
	27 August 2023	250 000 000	6.80	**(637)**	–
	21 September 2023	250 000 000	6.83	**(866)**	–
	27 August 2024	250 000 000	6.93	**(645)**	–
	21 September 2024	250 000 000	6.98	**(1 206)**	–

22. Derivative assets/(liabilities) continued

	Maturity	Nominal value	Rate (%)	2019	2018
Interest rate swap agreements continued					
Standard Bank				**(84 916)**	(31 282)
	11 November 2018	140 000 000	10.64	**–**	(1 253)
	3 December 2018	103 110 000	8.72	**–**	(911)
	2 September 2019	13 571 147	8.39	**(19)**	(146)
	12 November 2019	600 000 000	7.29	**(668)**	681
	1 December 2019	68 030 000	8.68	**(427)**	(1 091)
	1 June 2020	250 000 000	7.79	**(2 487)**	(1 558)
	21 July 2020	250 000 000	7.66	**(2 435)**	(595)
	31 August 2020	250 000 000	7.69	**(2 658)**	(452)
	31 August 2020	350 000 000	7.93	**(4 532)**	(2 183)
	16 October 2020	400 000 000	7.62	**(4 760)**	(397)
	13 April 2021	400 000 000	8.46	**(12 454)**	(7 982)
	12 November 2021	400 000 000	7.59	**(8 693)**	2 110
	14 November 2021	400 000 000	8.02	**(12 289)**	(2 786)
	28 February 2022	350 000 000	8.38	**(14 568)**	(5 990)
	31 August 2022	350 000 000	8.60	**(18 926)**	(8 729)
National Australian Bank				**(52 346)**	(12 154)
	1 February 2022	AUD17 100 000	2.88	**(9 233)**	(3 116)
	1 February 2023	AUD17 100 000	2.89	**(13 478)**	(4 087)
	1 February 2024	AUD17 100 000	3.07	**(17 763)**	(4 951)
	1 August 2024	AUD4 247 050	1.39	**(1 245)**	–
	29 August 2025	AUD32 500 000	1.52	**(10 627)**	–
ING Bank				**(109 467)**	(10 477)
	27 March 2025	EUR11 529 509	(0.48)	**(12 232)**	(1 202)
	27 March 2025	EUR5 002 612	(0.48)	**(5 308)**	(522)
	27 March 2025	EUR11 478 270	(0.48)	**(12 178)**	(1 197)
	27 March 2025	EUR21 089 175	(0.48)	**(22 375)**	(2 198)
	27 March 2025	EUR6 861 256	(0.48)	**(7 279)**	(715)
	27 March 2025	EUR11 054 757	(0.48)	**(11 729)**	(1 153)
	27 March 2025	EUR14 429 839	(0.48)	**(15 309)**	(1 504)
	27 March 2025	EUR19 054 582	(0.48)	**(20 216)**	(1 986)
	30 June 2025	EUR826 373	0.28	**(247)**	–
	30 June 2025	EUR326 202	0.28	**(98)**	–
	30 June 2025	EUR768 748	0.28	**(230)**	–
	30 June 2025	EUR1 227 614	0.28	**(367)**	–
	30 June 2025	EUR 867 974	0.28	**(260)**	–
	30 June 2025	EUR1 083 399	0.28	**(324)**	–
	30 June 2025	EUR974 189	0.28	**(291)**	–
	30 June 2025	EUR3 425 501	0.28	**(1 024)**	–
Standard Chartered				**(38 172)**	–
	30 May 2023	250 000 000	7.15	**(3 796)**	–
	2 August 2023	250 000 000	7.00	**(2 476)**	–
	30 August 2023	250 000 000	6.75	**(265)**	–
	13 February 2024	250 000 000	7.60	**(7 867)**	–
	22 February 2024	500 000 000	7.60	**(15 688)**	–
	30 May 2024	250 000 000	7.29	**(4 655)**	–
	2 August 2024	250 000 000	7.15	**(3 104)**	–
	30 August 2024	250 000 000	6.89	**(321)**	–
Total interest rate swaps				**(506 660)**	(49 298)

23. Other financial liabilities

Figures in R'000s	Notes	2019	2018
Staff incentive schemes		**21 271**	16 524
Nil-cost options	19	**8 704**	6 640
Conditional awards	19	**7 635**	6 239
Cash awards		**4 932**	3 645
Profit participation liability		**46 921**	51 287
Loan from non-controlling shareholders		**18 155**	18 356
		86 347	86 167
Non-current			
Staff incentive schemes		**10 594**	16 524
Profit participation liability		**46 921**	51 287
Loan from non-controlling shareholders		**18 155**	18 356
		75 670	86 167
Current			
Staff incentive schemes		**10 677**	–

Cash awards

In terms of the staff incentive scheme, a conditional right to a cash award is awarded to certain employees subject to performance and vesting conditions. These cash awards give employees a right to receive a cash bonus against the achievement of specific performance conditions. As it is anticipated that the participants will receive a cash settlement of their awards, an IAS 19 *Employee Benefits* expense has been recognised.

Figures in R'000s	2019	2018
Opening balance	**3 645**	1 070
Current service costs	**1 287**	2 575
	4 932	3 645

Profit participation liability

As part of the Chariot Top Group B.V. (Chariot) transaction, Redefine entered into a profit participation loan agreement with East Management Slovakia s.r.o. (East Management). In terms of the agreement, East Management will be entitled to 5% of any and all investment proceeds generated by the Chariot Group. This liability has been measured at fair value and restated to the spot rate at year end.

Figures in R'000s	2019	2018

24. Deferred taxation

Capital allowances	**491 853**	449 192
Intangible assets	**87 997**	105 597
Deferred capital gains tax on investment property – Logistics Platform B.V.	**307 437**	275 350
Deferred capital gains tax on Cromwell Property Group shares	**47 341**	35 832
	934 628	865 971
Movement for the year		
Balance at beginning of year	**865 971**	642 261
Arising on business combination	**–**	245 074
Deferred capital gains tax on investment property – Logistics Platform B.V.	**40 890**	5 370
Capital allowances	**42 661**	49 124
Capital allowances adjustment prior year	**–**	32 077
Amortisation of intangible asset	**(17 600)**	(17 600)
Deferred capital gains tax on Cromwell Property Group shares	**11 509**	(115 241)
Foreign exchange gain – Logistics Platform B.V.	**(8 803)**	24 906
Balance at end of year	**934 628**	865 971

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 the straight-line lease income accrual.

Deferred taxation was recognised on the initial recognition of the intangible asset relating to the right to manage property that was acquired in the 2009 acquisition of ApexHi, Ambit and Madison. Refer to note 8: Goodwill and intangible assets. The deferred taxation is released to profit and loss over the asset's useful life.

Capital gains taxation 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. Deferred taxation has, as a result, 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.

Figures in R'000s	2019	2018

25. Trade and other payables

Trade payables	**389 438**	578 866
Accrued expenses	**307 694**	469 400
Deposits	**289 264**	246 750
Rental received in advance from tenants	**221 005**	226 496
Municipal expenses	**428 036**	426 910
Value added taxation	**86 838**	58 683
Sundry creditors	**298 407**	271 217
Balance at end of year	**2 020 682**	2 278 322

Figures in R'000s	Notes	2019	2018
26. Contractual rental income			
Contractual rental income		6 750 890	6 304 318
Operating costs recovery		1 792 910	1 575 052
		8 543 800	7 879 370
27. Operating costs			
Utility charges		1 158 257	1 024 530
Assessment rates		683 379	625 856
Bad debts		68 002	47 926
Cleaning		67 120	63 288
Insurance		48 041	43 863
Security		152 091	135 496
Other property expenses		277 412	173 281
Repairs and maintenance		132 018	124 370
Letting commissions		27 496	26 768
Management fees		78 194	51 998
Property management expenses		243 496	320 580
		2 935 506	2 637 956
28. Net operating profit			
Net operating income includes the following charges:			
Amortisation and depreciation		171 736	161 427
Auditor's remuneration		14 727	7 676
– External auditor – audit fees		6 690	6 388
– External auditor – prior year		1 247	–
– External auditor – components		6 710	905
– External auditor – non-audit fees		80	383
Internal audit fees		1 556	1 175
Staff costs		175 328	174 652
Directors' emoluments	47	80 544	53 479
Defined contribution fund contributions		19 524	15 222
Share-based payment expenses	19	36 885	41 924
Property management fees		79 748	65 125
Valuation fees paid to third parties		4 410	4 585
29. Other gains			
Trading income		38 914	40 649
Fee income		42 870	94 352
Gain on bargain purchase		–	14 097
Sundry income		23 110	1 372
Guarantee fee income		8 637	95 000
		113 531	245 470

Figures in R'000s	Notes	2019	2018

30. Changes in fair values

30.1 Changes in fair values of investment properties

Property portfolio		1 490 979	2 594 040
– realised		25 605	127 724
– unrealised		1 465 374	2 466 316
		1 490 979	2 594 040

30.2 Changes in fair values of financial instruments

Listed securities		(793 438)	(110 907)
– realised		(47 234)	(5 759)
– unrealised		(746 204)	(105 148)
Derivatives		(560 004)	(480 742)
Exchangeable bonds		(19 970)	(249 155)
Deemed disposal on associate becoming a listed investment		–	(328 023)
Profit on dilution of interest on associates		(46 081)	24 295
Profit on disposal of asset		–	180 326
Property, plant and equipment		(5 283)	–
Unlisted securities		160 338	74 917
Other financial instruments		(46 590)	–
Other		(7 130)	(25 531)
		1 318 158	914 820

31. Impairments

Investment in Cromwell Property Group	9	–	161 725
Investment in RDI REIT Plc	9	266 350	753 818
Investment in Oando Wings Development	9	37 210	138 210
Goodwill	8	60 888	–
Other	10	42 905	–
		407 353	1 053 753

32. Interest income

Cash		100 780	29 269
Cross-currency interest rate swaps		631 481	517 992
Vendor loans	10	221 807	249 232
Loan to associate	9	85 337	61 450
Other		22 423	61 885
		1 061 828	919 828

33. Interest expense

Interest-bearing borrowings		2 253 508	2 186 606
Fees		28 681	41 824
Cross-currency interest rate swaps		141 088	80 364
Interest rate swaps		108 998	118 894
Interest paid other		16 023	3 319
		2 548 298	2 431 007

34. Foreign exchange gains/(losses)

Realised gains		59 276	64 700
Unrealised losses		(15 161)	(133 954)
		44 115	(69 254)

35. Taxation

Figures in R'000s	2019	2018
Normal	33 470	(510 278)
– Current income tax	(7 710)	1 151
– Capital gains tax	41 180	(511 429)
Withholding	877	(68 674)
Deferred	(77 460)	46 270
– Current	(77 460)	78 347
– Adjustment to prior year	–	(32 077)
	(43 113)	(532 682)
Reconciliation between applicable taxation rate and effective taxation rate		
SA normal taxation rate applied to profit before taxation (28% corporate tax rate)	(990 499)	(2 001 863)
Taxation effect of:		
Effect of income that is exempt from taxation:		
Fair value adjustment on investment properties	442 233	859 248
Fair value adjustment on listed securities	(208 937)	(29 441)
Fair value adjustment on unlisted securities	44 895	20 976
Profit on dilution of ownership interest	(12 903)	(85 044)
Profit on sale of shares	(13 226)	(1 613)
Profit on sale of associate	–	(16 180)
Dividend income	1 445	(51 835)
Effect of items not included in profit before taxation but which are subject to taxation:		
Capitalised interest	163 763	164 480
Interest – Ma Afrika Tikkun Endowment Trust loan and The Redefine Empowerment Trust loan	(83 152)	(98 310)
Interest – Cornwall Cresent	(27 649)	(7 001)
Equity-accounted earnings	(88 472)	711 599
Impairments	(97 010)	(295 051)
Temporary differences that will be included in future distributions	(169 637)	6 451
Other	7 068	(73 706)
Qualifying distribution	1 024 132	926 331
Adjustment of prior year deferred taxation	–	–
Prior year assessed loss utilised	–	36 839
Prior year assessed loss recognised	–	–
Current year assessed loss not recognised	(58 003)	(133 700)
Deferred capital gains tax on Cromwell Property Group shares	(11 509)	115 241
Prior year under provision of current taxation	41 180	–
Foreign withholding taxes	(6 832)	(68 674)
Foreign tax – capital	–	(511 429)
Taxation per the statement of profit or loss and other comprehensive income	(43 113)	(532 682)

Certain companies in the group have unutilised tax losses which cumulatively amounts to R367.8 million (2018: R256.6 million) for which deferred tax assets have not been recognised as recovery of these losses is remote.

36. Earnings and headline earnings

Figures in R'000s	2019 Gross	2019 Non-controlling interest effect of the adjustment	2019 Net	2018 Gross	2018 Non-controlling interest effect of the adjustment	2018 Net
Reconciliation of basic earnings to headline earnings						
Profit for the year attributable to Redefine shareholders	3 341 893	–	3 341 893	6 575 079	–	6 575 079
Change in fair values of investment properties	(1 490 979)	122 457	(1 368 522)	(2 594 040)	22 218	(2 571 822)
Bargain purchase on additional acquisition of associate	–	–	–	(78 127)	–	(78 127)
Bargain purchase on acquisition of subsidiaries	–	–	–	(14 097)	705	(13 392)
Loss on disposal of interest in associate	–	–	–	57 787	–	57 787
Profit on dilution of ownership interest in an associate	46 081	–	46 081	123 403	–	123 403
Adjustment of measurements, included in equity-accounted earnings of associates (net of tax)	(292 133)	–	(292 133)	(1 467 593)	–	(1 467 593)
Adjustment of measurements, included in equity-accounted earnings of associates	(325 514)	–	(325 514)	(1 651 975)	–	(1 651 975)
Tax adjustment	33 381	–	33 381	184 382	–	184 382
Revaluation of property, plant and equipment	5 283	–	5 283	–	–	–
Impairments	407 353	–	407 353	1 053 753	–	1 053 753
Insurance proceeds received	(533)	–	(533)	–	–	–
Headline earnings attributable to Redefine shareholders	**2 016 965**	**122 457**	**2 139 422**	3 656 165	22 923	3 679 088

	2019	2018
Actual number of shares in issue ('000)*	**5 431 786**	5 404 403
Weighted average number of shares in issue ('000)*	**5 411 530**	5 342 395
Diluted weighted average number of shares in issue ('000)*	**5 428 383**	5 356 688
Basic earnings per share (cents)	**61.76**	123.07
Diluted earnings per share (cents)	**61.55**	123.01
Headline earnings per share (cents)	**39.53**	68.87
Diluted headline earnings per share (cents)	**39.39**	68.70

* *Excludes 361 396 896 (2018: 361 396 896) treasury shares.*

NET ASSET VALUE PER SHARE AND NET TANGIBLE ASSET VALUE PER SHARE	2019	2018
Number of shares in issue^ ('000)	**5 431 786**	5 404 403
Net asset value per share (excluding deferred tax and NCI) (cents)	**1 047.44**	1 083.25
Net tangible asset value per share (excluding deferred tax, NCI and goodwill and intangible assets) (cents)	**943.93**	976.93

^ *Group net of 361 396 896 (2018: 361 396 896) treasury shares.*

Figures in R'000s	2019	2018

37. Cash generated from operations

Profit before taxation	3 537 497	7 149 510
Adjusted for:		
Non-cash flow items	542 900	(3 175 578)
Interest income	(1 061 828)	(919 828)
Interest expense	2 548 298	2 431 007
Operating income before working capital changes	5 566 867	5 485 111
Working capital changes	(299 688)	914 414
Trade and other receivables	(43 784)	(95 050)
Trade and other payables	(255 904)	1 009 464
Cash generated from continuing operations	5 267 179	6 399 525
Non-cash flow items:		
Depreciation and amortisation	86 586	85 365
Impairments	407 353	1 053 753
Fair value adjustments	(172 821)	(1 679 220)
Straight-line lease accrual	(93 704)	(253 729)
Loss on disposal of interest in associates	–	57 787
Profit on disposal of held-for-trading	(38 914)	(40 649)
Foreign exchange (gains)/losses	(44 115)	69 254
Equity-accounted results of associates	315 972	(2 541 427)
Equity-settled share-based payments	(2 607)	11 323
Gain on bargain purchase	–	(14 097)
Loss from discontinued operations (net of taxation)	–	–
Lease commissions and amortised tenant installations	85 150	76 062
	542 900	(3 175 578)

38. Taxation paid

Taxation payable at beginning of year	(6 038)	(6 303)
Arising on acquisitions of subsidiaries	–	–
Charged to profit or loss	34 347	(578 952)
Foreign exchange differences	(4 298)	10 134
Taxation payable at end of year	(3 432)	6 038
	20 579	(569 083)

39. Reconciliation of loans receivable

Opening balance	2 698 148	1 844 655
Arising on acquisitions of subsidiaries	–	–
Loans receivable repaid	(970 457)	(369 496)
Loans receivable advanced	325 416	1 016 073
Accrued interest	76 848	120 099
Fair value adjustment	(46 590)	–
Impairment	(42 905)	–
Transfer to non-current assets held-for-sale	(106 801)	–
Foreign currency translation differences	(21 691)	86 817
	1 911 968	2 698 148

Figures in R'000s	2019	2018

40. Reconciliation of interest-bearing borrowings

Opening balance	**33 621 152**	32 459 588
Arising on acquisitions of subsidiaries	**–**	1 593 155
Proceeds from interest-bearing borrowings raised	**9 647 973**	8 329 784
Repayment of interest-bearing borrowings	**(4 524 493)**	(9 072 536)
Reclassification to other financial assets	**–**	(23 861)
Foreign currency translation differences	**(81 660)**	335 022
	38 662 972	33 621 152

41. Commitments

Capital commitments		
Properties under development	**2 315 118**	2 476 481
Capital improvements on investment properties	**679 501**	747 179
	3 019 356	3 223 660
Operating lease commitments		
Commitments due in respect of leases entered into by the group on leasehold property:		
– Due within one year	**26 529**	25 045
– Due within two to five years	**113 010**	128 567
– Due beyond five years	**590 334**	384 589
	729 873	538 201
Operating expense commitments		
Contractual commitments are in respect of general maintenance of lifts, escalators and air conditioning installations:		
– Due within one year	**350 984**	277 176
– Due within two to five years	**605 185**	1 057 839
– Due beyond five years	**162 926**	377 346
	1 119 095	1 712 361

42. 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 of 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	**5 867 418**	5 488 492
– Receivable within two to five years	**15 746 557**	15 258 901
– Receivable beyond five years	**7 407 214**	7 416 243
	29 021 189	28 163 636

43. Contingent liabilities

At the date of this report, Redefine provides guarantees to various utility suppliers amounting to R73.1 million (2018: R62.9 million).

44. 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 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 committees reviews management's compliance with the group's risk policies and procedures and assesses the adequacy of the risk management framework. The committees reports regularly to the board of directors.

44.1 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:

	Less than one year	One to five years	More than five years	Total
Year ended 31 August 2019				
Financial liabilities				
Interest-bearing borrowings	**8 317 961**	**33 603 646**	**6 714 944**	**48 636 551**
Interest-bearing borrowings at fair value	**581 817**	**2 002 126**	**–**	**2 583 943**
Interest accrual on interest-bearing borrowings	**368 724**	**–**	**–**	**368 724**
Derivative liabilities	**78 806**	**1 378 120**	**120 525**	**1 577 451**
Other financial liabilities	**10 677**	**75 670**	**–**	**86 347**
Trade and other payables	**1 712 839**	**–**	**–**	**1 712 839**
	11 070 824	**37 059 562**	**6 835 469**	**54 965 855**
Year ended 31 August 2018				
Financial liabilities				
Interest-bearing borrowings	4 903 004	30 817 960	7 213 202	42 934 166
Interest-bearing borrowings at fair value	38 635	2 581 822	–	2 620 457
Interest accrual on interest-bearing borrowings	262 081	–	–	262 081
Derivative liabilities	13 852	892 261	15 426	921 539
Other financial liabilities	86 167	–	–	86 167
Trade and other payables	1 993 143	–	–	1 993 143
	7 296 882	34 292 043	7 228 628	48 817 553

Total group undrawn facilities at year end amount to R4.8 billion (2018: R3.8 billion).

44. Financial risk management continued

44.2 Categories of financial instruments

Figures in R'000s	At amortised cost	At fair value through profit or loss	Total
Year ended 31 August 2019			
Financial assets			
Listed securities	–	937 288	937 288
Derivative assets	–	147 759	147 759
Loans receivable	1 906 737	112 032	2 018 769
Other financial assets	–	373 387	373 387
Trade and other receivables	788 796	–	788 796
Cash and cash equivalents	406 694	–	406 694
	3 102 227	1 570 466	4 672 693
Financial liabilities			
Interest-bearing borrowings	38 662 972	–	38 662 972
Interest-bearing borrowings at fair value	–	2 522 723	2 522 723
Interest accrual on interest-bearing borrowings	368 724	–	368 724
Derivative liabilities	–	1 577 451	1 577 451
Other financial liabilities	39 426	46 921	86 347
Trade and other payables	1 712 839	–	1 712 839
	40 783 961	4 147 095	44 931 056

	Loans and receivables	At fair value through profit or loss	Total
Year ended 31 August 2018			
Financial assets			
Listed securities	–	1 935 843	1 935 843
Derivative assets	–	40 795	40 795
Loans receivable	2 698 148	–	2 698 148
Other financial assets	–	218 890	218 890
Trade and other receivables	811 917	–	811 917
Cash and cash equivalents	421 978	–	421 978
	3 932 043	2 195 528	6 127 571

	Other financial liabilities	At fair value through profit or loss	Total
Financial liabilities			
Interest-bearing borrowings	33 621 152	–	33 621 152
Interest-bearing borrowings at fair value	–	2 502 753	2 502 753
Interest accrual on interest-bearing borrowings	262 081	–	262 081
Derivative liabilities	–	921 539	921 539
Other financial liabilities	34 880	51 287	86 167
Trade and other payables	1 993 143	–	1 993 143
	35 911 256	3 475 579	39 386 835

For all financial instruments carried at amortised cost, interest is market-related and, therefore the amortised cost reasonably approximates the fair value.

44. Financial risk management continued

44.3 Market risk

Figures in R'000s	2019	2018
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:	**93.0%**	81.9%
Refer to note 22: 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:	**(19 347)**	(47 724)
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 and unlisted securities held. Any fluctuations in equity prices do not affect distributions paid to shareholders. Equity price risk is managed through monthly reviews of security prices. If equity security prices increased by 5%, the increase in profit and equity would have been:		
– Listed and unlisted securities	**65 534**	107 737
– Profit participation liability	**(117)**	(533)
Currency risk		
The group is exposed to currency risk through its foreign interest-bearing borrowings, cross-currency interest rate swaps and foreign property assets. These interest-bearing borrowings are used to invest in foreign property assets, while the cross-currency swaps are used to hedge out the associated foreign currency risk and interest rate risk. The group manages its currency risk through natural hedges by investing offshore through foreign denominated loans, as well as entering into derivatives which include cross-currency interest rate swaps, as well as foreign exchange options.		
It is estimated that a R1.00 increase in the relevant spot exchange rate would decrease the group's expected profit before taxation by:		
Interest expense		
AUD	**(4 914)**	(4 154)
GBP	**(6 681)**	(5 446)
EUR	**(10 467)**	(8 199)
USD	**(1 823)**	(1 106)
Interest-bearing borrowings and interest-bearing borrowings at fair value		
It is estimated that a R1.00 increase in the relevant spot exchange rate would increase interest-bearing borrowings and interest-bearing borrowings at fair value loan balances, with a corresponding increase in the statement of profit or loss and other comprehensive income:		
AUD	**(182 428)**	(135 447)
GBP	**(120 778)**	(99 333)
EUR	**(361 904)**	(304 050)
USD	**(40 196)**	(40 196)

44. Financial risk management continued

44.4 Fair value hierarchy for financial instruments and investment property

IFRS 13 requires that an entity disclose, for each class of financial instrument 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 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).

The table below analyses financial instruments and investment property carried at fair value:

	Fair value	Level 1	Level 2	Level 3
Year ended 31 August 2019				
Assets				
Investment properties*	79 285 643	–	–	79 285 643
Listed securities	937 288	937 288	–	–
Derivative assets	147 759	–	147 759	–
Other financial assets	373 387	–	–	373 387
Loans receivable	112 032	–	–	112 032
	80 856 109	937 288	147 759	79 771 062
Liabilities				
Interest-bearing borrowings at fair value	2 522 723	2 522 723	–	–
Derivative liabilities	1 577 451	–	1 569 597	7 854
Other financial liabilities	46 921	–	–	46 921
	4 147 095	2 522 723	1 569 597	54 775

	Balance at beginning of year	Acquisitions/ (disposals)	Gains/(losses) in profit or loss for the year	Balance at end of year
Level 3 reconciliation:				
Year ended 31 August 2019				
Investment properties	68 469 851	4 900 885	1 715 768	75 086 504
Properties under development	5 926 105	(2 191 999)	(180 428)	3 553 678
Investment property held-for-sale	549 089	91 926	4 446	645 461
Other financial assets	218 890	(5 844)	160 341	373 387
Loans receivable#	–	138 905	(26 873)	112 032
Derivative liabilities	–	–	(7 854)	(7 854)
Other financial liabilities	(51 287)	14 115	(9 749)	(46 921)
	75 112 648	2 947 988	1 655 651	79 716 287

The fair value gains and losses are included in the fair value adjustment line in profit or loss.

* *Including non-current assets (properties) held-for-sale.*

\# *Loans receivable have been classified as fair value through profit or loss per first time adoption of IFRS 9.*

44. Financial risk management continued

44.4 Fair value hierarchy for financial instruments and investment property continued

	Fair value	Level 1	Level 2	Level 3
Year ended 31 August 2018				
Assets				
Investment properties*	74 945 045	–	–	74 945 045
Listed securities	1 935 843	1 935 843	–	–
Derivative assets	40 795	–	40 795	–
Other financial assets	218 890	–	–	218 890
	77 140 573	1 935 843	40 795	75 163 935
Liabilities				
Interest-bearing borrowings at fair value	2 502 753	2 502 753	–	–
Derivative liabilities	921 539	–	921 539	–
Other financial liabilities	51 287	–	–	51 287
	3 475 579	2 502 753	921 539	51 287

	Balance at beginning of year	Acquisitions/ (disposals)	Gains/(losses) in profit or loss for the year	Balance at end of year
Level 3 reconciliation:				
Year ended 31 August 2018				
Investment properties	59 243 224	6 375 969	2 850 658	68 469 851
Properties under development	3 948 869	2 009 233	(31 997)	5 926 105
Investment property held-for-sale	2 403 756	(2 124 317)	269 650	549 089
Derivative assets	–	143 973	74 917	218 890
Other financial liabilities	–	(23 826)	(27 461)	(51 287)
	65 595 849	6 381 032	3 135 767	75 112 648

The fair value gains and losses are included in the fair value adjustment line in profit or loss.

* *Including non-current assets (properties) held-for-sale.*

Blue Route Mall, Tokai

44. Financial risk management continued

44.4 Fair value hierarchy for financial instruments and investment property continued

Details of valuation techniques

Investment property

Refer to note 4: Investment property for valuation techniques.

Listed securities

Closing market price on the relevant exchange.

Interest-bearing borrowings at fair value

The exchangeable bond's fair value is determined with reference to the quoted Bloomberg Valuation Service (BVAL) price.

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 the 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.

Cross-currency interest rate swaps

The fair value is calculated by discounting the future cash flows using the swap curve of the respective currencies at the dates when the cash flows will take place.

Loans receivable

The fair value is calculated by discounting the future cash flows using a risk-adjusted discount rate.

Unlisted securities

The adjusted net asset value method is used to determine the fair value, i.e. the fair value is measured based on the fair value of the investee's assets and liabilities.

Profit participation liability

The adjusted net asset value method is used to determine the fair value of the liability, i.e. the fair value is measured based on 5% of the underlying Chariot investment.

There have been no significant changes in valuation techniques 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.

44. Financial risk management continued

44.5 Credit risk management

Potential areas of credit risk consist of cash and cash equivalents, trade receivables and loans receivable carried at amortised cost.

The group's maximum exposure to credit risk by class of financial asset other than derivatives is as follows:

Figures in R'000s	2019	2018
Cash and cash equivalents	**406 694**	421 978
Trade receivables (incl. municipal recoveries)	**617 450**	431 289
Other receivables	**300 866**	380 628
Loans receivable carried at amortised cost	**1 906 737**	2 506 038
	3 231 747	3 739 933
Cash and cash equivalents		
There is no significant concentration of credit risk with respect to cash and cash equivalents as the group holds cash accounts in a large number of financial institutions, internationally dispersed. Refer to note 13.		
Material bank balances are with The Standard Bank of South Africa Limited and ING Bank N.V. which have a Moody's credit rating of Baa3 and Aa3 respectively.		
Total cash and cash equivalents	**406 694**	421 978
While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.		
The fair value of cash and cash equivalents as at 31 August 2019 and 31 August 2018 approximates the carrying value.		
Analysis by credit quality of trade and other receivables is as follows:		
Trade receivables – gross	**617 450**	536 055
Other receivables – gross	**300 866**	380 628
Less: Impairment provision	**(129 520)**	(104 766)
Simplified model – trade receivables/allowance for doubtful debts	**(118 293)**	(104 766)
General model – other receivables/allowance for doubtful debts	**(11 227)**	–
Trade and other receivables – net of provision for impairment	**788 796**	811 917

Trade receivables ECL – simplified model

While trade receivables are subject to the impairment requirements of IFRS 9, the impact of IFRS 9-expected credit losses compared to the loss allowance recognised based on IAS 39 was not material and did not lead to an adjustment of the accumulated profit as at 1 September 2018.

The expected loss rates are based on the payment profiles of tenants over a period of 36 months before 31 August 2019 and the corresponding historical credit losses experienced within this period. On this basis, the impairment provision as at 31 August 2019 was determined as follows for trade receivables:

	Current	30 to 60 days overdue	61 to 90 days	Over 91 days	Over 120 days	Total R'000
31 August 2019						
Expected loss rate	0.11%	0.76%	0.95%	1.04%	100.00%	
Gross carrying amount – trade receivables	458 343	13 632	14 137	13 931	117 407	617 450
Impairment provision	502	104	134	145	117 407	118 293

The fair value of trade receivables as at 31 August 2019 and 31 August 2018 approximates the carrying value.

44. Financial risk management continued

44.5 Credit risk management continued

Other receivables ECL – General model

No further disclosure has been provided as this is deemed to be not material.

Loans receivable carried at amortised cost

Prior to the granting of loans to customers, management performs creditworthy checks to establish eligibility. All of the entity's loans receivables carried at amortised cost that have a good credit standing had an impairment charge limited to 12 months' expected losses. One loan receivable did not have a good credit standing and its impairment charge was recognised over its lifetime instead of 12 months.

The group assesses on a forward-looking basis the expected credit losses associated with its loans receivable carried at amortised cost. The group uses three main parameters to measure ECL on loans receivable carried at amortised cost. These are the probability of default (PD), loss given default (LGD), and exposure at default (EAD) (i.e. PD X LDG X EAD = ECL)

Exposures are mainly segmented by counterparty type, i.e. corporate, development, income producing property entity. This is done to allow for risk differentiation. The probability of a customer defaulting, as well as the realised loss with defaulted accounts, has been determined using historical data (36 months respectively).

The group uses three categories for loans which reflect their credit risk and how the loan loss provision is determined for each of those categories.

A summary of the assumptions underpinning the group's expected credit loss model is as follows:

Category	Definition of category	Basis for recognition of expected credit loss provision
Performing	Loans whose credit risk is in line with original expectations	12-month expected credit losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime (stage 1)
Underperforming	Loans for which a significant increase in credit risk has occurred compared to original expectations; a significant increase in credit risk is presumed if interest and/or principal payments are 30 days past due	Lifetime expected losses (stage 2)
Non-performing (credit-impaired)	Interest and/or principal repayments are 60 days past due or it becomes probable a customer will enter bankruptcy	Lifetime expected losses (stage 3)
Write-off	Interest and/or principal repayments are 120 days past due and there is no reasonable expectation of recovery	Asset is written off

Loans receivable consist of funding for vendor loans and the share incentive scheme for employees. A credit assessment is performed as borrowers are vetted before funding is received.

For vendor loans, the property sold is pledged as collateral against the loan. Similarly, for the share incentive scheme the employees pledge the shares as collateral against the loan received.

44. Financial risk management continued

44.5 Credit risk management continued

Over the term of the loans, the group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the group considers historical loss rates for each category of customers, and adjusts forward-looking macroeconomic data. The group provides for credit losses as follows:

Internal credit rating	Counter-party type	Location	Gross carrying amount	Probability of default	Loss given default	Expected credit loss	Category
High	Income-producing	South Africa	686 289 672	1.98%	14.58%	1 981 208	Performing
High	Development	South Africa	453 559 828	3.95%	27.72%	4 966 208	Performing
Moderate	Development	South Africa	93 801 979	50.00%	61.00%	28 823 769	Underperforming
High	Development	Poland	604 964 592	2.76%	32.29%	5 387 709	Performing
High	Other	South Africa	111 026 959	25.14%	46.18%	12 892 633	Performing
					Total	54 051 528	

Figures in R'000s	Performing	Under-performing	Total
Loss allowance at 31 August 2018	–	(11 146)	(11 146)
Impact of implementing IFRS 9			
Individual financial assets transferred to under-performing (credit impaired financial assets)*	–	–	–
Change in risk parameters*	(25 228)	(17 678)	(42 906)
Loss allowance at 31 August 2019	(25 228)	(28 824)	(54 052)

* *The increase in the loss allowance is due to an increase in the probability of default (PD) as the borrowers credit risk increased based on management's assessment.*

45. 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 investment property, listed securities, loans receivable, other financial assets and investments in associates.

Figures in R'000s	2019	2018
Property assets	**95 246 371**	91 335 499
Interest-bearing borrowings (net of cash on hand)	**40 779 001**	35 701 927
Fair value of cash settled hedges	**1 055 949**	–
Loan to value (%)	**43.9%**	39.1%

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.

46. Related-party transactions

Related-parties transactions are defined as those entities with which the group transacted during the year and in which the following relationship(s) exist:

Subsidiaries
Alice Lane Trust
Annuity Properties Proprietary Limited
Any Name 621 Proprietary Limited
Avanti Trust
Ballywoods Trust
Bielsko Logistics Sp. z o.o
Black River Park Investments Proprietary Limited
Bryanston Place Trust (deregistered 3 May 2019)
Carnation Place Trust (deregistered 29 November 2018)
Cape Gannet Proprietary Limited
Central Logistics Investment sp. z o.o.
Centurion Lifestyle Trust
Cogan sp. z o.o.
Ellington sp. z o.o.
Elmswell sp. z o.o.
Erf 2/49 Bryanston Proprietary Limited
European Logistics Investment B.V.
Farramere Retail Trust
Fountainhead Property Trust
Fountainhead Properties Proprietary Limited
Gateway Retail Trust
Greenstone Motor City Trust
Hazeldean Retail Trust
Hillcrest Precinct Trust
Industrial Center 29 sp. z o.o.
Journal Student Accommodation Fund
Journal Student Living Proprietary Limited
Kewstoke sp. z o.o.
Kinbuck sp. z o.o.
Knapton sp. z o.o.
Lapaki Sp. z o.o.
Liona Sp. z o.o.
Logistics Platform B.V.
Lublin Logistics Sp. z o.o.
Madison Property Fund Managers Holdings Proprietary Limited
Madison Property Fund Managers Proprietary Limited
Malvern sp. z o.o.
Micawber 185 Proprietary Limited
Observatory Business Park Proprietary Limited
Pivotal CCF Proprietary Limited
Pivotal Global Proprietary Limited
Pivotman Proprietary Limited
Ptn 113 Weltevreden Proprietary Limited
Redefine Commercial Proprietary Limited
Redefine Europe B.V.
Redefine Global Proprietary Limited
Redefine Retail Proprietary Limited
Respublica Student Living Proprietary Limited
Riverside Office Park Trust
SB Wings Development Proprietary Limited
Sunninghill Retail Trust
The Pivotal Fund Proprietary Limited
The Redefine Empowerment Trust
Valley View Office Trust
Warszawa Logistics Sp. z o.o.
Wonderboom Junction Retail Trust

Associates
EPP N.V.
RDI REIT Plc
Oando Wings Development Limited

Directors
AJ König
B Mathews
B Nackan (did not stand for re-election at the annual general meeting)
D Naidoo (appointed 28 August 2019)
DA Nathan (resigned 2 November 2018)
HK Mehta
LC Kok
M Barkhuysen
M Wainer (resigned 31 August 2019)
NB Langa-Royds
P Langeni (resigned 2 November 2018)
ASP Dambuza (appointed 2 November 2018)
LJ Sennelo (appointed 2 November 2018)
SM Pityana (appointed 3 May 2019)
SV Zilwa (appointed 2 November 2018 & resigned 5 April 2019)

Prescribed officers
DH Rice
MJ Ruttell

Other related parties
Admyt Proprietary Limited
– Son of key management holds 49% share in the company
Ellwain Investment Proprietary Limited
– Key management holds 50% share in the company
BKD Trading CC
– Son-in-law of key management holds 100%
Primecare Property Management CC
– Brother-in-law of key management holds 100%
Top Service Properties CC
– Relation of key management holds 100%

46. Related-party transactions continued

Figures in R'000s	2019 Equity-accounted investments	Impairment on investments	Gross receivable/ (payable)	Sales and services to/ (purchases and services from)	Interest income/ (expense)	Dividend income
Cromwell Property Group*	–	–	–	304	–	44 753
Delta Property Fund Limited	–	–	–	–	–	89 751
EPP N.V.	9 023 856	–	–	2 030	–	671 820
RDI REIT Plc	2 826 148	(266 350)	–	828	–	35 390
Cromwell Partners Trust**	–	–	–	–	–	–
Cromwell Partners Trust Operations**	–	–	–	–	–	–
Oando Wings Development Limited	–	(37 210)	–	–	85 337	–
AJ König	–	–	35 741	(17 105)	3 212	–
ASP Dambuza^	–	–	–	(630)	–	–
B Nackan[#]	–	–	–	(390)	–	–
B Mathews	–	–	–	(996)	–	–
D Naidoo^^^^	–	–	–	–	–	–
DA Nathan[@@]	–	–	–	(158)	–	–
DH Rice^^	–	–	8 494	(15 119)	764	–
HK Mehta	–	–	–	(680)	–	–
LC Kok	–	–	9 442	(12 968)	862	–
LJ Sennelo^	–	–	–	(763)	–	–
M Barkhuysen	–	–	–	(597)	–	–
M Wainer[@@@]	–	–	39 349	(21 860)	3 534	–
MJ Ruttell^^	–	–	–	(7 348)	5	
NB Langa-Royds	–	–	–	(755)	–	–
P Langeni[@@]	–	–	–	(158)	–	–
SV Zilwa^[@]	–	–	–	(484)	–	–
SM Pityana^^^	–	–	–	(533)	–	–
Admyt Proprietary Limited	–	–	2 009	(1 431)	–	–
Ellwain Investment Proprietary Limited	–	–	–	–	–	–
BKD Trading CC	–	–	–	–	–	–
Primecare Property Management CC	–	–	–	–	–	–
Top Service Properties CC	–		–	(24 418)	–	–
	11 850 004	(303 560)	95 035	(103 231)	93 714	841 714
Refer to note	9	31	10	47		

^ *The director was appointed on the board effective from 2 November 2018.*

^^ *DH Rice and MJ Ruttel are prescribed officers in terms of the Companies Act, No 71 of 2008.*

^^^ *SM Pityana was appointed as non-executive chairman on 3 May 2019.*

^^^^ *D Nadioo was appointed as non-executive director on 28 August 2019.*

[#] *B Nackan did not stand for re-election at the annual general meeting.*

[@] *The director resigned from the board on 5 April 2019.*

[@@] *The director resigned on 2 November 2018.*

[@@@] *The director resigned on 31 August 2019.*

* *During the prior financial year, 19.5% of Cromwell Property Group shares were sold, resulting in loss of significant influence. The remaining investment is classified with other listed securities.*

** *During the prior financial year, the group disposed of its 50% shareholding in Cromwell Partners Trust and Cromwell Partners Trust Operations.*

2018					
Equity-accounted investments	Impairment on investments	Gross receivable/ (payable)	Sales and services to/ (purchases and services from)	Interest income/ (expense)	Dividend income
–	(161 725)	–	852	–	200 077
–	–	–	–	–	–
6 996 725	–	–	16 321	–	462 512
3 958 407	(753 818)	–	811	–	262 063
–	–	–	–	–	89 637
–	–	–	–	–	2 040
553 498	(138 210)	–	–	61 450	–
–	–	35 834	(11 516)	3 522	–
–	–	–	–	–	–
–	–	–	(897)	–	–
–	–	–	(749)	–	–
–	–	–	–	–	–
–	–	–	(649)	–	–
–	–	8 523	(10 316)	1 400	–
–	–	–	(496)	–	–
–	–	9 768	(6 795)	885	–
–	–	–	–	–	–
–	–	–	(519)	–	–
–	–	39 411	(15 239)	3 522	–
–	–	2 442	(5 109)	221	–
–	–	–	(551)	–	–
–	–	–	(643)	–	–
–	–	–	–	–	–
–	–	–	–	–	–
–	–	2 469	(1 593)	–	–
–	–	–	(3 867)	–	–
–	–	–	(11 914)	–	–
–	–	–	(2 494)	–	–
–	–	–	(14 488)	–	–
11 508 630	(1 053 753)	98 447	(69 851)	71 000	1 016 329
9	31	10	47		

47. Directors' and prescribed officers' emoluments

Executive directors and prescribed officers

Figures in R'000s	Short-term			Long-term	Post-employment	
	Salary and allowances	Bonuses and performance-related payments	Other benefits and payments	Share schemes	Retirement benefits	Total
2019						
AJ König	4 293	4 202	130	7 880	600	17 105
LC Kok	3 200	3 380	201	5 726	461	12 968
M Wainer^	5 634	5 252	596	10 378	–	21 860
DH Rice*	3 695	3 809	222	6 978	415	15 119
MJ Ruttell*	2 492	2 144	–	2 712	–	7 348
	19 314	18 787[#]	1 149	33 674	1 476	74 400
2018						
AJ König	4 083	–	117	6 797	519	11 516
LC Kok	3 044	–	182	3 170	399	6 795
M Wainer^	5 431	–	1 087	8 721	–	15 239
DH Rice*	3 582	–	219	6 148	367	10 316
MJ Ruttell*	2 385	–	–	2 724	–	5 109
	18 525	–[&]	1 605	27 560	1 285	48 975

The bonuses and performance-related payments relate to December 2018 payments.

^ *Fees for executive directors sitting on company boards that are part of the group are earned by Redefine Properties Limited, except for a fee of R440 343 (2018: R897 688) 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.*

* *DH Rice and MJ Ruttell form part of the executive committee and meet the definition of a 'prescribed officer' in terms of the Companies Act.*

& *No short-term bonuses and performance-related payments were paid in December 2017, as the minimum performance criteria were not achieved in respect of 2017.*

Service contracts

Executive directors retire from their positions and from the board (as executive directors) at the age of 65. Though normal retirement age is 65 years for executive directors, the company's retirement policy makes provision to extend the working relationship beyond the normal retirement age. The executive directors are subject to three calendar months' written notice under their existing employment contracts.

47. Directors' and prescribed officers' emoluments continued

Non-executive directors

The fees paid to non-executive directors for the year ended 31 August 2019 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 14 February 2019:

Figures in R'000s	2019	2018
Basic annual fee for non-executive directors		
Independent non-executive chairperson*	**1 200**	–
Lead independent director	**596**	562
Non-executive director	**430**	403
Audit committee chairperson#	**200**	240
Audit committee member#	**100**	159
Risk, compliance and technology committee chairperson*	**200**	–
Risk, compliance and technology committee member*	**100**	–
Remuneration and/or nomination committee chairperson	**200**	188
Remuneration and/or nomination committee member	**100**	93
Social, ethics and transformation committee chairperson	**200**	148
Social, ethics and transformation committee member	**100**	87
Investment committee chairman	**200**	148
Investment committee member	**100**	116
Non-executive directors' fees		
ASP Dambuza	**630**	–
B Mathews	**996**	749
B Nackan	**390**	897
DA Nathan	**158**	649
D Naidoo@	**–**	–
HK Mehta	**680**	496
LJ Sennelo	**763**	–
M Barkhuysen	**597**	519
NB Langa-Royds	**755**	551
P Langeni	**158**	643
SM Pityana	**533**	–
SV Zilwa	**484**	–
	6 144	4 504

* *New role.*
\# *Previously audit and risk committee. 2019 fees proportioned between newly constituted audit and risk, compliance and technology committees.*
@ *Appointed as non-executive director on 28 August 2019.*

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 DH Rice and MJ Ruttell, who both are members of the executive committee, are regarded as "prescribed officers".

48. Directors' and prescribed officers' interest

The interests of the directors and prescribed officers in the shares of Redefine Properties Limited were as follows:

	Beneficial	Non-beneficial	
Figures in R'000s	**Direct/ indirect**	**Associate**	**Total**
2019			
ASP Dambuza	–	–	–
AJ König	5 585 766	–	5 585 766
B Mathews	–	–	–
B Nackan	14 938	–	14 938
DA Nathan	–	–	–
D Naidoo	–	–	–
HK Mehta	79 671 262	–	79 671 262
LJ Sennelo	–	–	–
LC Kok	2 509 316	–	2 509 316
M Barkhuysen	100 000	–	100 000
M Wainer	25 868 296	3 141 448	29 009 744
NB Langa-Royds	–	–	–
P Langeni	–	–	–
DH Rice*	2 485 309	–	2 485 309
MJ Ruttell*	812 698	–	812 698
SM Pityana	–	–	–
SV Zilwa	–	–	–
	117 047 585	3 141 448	120 189 033
2018			
AJ König	5 009 452	–	5 009 452
B Mathews	–	–	–
B Nackan	14 938	–	14 938
DA Nathan	–	–	–
HK Mehta	80 445 718	–	80 445 718
LC Kok	2 062 496	–	2 062 496
M Barkhuysen	100 000	–	100 000
M Wainer	25 497 954	4 571 743	30 069 697
NB Langa-Royds	–	–	–
P Langeni	–	–	–
DH Rice*	2 170 247	–	2 170 247
MJ Ruttell*	757 357	–	757 357
	116 058 162	4 571 743	120 629 905

* *DH Rice and MJ Ruttell form part of the executive committee and meet the definition of a "prescribed officer" in terms of the Companies Act.*

There have been no change in the directors' and prescribed officers' interest occurring between the financial year end and the date of the approval of these financial statements.

49. Subsequent events

Dividend declaration after the reporting date

In line with IAS 10 *Events After the Reporting Period*, the declaration of the dividend of 48.13 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.

50. Going concern

The group earned a net profit after tax for the year ended 31 August 2019 of R3.5 billion (2018: R6.6 billion). As at that date, the group had a positive net asset value and its current liabilities exceeded its current assets, together with non-current assets held-for-sale, by R3.6 billion (2018: R2.2 billion).

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 group has adequate resources to continue operating for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing the group financial statements. The 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.

Supplementary information

Centurion Mall, Centurion

Reconciliation of profit for the year to **distributable earnings**

for the year ended 31 August 2019

Figures in R'000s	2019	2018
Profit for the year attributable to Redefine shareholders	3 341 893	6 575 079
Changes in fair values (net of NCI)	(50 364)	(1 657 002)
Changes in fair values	(172 821)	(1 679 220)
Non-controlling interests	122 457	22 218
Straight-line rental income accrual (net of NCI)	(93 704)	(253 729)
Straight-line rental income accrual	(93 704)	(253 729)
Non-controlling interests	–	–
Gain on bargain purchase (net of NCI)	–	(13 392)
Gain on bargain purchase	–	(14 097)
Non-controlling interests	–	705
Amortisation of intangible assets	62 856	62 856
Impairments	407 353	1 053 753
Capital gains taxation (refund)/paid	(41 180)	511 429
Deferred taxation (net of NCI)	75 416	(46 538)
Deferred taxation	77 460	(46 270)
Non-controlling interests	(2 044)	(268)
Unrealised foreign exchange (gains)/losses and realised foreign currency translation reserve (net of NCI)	(19 489)	138 624
Unrealised foreign exchange (gains)/losses and realised foreign currency translation reserve	(16 235)	139 686
Non-controlling interests	(3 254)	(1 062)
Non-distributable items of associates	1 405 600	(1 359 487)
Loss on disposal of interest in associates and joint ventures	–	57 787
Transaction costs relating to business acquisitions (net of NCI)	19 799	90 107
Transaction costs relating to business acquisitions	20 709	90 107
Non-controlling interests	(910)	–
Antecedent distribution	6 770	39 628
Accrual for listed security income (REIT distribution declared post year end)	(4 352)	19 926
Cornwall interest	91 204	25 004
Other distributable income/(expense)	270 833	(16 566)
Distributable income for the year	5 472 635	5 227 479
– Interim	2 658 426	2 536 085
– Final	2 814 209	2 691 394
Actual number of shares in issue ('000)		
– Interim	5 404 403	5 361 701
– Final	5 431 786	5 404 403
Distributable income per share (cents)	101.00	97.10
– Interim	49.19	47.30
– Final	51.81	49.80
Dividend per share (cents)	97.32	97.10
– Interim	49.19	47.30
– Final	48.13	49.80

Property information

for the year ended 31 August 2019

Sectoral summary as at 31 August 2019

Figures in R'000s	Office	Retail	Industrial	Specialised	International	Total
Investment properties	24 986 554	27 943 702	12 427 957	2 856 488	6 871 803	75 086 504
Properties under development	217 232	371 469	1 230 882	–	1 734 095	3 553 678
Properties held-for-trading	–	–	56 549	395 334	–	451 883
Property, plant and equipment	105 096	–	–	32 677	–	137 773
Non-current assets held-for-sale	90 000	494 204	48 195	–	13 062	645 461
Total	25 398 882	28 809 375	13 763 583	3 284 499	8 618 960	79 875 299

Investment properties – Office

Multi-/single-tenanted	Property	Province	Valuation R'000	GLA m²	GMR R	GMR R/m²	Vacancy m²
Multi	Alice Lane	Gauteng	3 257 289	78 665	17 611 146	236.67	4 252
Single	115 West Street	Gauteng	1 690 000	41 091	*	*	*
Multi	90 Rivonia Road	Gauteng	1 195 904	39 964	6 546 836	166.51	645
Multi	Black River Office Park	Western Cape	1 181 000	52 840	7 691 507	149.58	1 420
Multi	The Towers	Western Cape	1 177 000	59 372	7 817 513	141.31	4 049
Multi	Rosebank Link	Gauteng	718 155	22 277	1 794 621	82.88	624
Multi	90 Grayston Drive	Gauteng	559 300	19 894	4 140 943	209.76	153
Multi	Riverside Office Park	Gauteng	555 492	27 284	5 776 081	221.62	1 221
Multi	Ballyoaks	Gauteng	538 315	27 062	3 830 026	167.86	4 245
Multi	Wembley 2	Western Cape	452 400	17 766	3 217 011	182.43	132
Multi	Commerce Square	Gauteng	427 200	17 047	2 888 360	188.00	1 683
Multi	Boulevard Office Park F&G	Western Cape	418 200	16 229	2 723 611	167.82	–
Multi	Rosebank Towers	Gauteng	415 400	12 288	2 916 208	246.11	439
Single	Nedbank Lakeview JV	Gauteng	410 959	15 201	*	*	*
Multi	Observatory Business Park	Western Cape	404 900	18 739	2 932 241	158.41	228
Multi	Convention Tower	Western Cape	403 000	17 938	2 747 890	156.66	398
Multi	Hillcrest Office Park	Gauteng	358 800	21 661	1 883 923	152.51	9 308
Multi	155 West Street	Gauteng	352 000	28 814	*	*	*
Multi	2 Pybus Road	Gauteng	353 603	12 903	2 044 555	236.15	4 245
Single	Constantia Kloof 3	Gauteng	342 960	16 026	*	*	*
Multi	Silver Stream Business Park	Gauteng	336 700	16 811	2 390 932	147.89	644
Multi	Hampton Office Park	Gauteng	325 750	21 301	2 744 519	141.38	1 888
Multi	Stoneridge Office Park	Gauteng	323 200	18 349	2 643 640	160.47	1 875
Multi	Clearwater Office Park	Gauteng	318 849	19 620	1 958 055	120.96	3 433
Multi	Loftus	Gauteng	316 025	14 714	1 586 314	171.27	5 452
Multi	Thornhill Office Park	Gauteng	295 500	22 165	2 400 738	127.24	3 297
Multi	Bree Street	Western Cape	277 400	9 072	2 340 508	270.36	415
Multi	Wembley 1	Western Cape	272 000	11 095	1 961 038	180.41	225
Multi	The Old Match Factory	Western Cape	258 900	12 160	1 577 026	139.31	840
Single	300 Middel Street	Gauteng	240 435	11 404	*	*	*
Single	Douglas Roberts Centre	Gauteng	237 000	19 309	*	*	*
Multi	Hill on Empire	Gauteng	223 535	8 411	1 207 641	143.59	–
Single	Centurion Gate	Gauteng	220 393	11 541	*	*	*
Single	CIB Insurance	Gauteng	211 300	7 513	*	*	*
Single	Ericsson Woodmead	Gauteng	209 300	11 245	*	*	*
Single	61 Jorrisen Street	Gauteng	204 400	18 181	*	*	*
Single	16 Fredman Drive	Gauteng	201 000	11 000	*	*	7 375
Single	240 & 260 Justice Mohamed Street	Gauteng	188 800	13 087	*	*	*
Single	De Beers House	Gauteng	182 100	14 172	*	*	*
Multi	Boulevard Office Park A	Western Cape	181 000	7 333	1 098 486	149.80	–
Multi	82 Maude	Gauteng	178 300	10 031	1 241 463	140.42	1 190

Property information continued

for the year ended 31 August 2019

Investment properties – Office continued

Multi-/single-tenanted	Property	Province	Valuation R'000	GLA m²	GMR R	GMR R/m²	Vacancy m²
Multi	Sandhurst Office Park	Gauteng	176 400	8 505	1 424 984	176.32	423
Multi	Boulevard Office Park B&C	Western Cape	170 500	8 062	1 103 266	154.07	901
Multi	AMR Office Park	Gauteng	168 300	10 563	1 553 437	147.85	56
Multi	The Atrium Building	Gauteng	165 000	13 555	1 628 444	120.14	–
Multi	Thabakgolo	Limpopo	163 500	13 315	1 764 535	145.22	1 164
Single	Sasfin Head Office Building	Gauteng	160 700	8 028	*	*	*
Single	Knowledge Park II	Western Cape	159 100	7 181	*	*	*
Multi	Bryanston Place	Gauteng	155 050	9 927	991 319	120.47	1 698
Single	Avon	Gauteng	144 400	6 520	*	*	*
Multi	Rosebank Corner	Gauteng	142 700	9 863	1 264 396	138.82	755
Multi	Grayston Ridge Office Park	Gauteng	133 300	11 899	1 173 334	110.69	1 299
Multi	Essex Gardens	KwaZulu-Natal	123 800	8 525	1 242 241	153.33	423
Multi	Nedbank Centre Nelspruit	Mpumalanga	112 600	15 366	1 228 142	118.96	5 042
Multi	Kimberley-Clark House	Gauteng	105 400	7 319	1 142 729	156.13	–
Multi	Mineralia Building	Gauteng	92 000	13 605	2 067 871	151.99	–
Multi	Stonewedge	Gauteng	86 500	7 390	651 579	112.63	1 605
Multi	2 Fricker Road	Gauteng	85 720	5 259	489 759	121.68	1 234
Multi	Wembley 3	Western Cape	84 500	4 765	792 781	166.55	5
Multi	150 Rivonia Road	Gauteng	84 500	6 723	581 181	120.95	1 918
Single	Wheat Board	Gauteng	82 500	13 109	*	*	*
Multi	Cedarwood House	Gauteng	78 000	4 979	614 183	137.31	506
Multi	Silver Point Office Park	Gauteng	77 480	4 781	612 177	142.37	481
Single	Emanzeni	Gauteng	77 200	9 340	*	*	*
Multi	Curator	Gauteng	76 600	8 938	847 269	124.60	2 138
Multi	18 The Boulevard	KwaZulu-Natal	74 900	5 189	555 305	128.10	854
Multi	Eagle Park	Western Cape	73 100	7 821	729 906	101.09	601
Multi	3 Sturdee Avenue	Gauteng	69 800	3 253	593 871	191.02	144
Multi	West End Shopping Centre	North West	64 600	21 002	980 575	63.68	5 603
Single	Hyde Park Manor	Gauteng	64 200	4 687	*	*	*
Single	7 Sturdee Avenue	Gauteng	62 400	4 011	*	*	4 011
Single	Batho Pele House	Gauteng	60 500	14 258	*	*	14 258
Single	Heron Place	Western Cape	60 200	4 734	*	*	*
Multi	Boskruin Village Office Park	Gauteng	57 600	7 000	575 428	107.54	1 649
Single	Kernick House	Gauteng	57 100	3 564	*	*	*
Multi	5 Sturdee Avenue	Gauteng	57 000	3 160	571 756	187.58	112
Multi	Wedgefield	Gauteng	56 600	4 027	491 591	141.96	564
Multi	66 Peter Place	Gauteng	53 900	4 273	514 827	131.43	356
Multi	Knowledge Park III	Western Cape	53 600	3 779	509 903	139.93	135
Single	Abcon House	Gauteng	53 067	2 442	*	*	88
Multi	1006 On the Lake	Gauteng	51 800	7 470	656 351	92.85	401
Single	Delpen Building	Gauteng	51 300	5 550	*	*	*
Multi	The Avenues	Gauteng	49 900	6 354	436 360	79.51	866
Multi	Ethos Building	Gauteng	48 900	2 521	419 943	166.58	–
Multi	Silver Stream Building 3	Gauteng	48 800	2 333	394 876	170.43	16
Single	Standard Bank Centurion	Gauteng	48 200	2 732	*	*	*
Single	Park ONE	Western Cape	47 500	6 210	*	*	6 200
Multi	Hillcrest Corner	Gauteng	46 400	2 024	434 386	216.00	13
Single	Jabil House	Gauteng	45 600	3 039	*	*	*
Multi	Warich Close Office Park	Gauteng	43 100	4 027	404 022	123.10	745
Multi	Accord House	KwaZulu-Natal	41 000	3 964	356 863	121.13	1 018
Single	Boulevard Annex – CPT	Western Cape	39 728	–	*	*	*
Multi	Hillside House	Gauteng	38 800	5 593	439 505	101.60	1 267
Multi	Yellowwood House	Gauteng	36 700	2 705	323 043	119.42	–
Multi	Wickham House	Gauteng	35 376	1 983	171 518	87.60	25

Multi-/single-tenanted	Property	Province	Valuation R'000	GLA m²	GMR R	GMR R/m²	Vacancy m²
Single	Duncan Street	Gauteng	34 700	1 310	*	*	*
Multi	Crawford House	Gauteng	30 701	1 898	318 339	171.80	45
Single	Nashua House	Gauteng	27 000	7 551	*	*	7 551
Single	Centurion Junction	Gauteng	26 950	–	*	*	*
Multi	Gleneagles	Gauteng	26 084	1 972	192 031	141.93	619
Single	Embassy House	Gauteng	9 500	3 470	*	*	*
Multi	RPA Centre	Gauteng	7 500	1 839	91 668	74.22	604
Single	Peugeot Hatfield	Gauteng	7 400	588	*	*	588
Multi	Schoeman Street	Gauteng	6 230	803	45 428	101.66	356
Single	Boulevard Office Park D	Western Cape	4 400	192	*	*	*
			25 091 650	1 238 420			128 013

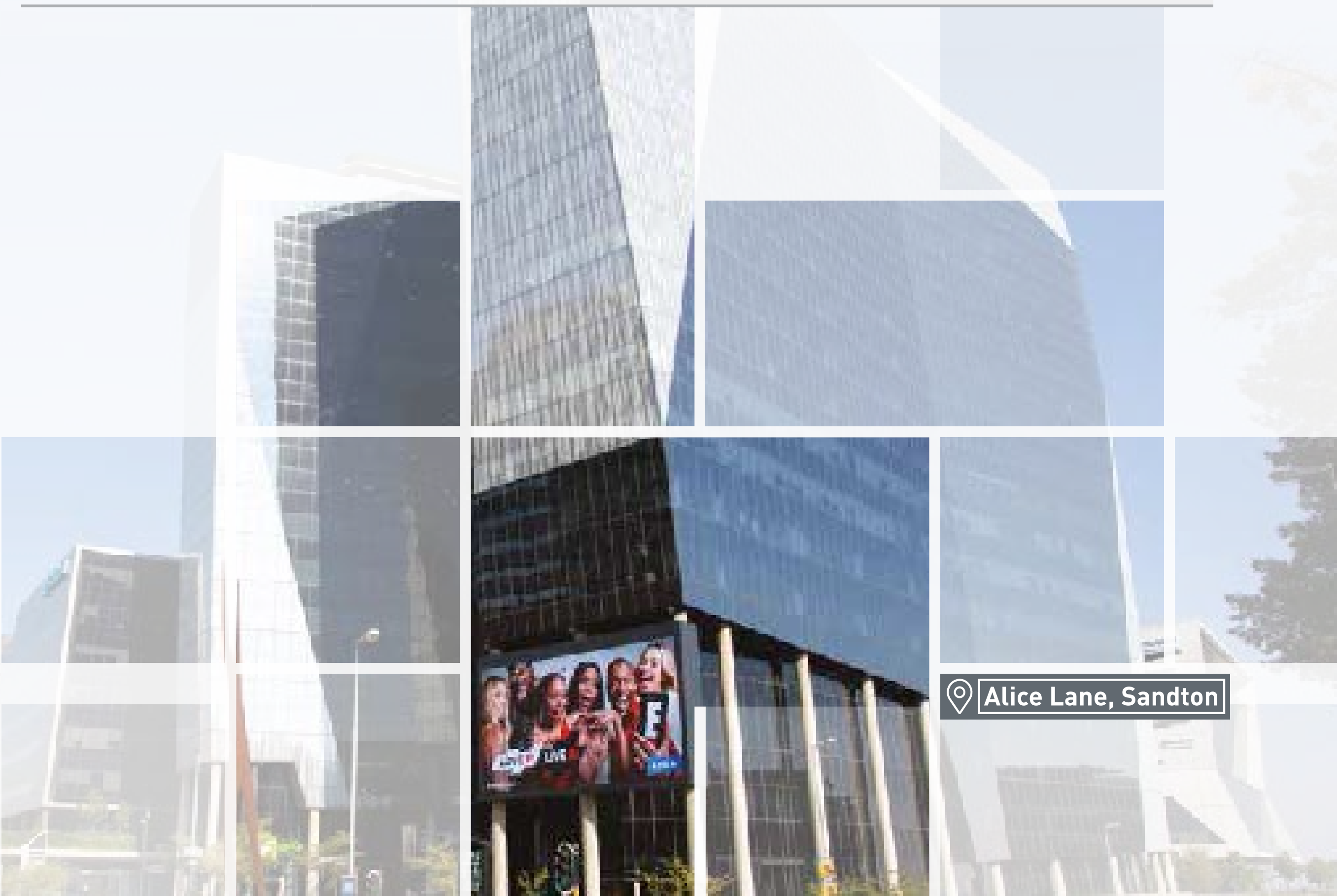
* *Single-tenanted office properties weighted average rental rate of R164.68/m².*
\# *Portion or Rosebank Towers included under Property, plant and equipment.*

Properties under development – Office

Property	Province	Valuation R'000	GLA m²	GMR R	GMR R/m²	Vacancy m²
Galleria	Gauteng	217 232	–	–	–	–
		217 232	–			–

Non-current assets held-for-sale – Office

Property	Province	Valuation R'000	GLA m²	GMR R	GMR R/m²	Vacancy m²
22 Fredman Drive	Gauteng	90 000	11 082	–	–	11 082
		90 000	11 082			11 082



Property information continued

for the year ended 31 August 2019

Investment properties – Retail

Multi-/single-tenanted	Property	Province	Valuation R'000	GLA m²	GMR R	GMR R/m²	Vacancy m²
Multi	Centurion Mall	Gauteng	4 694 833	119 035	29 861 057	264.05	5 948
Multi	Blue Route Mall	Western Cape	1 688 320	56 145	11 863 383	211.35	13
Multi	Kenilworth Centre	Western Cape	1 477 800	53 433	10 230 023	191.74	79
Multi	East Rand Mall	Gauteng	1 455 000	34 201	9 696 504	296.29	1 475
Multi	Golden Walk	Gauteng	1 408 100	45 214	9 719 229	217.16	458
Multi	Stoneridge Centre	Gauteng	1 189 000	67 816	8 305 218	128.03	2 946
Multi	Matlosana Mall	North West	1 163 649	65 000	8 778 257	146.12	4 926
Multi	Centurion Lifestyle Centre	Gauteng	1 138 900	62 297	8 545 070	141.40	1 865
Multi	The Boulders Shopping Centre	Gauteng	997 622	48 310	8 083 313	176.39	2 484
Multi	Maponya Mall	Gauteng	911 637	36 453	7 009 243	193.57	243
Multi	Goldfields Mall	Free State	889 335	37 789	7 055 474	187.29	117
Multi	Sammy Marks Square	Gauteng	810 440	35 794	5 724 428	176.62	3 383
Multi	Wonderboom Junction	Gauteng	793 117	42 697	6 817 270	164.44	1 239
Multi	Benmore Centre	Gauteng	775 700	23 025	5 598 883	256.12	1 165
Multi	Southcoast Mall	KwaZulu-Natal	614 244	34 798	4 597 696	137.60	1 385
Multi	Park Meadows	Gauteng	589 600	29 943	4 967 931	166.49	104
Multi	Kyalami Corner	Gauteng	521 215	22 374	3 625 513	171.38	1 220
Multi	Langeberg Mall	Western Cape	556 700	29 849	4 457 460	149.68	70
Multi	Chris Hani Crossing	Gauteng	523 071	20 390	3 269 831	160.45	10
Multi	Cradlestone Mall	Gauteng	398 960	32 914	4 386 077	143.03	2 248
Multi	Hazeldean Retail Square	Gauteng	372 400	20 169	3 237 540	160.94	52
Multi	Ottery Centre	Western Cape	322 030	30 802	3 002 654	97.93	142
Multi	Horizon Shopping Centre	Gauteng	318 800	19 971	2 636 014	139.73	1 106
Multi	Bryanston Shopping Centre	Gauteng	309 000	13 914	2 793 773	213.09	803
Multi	Shoprite Park	Western Cape	271 087	27 967	2 645 745	95.36	223
Multi	Hillcrest Boulevard	Gauteng	225 100	8 440	1 808 110	215.38	45
Multi	Standard Bank Centre Pretoria	Gauteng	220 900	23 698	3 762 436	187.67	3 650
Multi	Gateway Corner	Gauteng	204 400	11 651	1 423 137	122.15	–
Multi	Oakfields Shopping Centre	Gauteng	195 700	11 569	1 783 407	161.54	529
Multi	The Mall @ Scottsville	KwaZulu-Natal	185 086	14 335	2 264 638	161.68	328
Multi	Monument Commercial Centre	Gauteng	161 300	19 562	1 431 998	73.20	–
Multi	Cross Place	Gauteng	153 680	5 328	1 251 392	237.68	63
Single	Festival Square	Gauteng	142 900	11 041	*	*	*
Multi	Finpark	Gauteng	140 500	2 957	145 512	66.90	782
Multi	Besterbrown	Mpumalanga	130 800	14 272	1 589 854	129.37	1 983
Multi	320 West Street	KwaZulu-Natal	126 400	10 720	1 871 654	194.05	1 075
Multi	Riverside Mall	Western Cape	124 300	9 588	1 288 108	134.49	10
Single	Jetmart Pretoria	Gauteng	123 200	7 003	*	*	*
Multi	Moreleta Plaza	Gauteng	120 900	8 854	1 073 465	127.26	419
Multi	Botshabelo Shopping Centre	Free State	111 300	15 118	1 626 546	121.55	1 736
Multi	Blue Downs	Western Cape	110 350	8 817	1 067 230	125.31	300
Multi	66 Smal Street	Gauteng	92 800	2 162	813 467	376.26	–
Multi	McCarthy Audi Centre West Rand	Gauteng	92 000	4 334	843 164	194.55	–
Multi	Riverside Junction	Mpumalanga	91 500	10 038	937 363	94.80	150
Multi	Greenstone Motor City	Gauteng	89 600	6 000	793 628	132.27	–
Single	Pro Shop Woodmead	Gauteng	79 300	5 190	*	*	*
Multi	Posthouse Link	Gauteng	77 400	4 687	589 314	160.14	1 007
Multi	Isipingo Junction	KwaZulu-Natal	71 400	5 266	851 725	188.77	754
Single	Unitrans Nissan Clearwater	Gauteng	68 000	4 000	*	*	*

Multi-/single-tenanted	Property	Province	Valuation R'000	GLA m²	GMR R	GMR R/m²	Vacancy m²
Single	Buco	Gauteng	65 100	27 000	*	*	*
Multi	Bryanston Carvenience	Gauteng	64 000	3 886	621 725	159.99	–
Multi	Acornhoek Shopping Centre	Mpumalanga	55 600	5 452	593 133	134.96	1 057
Multi	Nedbank Mall	Gauteng	54 900	1 193	786 247	659.05	–
Multi	Nunnerleys	Gauteng	46 400	796	413 306	519.23	–
Multi	Post House	Gauteng	45 200	3 099	416 522	134.41	–
Multi	Vaal Walk	Gauteng	35 800	10 899	572 704	74.57	3 219
Multi	Kemsquare	Gauteng	32 400	7 239	359 683	53.37	500
Multi	Kine Centre	Gauteng	30 800	1 156	514 127	444.75	–
Multi	CCMA House Rustenburg	North West	29 500	6 378	319 134	93.15	2 952
Single	Williams Hunt Randburg	Gauteng	28 200	3 351	*	*	*
Multi	Schreiner Chambers	Gauteng	27 100	662	407 808	616.02	–
Multi	Tamlea – Arundel	Gauteng	16 300	685	413 052	603.00	–
Single	Absa Centurion	Gauteng	16 000	1 306	*	*	*
Single	Shoprite Polokwane	Limpopo	14 320	10 149	–	–	–
Multi	Centurion Mall Offices	Gauteng	13 006	12 227	*	*	*
Multi	Small Street Mall	Gauteng	12 900	119	118 518	995.95	–
Multi	Leonita – Mallinick	Gauteng	11 500	1 309	320 820	260.83	79
	JD Dwarsloop	Mpumalanga	10 700	1 147	35 000	30.51	–
Multi	East End Shopping Centre	North West	4 600	10 455	250 761	52.07	5 639
			27 943 702	1 343 438			59 981

* *Single-tenanted retail properties weighted average rental rate of R72.92/m².*

Properties under development – Retail

Property	Province	Valuation R'000	GLA m²	GMR R	GMR R/m²	Vacancy m²
Wilgespruit	Gauteng	323 319	–	–	–	–
Wonderboom Junction Phase 2	Gauteng	24 047	–	–	–	–
Masingita Mall	Gauteng	24 103	–	–	–	–
		371 469	–			–

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	Ermelo Mall	Mpumalanga	247 690	19 501	2 336 105	130.63	1 617
Multi	Alberton Mall	Gauteng	187 514	16 485	2 018 582	123.83	184
Land	Kyalami Corner	Gauteng	42 000	–	–	–	–
Land	Centurion Mall	Gauteng	11 000	–	–	–	–
Multi	Wilgespruit	Gauteng	6 000	19 797	59 962	3.03	941
			494 204	55 783			2 742

Property information continued
for the year ended 31 August 2019

Investment properties – Industrial

Multi-/single-tenanted	Property	Province	Valuation R'000	GLA m²	GMR R	GMR R/m²	Vacancy m²
Single	Pepkor Isando	Gauteng	890 700	107 017	*	*	*
Single	Robor	Gauteng	775 200	120 277	*	*	*
Single	Macsteel Lilianton Boksburg	Gauteng	676 100	73 071	*	*	*
Single	Hirt & Carter Cornubia	KwaZulu-Natal	591 900	47 718	*	*	*
Single	Macsteel Coil Processing Wadeville	Gauteng	402 900	52 886	*	*	*
Single	Macsteel VRN Roodekop	Gauteng	386 300	57 645	*	*	*
Multi	Cato Ridge DC	KwaZulu-Natal	360 000	50 317	3 402 223	67.62	–
Single	Macsteel Tube & Pipe Usufruct	Gauteng	358 500	68 822	*	*	*
Single	Macsteel Trading Germiston South	Gauteng	328 700	56 495	*	*	*
Multi	Wingfield Park	Gauteng	286 500	56 486	2 409 258	50.92	9 175
Single	Macsteel Cape Town	Western Cape	261 800	38 340	*	*	*
Single	GM – Coega	Eastern Cape	260 700	38 515	*	*	*
Single	34 Wrench Road	Gauteng	213 100	24 452	*	*	*
Multi	Mifa Industrial Park	Gauteng	202 100	34 729	1 968 916	62.84	3 398
Single	Macsteel Trading Durban	KwaZulu-Natal	190 300	21 540	*	*	*
Multi	Ushukela Industrial Park	KwaZulu-Natal	188 600	27 226	1 912 243	70.24	–
Single	8 Jansen Road	Gauteng	180 886	24 147	*	*	*
Single	Waltloo DC	Gauteng	170 000	25 735	*	*	*
Multi	Graph Avenue	Western Cape	161 700	28 854	2 191 011	75.93	–
Single	Dawn	Gauteng	161 000	22 069	*	*	*
Single	Edcon	Gauteng	159 600	23 308	*	*	*
Single	Macsteel Trading Wadeville	Gauteng	158 500	24 128	*	*	*
Multi	12 Piet Rautenbach Street	Gauteng	155 100	27 795	1 837 901	66.12	–
Single	Macsteel Roofing Wadeville	Gauteng	155 000	23 729	*	*	*
Multi	Strydom Industrial Park	Gauteng	139 400	25 372	1 413 581	71.87	5 704
Single	Macsteel Special Steels Dunswart	Gauteng	129 900	19 334	*	*	*
Single	City Deep 45 & 46	Gauteng	126 000	13 407	*	*	*
Single	29 Springbok Road	Gauteng	125 300	20 067	*	*	*
Single	Tetford Circle	KwaZulu-Natal	125 000	9 515	*	*	*
Multi	Nasrec Road – Aeroton	Gauteng	124 500	15 575	1 034 466	66.42	–
Multi	Midway Park	Gauteng	121 000	14 286	1 115 203	78.06	–
Single	Moresport DC	Western Cape	117 000	12 991	*	*	*
Single	14 Piet Rautenbach Street	Gauteng	115 400	15 668	*	*	*
Multi	1 Springbok Road	Gauteng	113 100	15 729	1 211 745	77.04	–
Single	Schneider Midrand	Gauteng	112 000	11 924	*	*	*
Single	Torre Industrial	Gauteng	111 164	9 381	*	*	*
Single	Coricraft – Stormill	Gauteng	109 700	24 253	*	*	*
Single	2 Lake Road	Gauteng	109 000	13 547	*	*	*
Multi	CTX Business Park	Western Cape	107 700	18 484	1 231 978	73.65	1 757
Multi	Golf Air Park II	Western Cape	105 100	12 807	966 334	75.45	–
Multi	190 Barbara Road	Gauteng	107 500	24 398	1 004 047	51.07	4 736
Multi	Supreme Industrial Park	Gauteng	102 800	29 233	1 332 178	50.86	3 041
Multi	Spearhead Business Park	Western Cape	96 900	13 549	935 449	74.25	950
Multi	Murrayfield	KwaZulu-Natal	95 700	16 625	1 307 754	84.39	1 129
Single	Macsteel Trading Klerksdorp	North West	94 500	15 263	*	*	*
Single	Macsteel Trading Witbank	Mpumalanga	91 400	5 018	*	*	*
Single	Rage Distribution	Gauteng	88 900	9 000	*	*	*
Single	Macsteel Roofing Harvey	Gauteng	85 700	14 133	*	*	*
Single	Litha Medical	Gauteng	84 200	10 129	*	*	*
Multi	18 Halifax Road	KwaZulu-Natal	76 700	14 693	*	*	*

Multi-/single-tenanted	Property	Province	Valuation R'000	GLA m²	GMR R	GMR R/m²	Vacancy m²
Single	Regal	Gauteng	74 000	6 083	*	*	*
Single	Trentyre Spartan	Gauteng	72 882	12 344	*	*	*
Single	Macsteel VRN Pinetown	KwaZulu-Natal	63 100	7 517	*	*	*
Single	Macsteel Trading Rustenburg	North West	62 100	7 860	*	*	*
Multi	Creation	North West	61 200	28 723	674 193	23.47	–
Single	1 New Road	Gauteng	59 100	11 606	*	*	*
Multi	Ferreiras North Riding	Gauteng	58 400	9 573	650 232	67.92	–
Single	BAT	Gauteng	58 300	6 748	*	*	*
Single	S Burde	Gauteng	56 600	19 047	*	*	*
Single	BGM 1 – GEA	Western Cape	56 463	4 495	*	*	*
Single	BGM 7 – Brights	Western Cape	56 212	4 108	*	*	*
Single	SSAB	Gauteng	56 500	9 343	*	*	*
Single	Jupiter Ext 1	Gauteng	54 500	11 507	*	*	*
Single	Macsteel Trading Nelspruit	Mpumalanga	54 400	5 262	*	*	*
Single	East Balt	Gauteng	54 200	9 923	*	*	*
Single	11 Galaxy Avenue	Gauteng	53 800	6 217	*	*	*
Multi	Golf Air Park	Western Cape	53 200	14 800	661 593	47.79	957
Single	Macsteel Trading Bloemfontein	Free State	50 700	4 947	*	*	*
Single	Macsteel Special Steels Meyerton	Gauteng	50 500	11 693	*	*	*
Single	Macsteel VRN Richards Bay	KwaZulu-Natal	45 100	4 117	*	*	*
Single	GNLD International	Gauteng	44 900	5 477	*	*	*
Single	Aveng Stormill	Gauteng	44 500	5 965	*	*	*
Single	Elvey Security	Gauteng	44 100	4 127	*	*	*
Single	BGM 8 – Planet Fitness	Western Cape	43 787	1 648	*	*	*
Single	179 Broadwalk Street	Gauteng	43 300	10 680	*	*	*
Single	Deutz Diesel	Gauteng	42 100	7 678	*	*	*
Multi	77 & 78 Plane Road	Gauteng	39 300	8 686	418 764	53.77	898
Single	52 Mimetes Road	Gauteng	37 300	7 567	*	*	*
Single	Macsteel Trading Pretoria	Gauteng	36 800	7 698	*	*	*
Single	Trencor	Western Cape	36 500	6 861	*	*	*
Single	Macsteel Kimberley	Northern Cape	35 700	6 822	*	*	*
Single	6 Kruger Street	Gauteng	32 200	7 590	*	*	*
Single	66 Mimetes Road	Gauteng	29 600	5 903	*	*	*
Single	Macsteel VRN Rustenburg	North West	28 600	4 724	*	*	*
Single	Macsteel VRN Vaal	Gauteng	27 900	6 943	*	*	*
Single	64 Mimetes Road	Gauteng	26 400	5 136	*	*	*
Single	Macsteel Trading Welkom	Free State	24 800	5 550	*	*	*
Single	BGM 3 – Brackengate	Western Cape	24 160	3 063	*	*	1 413
Single	Aviz Labs	Gauteng	23 500	2 871	*	*	*
Single	Aristocrat Tech	Gauteng	21 200	2 158	*	*	*
Single	Golf Air Park III	Western Cape	18 000	–	*	*	*
Single	Macsteel Hudson Road	KwaZulu-Natal	18 000	–	*	*	*
Single	Macsteel Roofing Queenstown	Eastern Cape	17 800	4 674	*	*	*
Single	Trentyre Spartan 2	Gauteng	16 000	3 138	*	*	*
Single	Macsteel VRN Klerksdorp	North West	12 700	2 370	*	*	*
Multi	Denver Industrial Park	Gauteng	6 200	10 476	371 765	35.49	–
Single	Macsteel Trading Newcastle	KwaZulu-Natal	6 000	2 060	*	*	*
Single	Precision House	Gauteng	2 700	604	*	*	*
	Erf 4462 Clayville	Gauteng	1 903	–	*	*	*
			12 427 957	1 816 064			33 158

* *Single-tenanted industrial properties weighted average rental rate of R53.43/m².*

Property information continued

for the year ended 31 August 2019

Properties under development – Industrial

Property	Province	Valuation R'000	GLA m²	GMR R	GMR R/m²	Vacancy m²
S & J Industrial	Gauteng	758 736	–	–	–	–
Brackengate 2 Mainland	Western Cape	298 433	–	–	–	–
Atlantic Hills	Western Cape	118 826	–	–	–	–
Cornubia Ptn 18	KwaZulu-Natal	52 402	–	–	–	–
BGM 5	Western Cape	2 485	–	–	–	–
		1 230 882	–			–

Properties held-for-trading – Industrial

Multi-/single-tenanted	Property	Province	Valuation R'000	GLA m²	GMR R	GMR R/m²	Vacancy m²
Land	Stikland	Western Cape	11 726	–	–	–	–
Land	Atlantic Hills	Western Cape	44 823	–	–	–	–
			56 549	–			–

Non-current assets held-for-sale – Industrial

Multi-/single-tenanted	Property	Province	Valuation R'000	GLA m²	GMR R	GMR R/m²	Vacancy m²
Land	S & J Industrial	Gauteng	48 195	–	–	–	–
			48 195	–			–

Investment properties – Specialised

Multi-/single-tenanted	Property	Province	Valuation R'000	GLA m²	GMR R	GMR R/m²	Vacancy m²	Beds	Vacant beds
Multi	Hatfield Square	Gauteng	855 009	2 815	83 793	250.88	2 481	2 331	–
Multi	Peasons and Princeton Village	Gauteng	587 234	–	–	–	–	1 846	92
Single	Bedford Gardens Hospital	Gauteng	349 800	12 817	*	*	*	–	–
Multi	Saratoga Village	Gauteng	254 880	–	–	–	–	1 078	–
Multi	Roscommon House	Western Cape	240 933	–	–	–	–	582	–
Multi	West City	Gauteng	143 112	–	–	–	–	1 134	2
Multi	Lincoln House	Free State	113 270	–	–	–	–	469	–
Multi	Yale Village	Gauteng	106 031	–	–	–	–	330	–
Multi	Urban Nest	Gauteng	62 742	–	–	–	–	300	4
Multi	The Fields	Gauteng	59 063	–	–	–	–	308	3
Single	Southern Sun OR Thambo International Airport	Gauteng	35 940	14 153	*	*	*	–	–
	55 Empire Road	Gauteng	35 807	–	–	–	–	–	–
Multi	Loftus Park Hotel#	Gauteng	32 677	–	–	–	–	330	–
	Paton House	KwaZulu-Natal	12 667	–	–	–	–	–	–
			2 889 165	29 785			2 481	8 708	101

* *Single-tenanted specialised properties weighted average rental rate of R194.04/m².*

\# *Loftus Park Hotel included under Property, plant and equipment.*

Properties held-for-trading – Specialised

Multi-/single-tenanted	Property	Province	Valuation R'000	GLA m²	GMR R	GMR R/m²	Vacancy m²
Multi	Park Central	Gauteng	395 334	–	–	–	–
			395 334	–			–

Investment properties – International

Multi-/single-tenanted	Property	Sector	Valuation R'000	GLA m²	GMR R	GMR R/m²	Vacancy m²	Beds	Vacant beds
Multi	ŁódĐ Business Center II & III	Industrial	693 474	63 044	3 342 141	76.31	19 250	–	–
Multi	Krakow III	Industrial	165 588	15 303	998 113	65.22	–	–	–
Multi	Sosnowiec II	Industrial	698 548	64 796	3 377 787	58.62	7 173	–	–
Multi	Warsaw Airport I	Industrial	240 179	20 766	1 343 511	64.70	–	–	–
Multi	PoznaĐ IV	Industrial	380 565	32 221	2 135 302	73.81	3 290	–	–
Multi	Krakow III	Industrial	383 948	33 713	2 116 777	68.62	2 864	–	–
Single	Bydgoszcz II	Industrial	478 666	45 642	*	*	*	–	–
Single	Bydgoszcz III	Industrial	377 182	37 995	*	*	*	–	–
Multi	Stryków	Industrial	754 534	77 659	3 263 496	58.86	22 213	–	–
Multi	Bielsko-Biała	Industrial	314 600	25 273	719 288	28.46	–	–	–
Single	Lubin	Industrial	502 346	27 701	*	*	16 235	–	–
Multi	Leicester Street	Residential	1 882 173	–	–	–	–	804	25
			6 871 803	444 113			71 025	804	25

Single tenanted specialised properties weighted average rental rate of R82.70/m².

Properties under development – International

Multi-/single-tenanted	Property	Sector	Valuation R'000	GLA m²	GMR R	GMR R/m²	Vacancy m²	Beds	Vacant beds
Land	Stryków	Industrial	17 895	–	–	–	–	–	–
Land	Bielsko-Biała	Industrial	87 142	–	–	–	–	–	–
Multi	Warszawa	Industrial	470 225	47 148	–	–	–	–	–
Land	Lubin	Industrial	50 573	–	–	–	–	–	–
Land	Opole	Industrial	73 717	7 998	–	–	–	–	–
Land	GdaĐsk	Industrial	75 168	–	–	–	–	–	–
Multi	Swanston Street	Industrial	959 375	–	–	–	–	587	–
			1 734 095	55 146			–	587	–

Properties held-for-sale – International

Property	Province	Sector	Valuation R'000	Units	GMR R	GMR R/m²	Vacancy m²
49 Atalanta Street	London	Residential	13 062	1	–	–	–
			13 062	1			–

Property portfolio

Geographical profile

Province	Number of Properties	GLA m²	GLA %	GMR R'000	GMR %
Gauteng	211	3 205 394	64	356 130	68
Western Cape	47	691 900	14	86 473	16
KwaZulu-Natal	20	284 125	6	26 394	5
Other	24	323 552	7	31 347	6
International	20	444 113	9	25 161	5
	322	4 949 084	100	525 505	100

Tenant profile

Sector	Grade	GLA m²*	GLA %
South African investment property			
Office		1 081 593	
	A Grade	753 703	70
	B Grade	200 448	19
	C Grade	127 442	12
Retail		1 330 992	
	A Grade	996 095	75
	B Grade	169 505	13
	C Grade	165 392	12
Industrial		1 782 905	
	A Grade	1 439 750	81
	B Grade	212 863	12
	C Grade	130 292	7
Specialised		28 365	
	A Grade	27 065	95
	B Grade	–	–
	C Grade	1 300	5
International investment property			
Office		26 034	
	A Grade	19 600	75
	B Grade	4 650	18
	C Grade	1 784	7
Industrial		347 054	
	A Grade	261 613	75
	B Grade	64 298	19
	C Grade	21 143	6
		4 596 943	

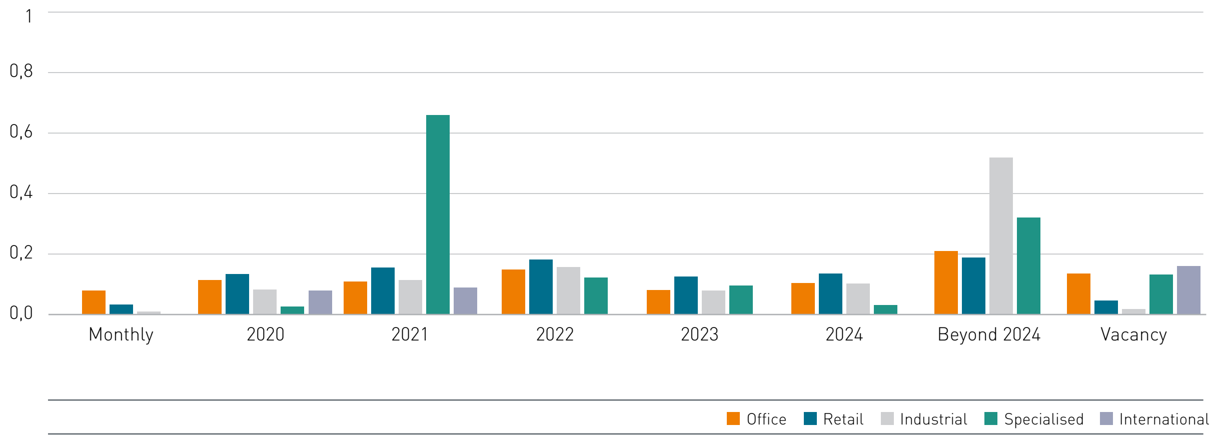
* *Occupied GLA only (total GLA less vacancy).*

Grade A: Major corporates, JSE-listed companies, national retailers, local and international government (including all departments, embassies, consulates and parastatals) and local subsidiaries of international businesses.

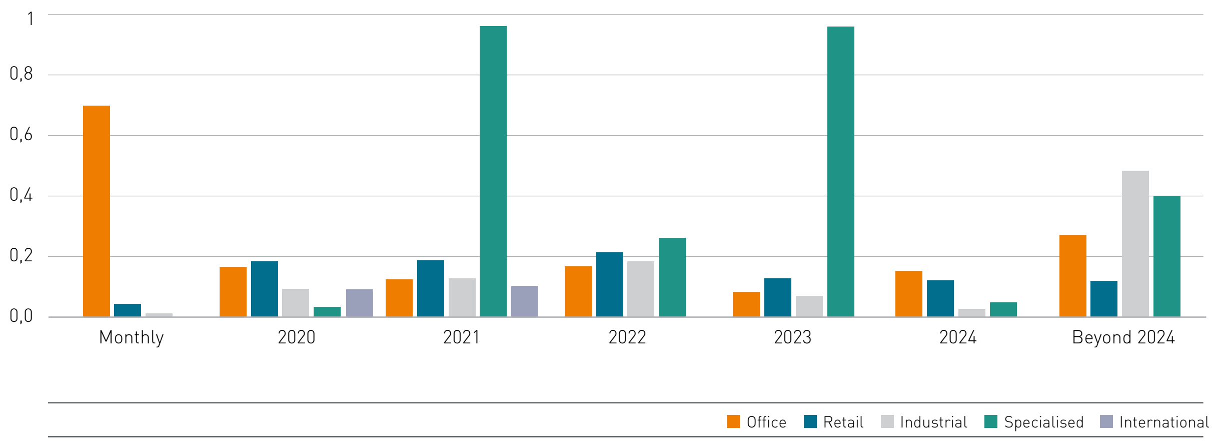
Grade B: Medium- to large-sized corporates and franchisees (with no lease surety or where no substitution is in place).

Grade C: Individuals and sole proprietorships, as well as other legal entities that occupy less than 300m². 2 182 of the group's tenants have been classified as Grade C.

Lease expiry profile by GLA (%)



Lease expiry profile by GMR (%)



%	Office	Retail	Industrial	Specialised	Total
Local weighted average portfolio escalation by GLA*	7.4	6.1	7.6	8.2	7.1
Local average annualised property yield	7.8	7.8	7.7	6.3	7.7

* *New calculation method for WALE and WAULT.*

Shareholders' analysis

for the year ended 31 August 2019

Shareholder spread	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
1-1 000	7 071	25.75	1 871 705	0.03
1 001-10 000	10 847	39.50	49 701 339	0.86
10 001-100 000	7 519	27.38	223 646 027	3.86
100 001-1 000 000	1 477	5.38	470 990 258	8.13
Over 1 000 000	547	1.99	5 046 973 878	87.12
Total	27 461	100.00	5 793 183 207	100.00

Distribution of shareholders	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Assurance companies	126	0.46	165 998 868	2.87
BEE entities	2	0.01	39 668	0.00
Close corporations	252	0.92	13 863 278	0.24
Collective investment schemes	750	2.73	2 118 461 279	36.57
Control accounts	7	0.03	414 199	0.01
Custodians	97	0.35	177 079 618	3.06
Foundations & charitable funds	254	0.92	43 570 214	0.75
Hedge funds	12	0.04	10 126 230	0.17
Insurance companies	25	0.09	69 953 727	1.21
Investment partnerships	95	0.35	4 511 872	0.08
Managed funds	153	0.56	124 977 479	2.16
Medical aid funds	29	0.11	15 687 227	0.27
Organs of state	7	0.03	832 757 084	14.37
Private companies	585	2.13	229 291 079	3.96
Public companies	11	0.04	72 444 085	1.25
Public entities	5	0.02	5 569 671	0.10
Register imbalance	1	0.00	2 500 000	0.04
Retail shareholders	21 317	77.63	262 426 525	4.53
Retirement benefit funds	493	1.80	789 593 634	13.63
Scrip lending	30	0.11	123 890 338	2.14
Sovereign funds	15	0.05	84 543 006	1.46
Stockbrokers & nominees	61	0.22	151 641 562	2.62
Treasury	3	0.01	17 860 012	0.31
Trusts	3 119	11.35	475 940 499	8.20
Unclaimed scrip	12	0.04	42 053	0.00
Total	27 461	100.00	5 793 183 207	100.00

Shareholder type	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Non-public shareholders	15	0.05	796 067 510	13.74
Directors and associates (including share schemes)	11	0.04	120 189 033	2.07
Own holdings	1	0.00	5 876 766	0.10
Other employees	2	0.01	11 983 246	0.21
Government Employees Pension Fund	1	0.00	658 018 465	11.36
Public shareholders	27 447	99.95	4 997 384 920	86.26
Total	27 462	100.00	5 793 452 430	100.00

Beneficial shareholders with a holding greater than 3% of the issued shares	Number of shares	% of issued capital
Government Employees Pension Fund	737 531 641	12.73
Redefine Empowerment Trust	300 000 000	5.18
Coronation Fund Managers	238 075 838	4.11
Vanguard	233 370 770	4.03
MMI	227 976 144	3.94
Old Mutual Group	204 789 351	3.54
Total	1 941 743 744	33.53

Fund managers with a holding greater than 3% of the issued shares	Number of shares	% of issued capital
Public Investment Corporation	765 319 374	13.21
Coronation Fund Managers	343 176 174	5.92
Vanguard Investment Management	248 251 005	4.29
Momentum Investments	221 653 450	3.83
Investec Asset Management	208 346 804	3.60
BlackRock	203 633 084	3.52
Old Mutual Investment Group	193 863 436	3.35
State Street Global Advisors	190 807 785	3.29
Stanlib Asset Management	189 486 837	3.27
Total	2 564 537 949	44.28

Shares in issue	2019	2018
Total number of shares in issue	5 793 183 210	5 765 799 764
Shares in issue (net of treasury shares)	5 431 786 314	5 404 402 868
Weighted average number of shares in issue (net of treasury shares)	5 411 530 000	5 342 394 632

Trading volumes	2019	2018
Volume traded during period	3 468 379 630	3 250 485 349
Ratio of volume traded to shares issued	59.87%	56.38%
Ratio of volume traded to weighted number of shares issued	64.09%	60.84%
Rand value traded during the year	R33 149 487 829	R35 320 418 590
Market capitalisation at 31 August	R45 476 488 175	R59 676 027 557
Number of shareholders	27 461	28 532
Opening price 1 September 2018/2017	R10.35	R10.69
Closing price 31 August	R7.85	R10.35
Closing high for year	R10.55	R11.98
Closing low for year	R7.73	R10.00

Notes

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)

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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

Thank you

Placing people at the heart of our business

The images in our reporting suite are of our stakeholders, taken in our buildings. They're the faces – the human stories – behind our efforts to live our purpose *of creating and managing spaces in a way that changes lives.*

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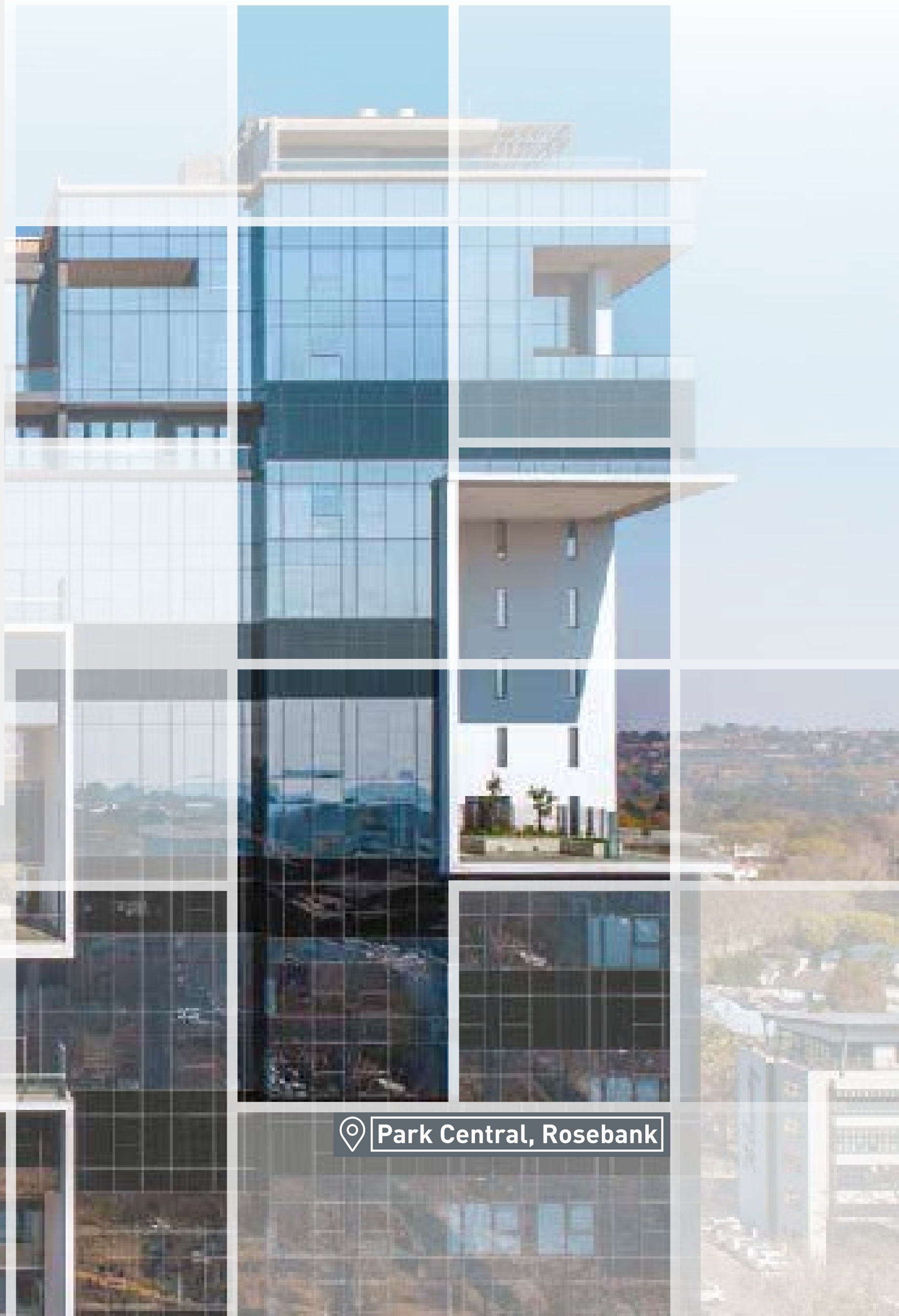

Park Central, Rosebank

REDEFINE
PROPERTIES

We're not landlords. We're people.

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