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Group annual financial statements

for the year ended 31 August 2020

Securing tomorrow,
today

REDEFINE
PROPERTIES

We're not landlords. We're people.

Theme

BRAVE: Exploring possibilities, rising to every challenge

ETHICAL: Doing what's right, and caring

SUSTAINABLE: Understanding our impact and creating lasting value

TRUSTWORTHY: Building our relationships, being accountable and true

Navigating the context we find ourselves in can be overwhelming, with the unknowns far outnumbering the knowns. COVID-19 has not only affected the health of millions of people across the globe, but its immense secondary effects on our economies and communities continue to evolve. In this context, business as usual is no longer an option.

In 2020, social distancing became a fact of life, but our hands-on approach never wavered. We had to stay apart, but we never lost touch or stopped lending a helping hand.

As a purpose-led business, we strive to live our values daily. This consistent focus enables us to navigate our way through the headwinds to ensure we continue to create long-term value for our stakeholders. **We know that the decisions we make today will undoubtedly shape tomorrow. While we have faced unprecedented challenges in the past year, our integrated report (IR) allows us to share with you – our valued stakeholder – insight into how we remained hands-on in our efforts towards SECURING TOMORROW, TODAY.**

Our IR is designed to highlight how we drive value creation by focusing on getting the basics right, making the difficult decisions, and positioning our business for the future.

Our 2020 reporting suite is themed around our values, the compass we have used to navigate these tumultuous times, and highlights our hands-on approach to living our values daily. Please see **page 1** for the details of our supporting reports.

IR

AGM

ESG

AFS

Guide to our report

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

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
- The evolving role of business in creating a prosperous and sustainable society
- Business model resilience to the rapidly changing context
- Heightened demands on governance and regulatory context
- Managing for liquidity and sustainability during COVID-19

Our reporting suite

We are committed to reporting 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 IR is our primary report to our stakeholders. It is structured to show the relationship between the interdependent elements that comprise our value creation story.

ESG Environmental, social and governance report

Our ESG is a detailed account of the group's sustainability performance for the year, and also includes our **remuneration report**, as well as our social, ethics and transformation committee report.

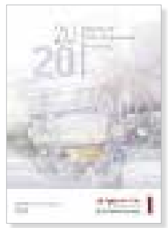
AFS Group annual financial statements

Our **group** AFS provide a comprehensive report of the group's financial performance for the year.

AFS Company annual financial statements

Our **company** AFS provide a comprehensive report of the company's financial performance for the year.

AGM Notice of annual general meeting



The AGM 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)
- JSE Limited (JSE) Listings Requirements
- King IV Report on Corporate GovernanceTM for South Africa 2016 (King IV) (copyright and trademarks are owned by the Institute of Directors in South Africa NPC, and all its rights are reserved)
- International Financial Reporting Standards (IFRS)

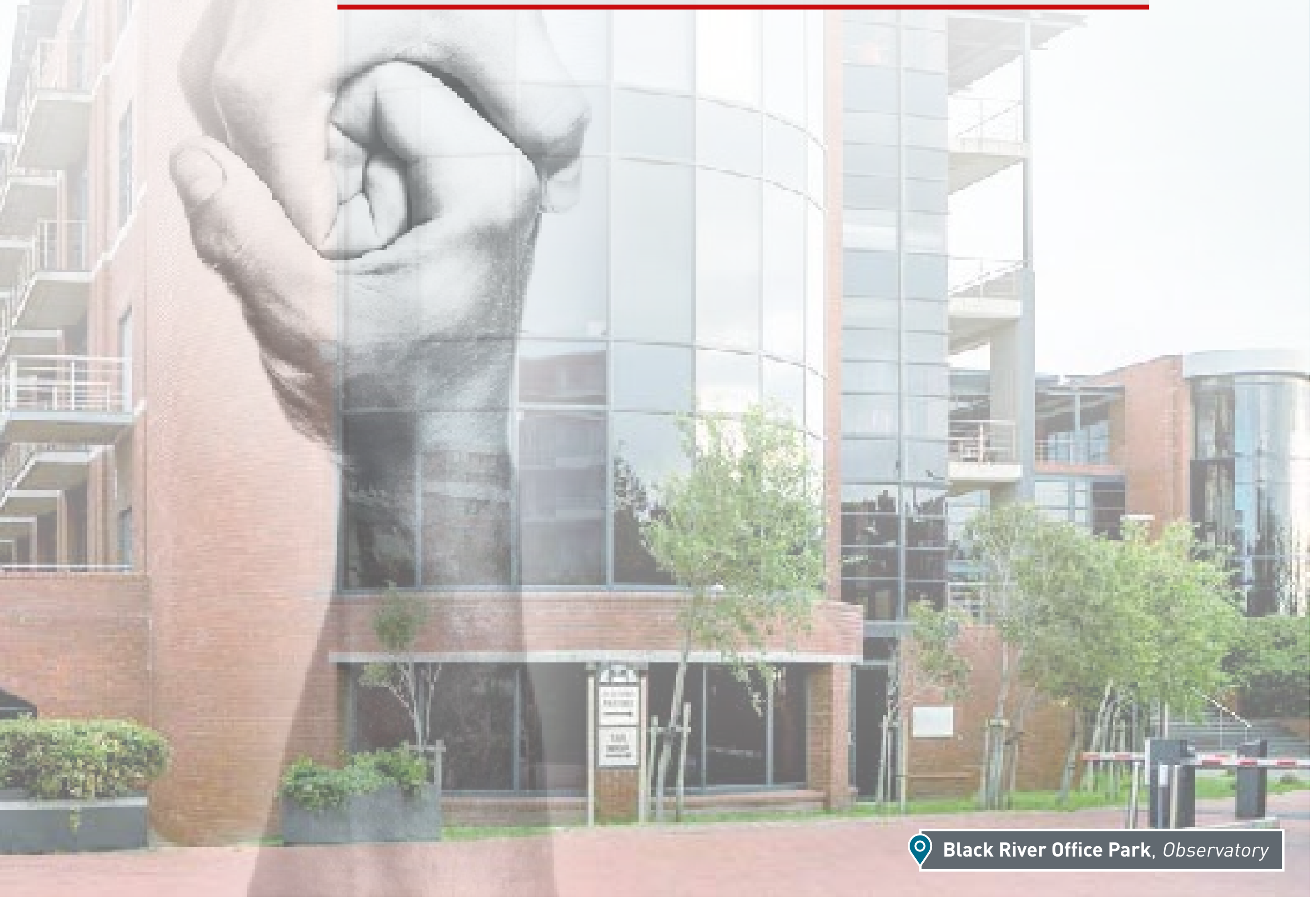
About **Redefine**

Redefine Properties Limited (Redefine) is a South African-based Real Estate Investment Trust (REIT). Our primary goal is to grow and improve cash flow to deliver quality earnings, which will underpin growth and sustained value creation for all stakeholders.

We are listed on the JSE

We actively manage a diversified property asset platform with a **value of R81.0 billion** comprising local and international property assets

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



Black River Office Park, *Observatory*

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

Exploring possibilities, rising to every challenge

Doing what's right, and caring

Understanding our impact and creating lasting value

Building our relationships, being accountable and true

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. Our purpose-driven strategy and well-diversified property asset platform position us well to weather the current prevailing conditions.

Our agile response to the COVID-19 pandemic, as well as the work we initiated before the onset of the crisis, will position us to not only withstand these challenges, but will ensure that we are able to thrive and create sustainable value well into the future.

Material matters

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

Materiality themes:

Strategic priorities

We have identified five strategic priorities that enable an integrated approach to creating sustained value for our stakeholders. They are the critical levers that have the potential to impact our ability to create value for the short, medium and long term.

GR IS OC OE ET

1 Group annual financial statements

for the year ended 31 August 2020

We aim to consistently create and preserve sustained value for our stakeholders."

To deliver on our strategy, we respond nimbly to opportunities, as well as the associated risks, without jeopardising the direct interests of stakeholders.

Kyalami Corner, *Kyalami*

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 of the statement of financial position as at 31 August 2020, 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 27 November 2020 and are signed by:

AJ König
Authorised director

27 November 2020

LC Kok
Authorised director

27 November 2020

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 2020, 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

27 November 2020

Audit committee **report**

The audit committee (the committee) is pleased to present its report for the financial year ended 31 August 2020, 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, as well as its South African and offshore subsidiaries (the group) where bespoke committees have not been established. It is an independent committee, accountable to both the board and shareholders. It operates within the parameters of the committee mandate and acts in accordance with its statutory duties and the delegated authority of the board. The committee's terms of reference were reviewed, updated and approved in February 2020, considering material changes to the regulatory and legal environment.

The committee's main objective is to assist the board in fulfilling its oversight responsibilities, and in the evaluation of the adequacy and efficiency of accounting policies, internal controls, combined assurance arrangements and financial and corporate reporting processes. In addition, the committee assesses the effectiveness of the internal auditors, the independence and effectiveness of the external auditors, and considers and recommends the appointment of the latter. This report aims to provide details on how the committee satisfied its various statutory obligations during the period, as well as addressed some of the significant matters that arose to assist in ensuring the integrity of the group's financial reporting.

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 and King IV. 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 composition of the committee and the attendance of meetings by its members during the 2020 financial year are set out below:

Member	Appointed	Attendance	Regular invitees
Dhanasagree (Daisy) Naidoo (Chair) *BCom; Post Grad Dip Acc; CA(SA); MAcc (Taxation)*	14 October 2019	100% 4/4 meetings	Chief executive officer Financial director Chief operating officer Head of corporate finance Head of operational finance Internal audit manager External auditors Head of risk and compliance
Bridgitte Mathews *BCom Accounting; BCom Accounting Honours; HDip Tax; CA(SA)*	2 November 2018	100% 4/4 meeting	
Lesego Sennelo *BCompt; BCom Accounting Honours; HDip Auditing; CA(SA)*	2 November 2018	100% 4/4 meeting	

Following the appointment of Diane Radley (CA(SA); MBA; AMP) to the board in July 2020, she was appointed as an additional member of the committee with effect from 1 September 2020.

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 to perform an annual review of the auditors' independence.

The committee chair has regular contact with the management team to discuss relevant matters directly. The internal and external auditors have direct access to the committee, including closed sessions without management held during the year on any matter that they regard as relevant to the fulfilment of the committee's responsibilities.

Mindful governance in 2020

With due consideration to material matters and top-of-mind risks, the committee focussed its attention on the following areas during the year:

- oversight of the management of capital and financial risk exposure to ensure that the group continues as a going concern. In doing so, significant attention was given to the impact that declines in fair value, impairments (in associates) and expected credit losses would have on NAV and LTV, as well as the strategies in place to mitigate same
- proactive monitoring of debt covenant projections and oversight of temporary covenant relaxation arrangements in order to create additional headroom to absorb adverse LTV covenant triggers
- determination of the appropriate accounting treatment for rental concessions (rental discounts and/or deferments) granted in the context of COVID-19, and consideration of the accounting treatment and implications of the Mall of the South (MOTS) put option and the M1 Marki transaction
- oversight of the implementation of IFRS 9 and the implications of and proper accounting for IFRS 16 leases
- consideration of dividend proposals with due regard to legal, regulatory and tax implications, covenant commitments and the interests of stakeholders, as well as the need to protect liquidity in the short term
- oversight of the early adoption of the second edition of the SA REIT Association's best practice recommendations to ensure consistent presentation and disclosure of relevant REIT ratios

Discharge of duties in 2020

During the financial year, in the execution of its statutory duties and in accordance with its terms of reference, the committee spent its time as follows:

The committee effectively discharged the following responsibilities during the past financial year:

Finance function

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), being the group's financial director in FY2020, 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

Audit committee **report** continued

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 2020, 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 FY2020 dividend proposal for approval by the board
- considered and noted the general proactive monitoring report issued by the JSE in February 2020, as well as the investment property common findings report issued in November 2020, 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:

- Valuation of derivatives (complex financial instruments)
- Impairment of investment in associate (EPP N.V.)
- Valuation of investment properties

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 2019, 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 2020 financial year, with John Bennett as the designated individual auditor.

External audit independence, objectivity and effectiveness during the 2020 financial year

Evaluation

The committee formally assessed the effectiveness of the 2020 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 focussed 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 2020 financial year:

	Audit (R'000)	Non-audit (R'000)	Total (R'000)	% of total
2020	**18 641**	**3 009**	**21 650**	**13.9**
2019	14 647	80	14 727	0.5

- reviewed and approved the above non-audit service fees and ensured that same were within limit and in line with the non-audit services policy
- determined the nature and extent of allowable non-audit services and approved the contract terms for the provision thereof
- reviewed and approved the external audit plan and related scope of work
- considered the impact of COVID-19 on PwC's risk assessment and related audit responses
- 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 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 billed during the period ended 31 August 2020 did not impair their independence or objectivity

Regulators:

- The 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 focussed 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 2020 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 2020, 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. Furthermore, the committee confirmed that, in executing the FY2020 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 and hedging policies (in relation to interest rates and foreign exchange rates)
- fulfilled an oversight function with regard to tax governance. In this regard, the committee received regular feedback on both tax compliance and tax risk matters of the group and is satisfied that no material non-compliance has occurred
- reviewed the group's mechanisms for protected disclosure and whistleblowing
- 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.

Combined assurance

The committee approved the company's combined assurance model which comprises management, corporate and central functions, the internal audit function and external audit services. The committee is satisfied that these arrangements are effective in providing a robust control environment which enables the provision of reliable information for decision-making purposes and support the integrity of external reports.

Integrated report

During the course of November and December 2020, the committee will evaluate the integrated report for the 2020 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 2020 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 duties and responsibilities in 2020.

Committee focus in 2021

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 2021:

- Support of the incoming CFO, Mr Ntobeko Nwayo, and his induction and onboarding process
- Monitoring and management of credit metrics, particularly LTV
- Balance sheet management risks and stress/scenario testing
- Financial soundness and sustainability (cost containment, revenue strength) in the context of extreme economic challenges and market volatility
- Continued focus on dividend considerations
- Tax governance and group rationalisation
- Embedment of combined assurance
- Embedment of systems to allow for a more controls-based audit, as well as continuous auditing from an internal audit perspective
- Monitoring the implementation of the amended JSE Listings Requirements, including the effectiveness of internal financial controls, systems and processes within all group entities, in support of the CEO and CFO attestation
- Review and consideration of management's plans in respect of future changes to IFRS and other regulations

On behalf of the audit committee

Daisy Naidoo
Committee chairperson

27 November 2020

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 2020.

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 COVID-19 pandemic has impacted the group adversely especially during the second half of the 2020 financial year. Please refer to note 57: Going concern, for more information on the impact of the pandemic.

The financial reports for the year ended 31 August 2020 are set out in detail on **pages 20-113** 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 2008 of South Africa, as amended.

Stated capital

- The company's authorised stated capital consists of 10 000 000 000 (2019: 10 000 000 000) ordinary shares of no par value.
- 843 881 shares were allocated from treasury shares at an issue price of R5.31 per share on 9 March 2020 to Afrika Tikkun Investment Trust, related to a BEE transaction.
- At 31 August 2020, there were 5 793 183 210 shares in issue (2019: 5 793 183 210).

Dividend for the year ended 31 August 2020

Having regard to the effects of the COVID-19 pandemic, its impact on Redefine's business operations, liquidity and loan-to-value ratio and the uncertainty of its future impact on the company, the board, acting in the best interest of the company and all its stakeholders, is considering a distribution mechanism that would enable Redefine to meet its REIT regulatory obligations on a basis that will allow for the retention of a significant amount of cash to enhance Redefine's liquidity whilst providing shareholders with a means to monetise the proposed distribution. There are various options available to the Redefine that are currently under consideration in order to ensure a qualifying distribution for the purposes of section 25BB of the Income Tax Act, No. 58 of 1962 is achieved.

As announced on Friday, 27 November 2020, the company has until 28 February 2021 to comply with the minimum distribution requirements in terms of paragraph 13.47 of the JSE Listings Requirements read together with the notice issued by the Financial Services Conduct Authority on 26 June 2020.

The distribution mechanism would be subject to board and any required regulatory approvals. Accordingly, the board has resolved to defer its decision on the declaration of a dividend until not later than February 2021. Should the board at this date resolve not to declare the dividend as contemplated above, the company may be liable for taxation of approximately R335 million in respect of the year ended 31 August 2020, before taking into account any potential interest and penalties. This has been noted as an item requiring a significant judgement and has been included under Significant assessment and assumptions. Refer to note 1.26: Key estimates and assumptions.

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

Directorate

The directors of the company at 31 August 2020 were:

Independent non-executive directors

- SM Pityana – Chairman
- M Barkhuysen
- ASP Dambuza
- NB Langa-Royds
- B Mathews – Lead independent
- D Naidoo
- D Radley
- LJ Sennelo

Executive directors

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

The following board changes were effected during the year:

- HK Metha resigned as a non-executive director on 5 November 2019
- D Radley was appoined as an independent non-executive director on 20 July 2020

Directors' emoluments and interests

Refer to notes 54 and 55: Directors' emoluments and 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 group'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. Refer to note 54: Directors' emoluments, for more information.

Shareholders' analysis

Refer to **pages 129-130** in the supplementary information to the group annual financial statements for disclosure regarding shareholders' analysis.

Going concern

The directors have concluded 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 consolidated financial statements.

Refer to note 57: Going concern, for additional disclosure in this regard.

Events after the reporting period

MOTS

The restructuring of the Put options agreements relating to the Mall of the south has been concluded on 25 November 2020 and has been noted as an event after reporting period. Refer to note 56: Events after the reporting period.

M1 Marki

Redefine concluded a purchase agreement for M1 Marki commercial centre located in Marki near Warsaw, Poland (M1 Marki) on 5 November 2020. This has been noted as an event after reporting period. Refer to note 56: Events after the reporting period.

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 and its subsidiaries (together, the group) as at 31 August 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) 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 20-113** comprise: :

- the consolidated statement of financial position as at 31 August 2020;
- 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; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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.

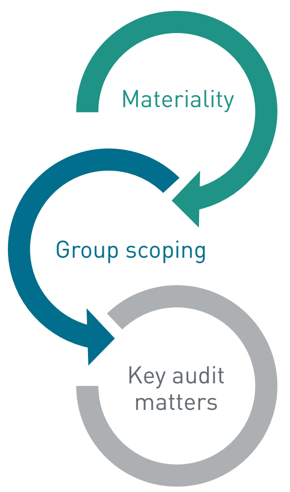
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including International Independence Standards).

Our audit approach

Overview



Overall group materiality

- R388 million, which represents 1% of consolidated net asset value.

Group audit scope

The group consists of 45 components of which full scope audits were performed at 6 components, an audit of certain account balances were performed on a further 2 components, and review procedures were performed over an additional 9 components. Analytical procedures were performed over the remaining components as they were deemed to be financially insignificant.

Key audit matters

- Valuation of investment properties;
- Impairment of investment in associate EPP N.V.; and
- Impact of uncertainty related to COVID-19 on forecasts.

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 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	R388 million
How we determined it	1% of the consolidated net asset value.
Rationale for the materiality benchmark applied	We chose consolidated net asset value as the benchmark because, in our view, it is the key benchmark against which the performance of the group is most commonly measured by users of the financial statements. Although the entity is profit-orientated, its strategic focus is to deliver long-term shareholder returns through the acquisition and development of investment property. As a Real Estate Investment Trust (REIT), the users are likely to be more concerned with the net assets underlying the group, rather than its profitability. In addition, the loan-to-value ratio (value of loans compared to the value of assets) is a key metric for the group. 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 27 property-owning companies and 17 property-owning trusts, which includes commercial, retail and industrial properties in South Africa, Nigeria, Poland and Australia, as well as the Employment Equity Trust which is currently non-operational.

Our scoping included 8 components, which were either a financially significant component (based on the contribution to total net assets), a component of which an identified financial statement line item or items were considered to be significant, or an area of higher risk, or components which were financially significant in aggregate with other components.

Full scope audits were performed on 6 of the companies in the group, being Redefine Properties Limited, Redefine Retail Proprietary Limited, Redefine Global Proprietary Limited, Redefine Commercial Proprietary Limited, Redefine Empowerment Trust and The Pivotal Fund Proprietary Limited. An audit of certain account balances was performed on EPP NV, an associate of the group, due to the financial significance and risk characteristics of these accounts. An audit of certain account balances was performed by the group audit team on the Journal Group (a subsidiary of the group classified as held-for-sale as at 31 August 2020), due to the financial significance of these accounts to the consolidated financial statements as a whole.

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 9 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 group level, which included testing of consolidation journals and intercompany eliminations, gave us sufficient appropriate audit evidence regarding the consolidated financial information of the group.

Independent auditor's **report** continued

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.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Valuation of investment properties</td></tr>
<tr><td>
Refer to the following accounting policies and notes to the consolidated financial statements: Note 1.4: Investment property, note 1.5: Properties under development, note 1.26: Key estimates and assumptions, note 3: Investment property, note 5: Properties under development, note 29: Fair value disclosures, and note 34: Changes in fair values.
The group's investment property portfolio comprises 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 and right-of-use asset) of R63.6 billion, and a related fair value loss of R7 billion for the year ended 31 August 2020.
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 a bi-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 current year audit due to the following:

Inherent subjectivity of the key assumptions that underpin the valuations of investment property and the heightened uncertainty involved in making these assumptions arising out of the COVID-19 pandemic; 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 consolidated statement of profit or loss and other comprehensive income

</td><td>
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 and assessed whether the valuation approach for each of these properties was in accordance with IFRS and suitable for use in determining the fair value for the purpose of the consolidated financial statements.
We have evaluated the independent valuers by assessing their competence, capabilities, and objectivity through inspection of their qualifications, 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, in order to assess the reasonableness of the inputs into the valuation:

Compared data inputs into the valuations against the appropriate market information. Where differences were noted, we made use of our internal valuation expertise to determine our own estimates of these inputs. The inputs tested include:

discount rates;
occupancy rates; and
exit capitalisation 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 used in the model to the actual results for the year ending 31 August 2020; and
assessing the forecasted cash flows against market information.

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 method valuation:

We recalculated the value of the land based on comparable market data; and
We tested the development costs incurred in respect of the property under development to supplier invoices and assessed the eligibility of capitalising these costs against the criteria set out in IAS 40: Investment Property.

Making use of our internal valuation expertise, 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.
</td></tr>
</table>

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Impairment of investment in associate EPP N.V.</td></tr>
<tr><td>
Refer to the following accounting policies and notes to the consolidated financial statements: Note 1.2.3: Associates and joint ventures, note 1.13: Impairment of non-financial assets, note 1.26: Key estimates and assumptions, note 9: Investment in associates and joint ventures, and note 35: Impairments.
As at 31 August 2020, the group had a 45.44% investment in EPP N.V. (EPP) of R7.35 billion, which is accounted for as an investment in associate, and a related impairment loss of R2.26 billion.
During the current financial year, impairment indicators in relation to the investment in EPP were identified and, as a result, management performed a calculation of the recoverable amount, which is the higher of the fair value less cost of disposal and the value-in-use of the investment in EPP. The calculated recoverable amount, which was based on the value-in-use, was less than the carrying value of the investment, which led to management impairing the investment by R2.26 billion.
We considered the impairment of the investment in EPP as a matter of most significance to our current year audit due to:

the significant judgement required by the directors in determining the recoverable amount of the investment; and
the magnitude of the balance of the investment in EPP and the related impairment recorded in the consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income, respectively.

</td><td>
The following procedures were performed on management's recoverable amount calculations, which included both the value-in-use and fair value less cost of disposal calculations:
To assess the reasonableness of the value-in-use determined by management, we performed the following procedures, making use of our valuation expertise:

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;
Assessed the valuation methodology and assumptions involved in determining the value-in-use; and
Reperformed management's value-in-use calculation.

Management's value-in-use was found to be within an acceptable range.
To assess the reasonableness of the fair value less cost of disposal determined by management, we performed the following procedures:

Obtained an understanding on how management determined the fair value through discussions with management and inspection of their fair value calculation; and
Assessed the cost of disposal included in management's calculation by performing a sensitivity analysis to consider the reasonableness thereof.

Management's fair value less cost of disposal was found to be within an acceptable range.
We noted that the value-in-use was higher than the fair value less cost of disposal and therefore accepted management's conclusion that the recoverable amount should be based on value -in-use.
We recalculated the impairment by comparing the recoverable amount to the carrying value of the investment. No material exceptions were noted.
</td></tr>
</table>

Independent auditor's **report** continued

Key audit matter	How our audit addressed the key audit matter
Impact of uncertainty related to COVID-19 on forecasts	
Refer to the following accounting policies and notes to the consolidated financial statements: Note 1.26: Key estimates and assumptions, and note 57: Going concern. The COVID-19 pandemic has had a significant impact on the group's operations during the current period. The continued uncertainty regarding the future impact of COVID-19 on the group necessitated additional focus by management in the preparation of forecasts utilised for purposes of liquidity planning. Factors which contributed to such additional focus included: ▫ the increase in the loan-to-value ratio of the group at 31 August 2020 due to the significant decrease in the fair value of investment properties, mainly attributable to the adverse impact of COVID-19 on the global economy and property sector in particular; ▫ considerations regarding the potential impact of a possible second wave of the pandemic on the group during the 2021 financial year, which may include further renegotiation of loan covenants, limited access to additional liquidity, the need to grant further rental relief to tenants, and increases in provisions for credit losses. We considered the impact of the uncertainty related to COVID-19 on forecasts to be a matter of most significance to the current year audit due to the significant level of judgement and estimation applied by management in assessing the potential future impact of the pandemic on the group's forecasts.	Our procedures included the following: ▫ Through discussions with management and inspection of relevant underlying documentation, we obtained an understanding of the assumptions applied by management in the group's forecasts; ▫ We obtained representations from management and the directors regarding the relevant factors which may impact the group's forecasts, their plans for future action and the feasibility of such plans. We evaluated the impact of any restructuring against our knowledge of the business and the industry in which the group operates; ▫ We evaluated the values assigned by management to assets and liabilities in their assessments against the results of our audit work in other areas, e.g. on the valuation of investment properties (See key audit matters above); ▫ We assessed the completeness of management's assessments by considering whether all contingent assets and liabilities known to us as part of our audit have been adequately incorporated; ▫ We assessed the assumptions applied in the group's forecasts against current trading trends, relevant market information and other underlying documentation, including the group's documentation around the decision to make a distribution. This included assessing the cash flow forecasts against the terms of facilities in place. Based on our work performed, we accepted management's assumptions; and ▫ We performed stress testing on the group's forecasts by assessing the impact of changes in key assumptions on the group's forecasted liquidity and solvency positions. In this regard, we did not note any aspects requiring further consideration.

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 2020"and the document titled "Redefine Properties Limited company annual financial statements for the year ended 31 August 2020", 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 other sections of the document titled "Redefine Properties integrated report 2020", which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's reports 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 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.

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, actions taken to eliminate threats or safeguards applied.

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 Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Redefine Properties Limited for two years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: John Bennett
Registered auditor
Johannesburg

30 November 2020

Statement of **financial position**

as at 31 August 2020

Figures in R'000	Notes	2020	2019
ASSETS			
Non-current assets		74 842 478	99 422 252
Investment properties		63 315 899	78 640 182
– Fair value of investment properties	3	58 914 331	72 794 853
– Straight-line rental income accrual	4	2 656 797	2 291 651
– Right-of-use assets	6	116 329	–
– Properties under development	5	1 628 442	3 553 678
Listed securities	7	69 679	937 288
Goodwill and intangible assets	8	–	5 622 459
Investment in associates and joint ventures	9	8 608 698	11 850 004
Derivative assets	22	23 288	71 500
Loans receivable	10	1 997 042	1 731 921
Other financial assets	11	620 341	373 387
Property, plant and equipment	12	207 531	195 511
Current assets		1 606 099	2 239 092
Properties held-for-trading		175 080	451 883
Trade and other receivables	13	686 764	1 120 777
Loans receivable	10	304 978	180 047
Derivative assets	22	2 520	76 259
Taxation receivable		–	3 432
Other financial assets	11	204 679	–
Cash and cash equivalents	14	232 078	406 694
Non-current assets held-for-sale	15	5 721 269	1 081 659
Total assets		82 169 846	102 743 003
EQUITY AND LIABILITIES			
Equity		38 831 234	56 569 476
Shareholders' interest		38 282 966	55 960 310
– Stated capital	16	44 593 547	44 589 066
– (Accumulated losses)/retained earnings		(8 644 993)	10 597 777
– Other reserves		2 334 412	773 467
Non-controlling interests	18	548 268	609 166
Non-current liabilities		39 031 386	39 234 899
Interest-bearing borrowings	20	34 790 630	34 754 868
Interest-bearing borrowings at fair value	21	–	1 971 088
Derivative liabilities	22	3 505 854	1 498 645
Other financial liabilities	23	80 946	75 670
Deferred taxation	25	552 299	934 628
Lease liability	6	101 657	–
Current liabilities		4 294 437	6 938 628
Trade and other payables	26	1 614 964	2 020 682
Interest-bearing borrowings	20	1 859 000	3 908 104
Interest-bearing borrowings at fair value	21	–	551 635
Interest accrual on interest-bearing borrowings		236 227	368 724
Derivative liabilities	22	355 252	78 806
Other financial liabilities	23	30 233	10 677
Insurance contract liability	24	130 275	–
Lease liability	6	43 494	–
Taxation payable	27	24 992	–
Non-current liabilites held-for-sale	15	12 789	–
Total liabilities		43 338 612	46 173 527
Total equity and liabilities		82 169 846	102 743 003

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

for the year ended 31 August 2020

Figures in R'000	Notes	2020	2019 Restated*
Revenue			
Property portfolio revenue		8 714 924	8 637 504
– Contractual rental income	30	8 349 778	8 543 800
– Straight-line rental income accrual	4	365 146	93 704
Investment income		69 136	153 698
Total revenue		8 784 060	8 791 202
Costs			
Operating costs	31	(2 975 602)	(2 910 752)
Expected credit losses – trade receivables	13	(273 195)	(24 754)
Administration costs		(401 625)	(376 015)
Net operating profit	32	5 133 638	5 479 681
Other income	33	40 125	113 531
Gain on disposal of assets		121 938	–
Loss on disposal of interest in associates and joint ventures		(259 592)	–
Changes in fair values of investment properties	34.1	(7 158 035)	1 490 979
Changes in fair values of financial and other instruments	34.2	(2 756 750)	(1 318 158)
Changes in fair value of the insurance contract liability	24	(130 275)	–
Amortisation of intangible assets	8	(314 277)	(62 856)
Expected credit losses – loans receivable	10	(140 190)	(42 905)
Impairments	35	(7 702 102)	(364 448)
Equity-accounted loss (net of taxation)	9	(403 900)	(315 972)
(Loss)/profit before finance costs and taxation		(13 569 420)	4 979 852
Net interest costs		(2 014 638)	(1 486 470)
– Interest income	36	941 675	1 061 828
– Interest expense	37	(2 956 313)	(2 548 298)
Foreign exchange (losses)/gains	38	(1 042 006)	44 115
(Loss)/profit before taxation		(16 626 064)	3 537 497
Taxation	39	13 117	(43 113)
(Loss)/profit for the year		(16 612 947)	3 494 384
Attributable to:			
– Redefine Properties Limited shareholders		(16 628 264)	3 341 893
– Non-controlling interests		15 317	152 491
Other comprehensive income		1 625 013	24 374
Items that are or may be reclassified subsequently to profit or loss			
Other reserves		(40 178)	–
Exchange differences on translation of foreign operations:			
– Subsidiaries		453 171	(32 210)
– Associates		1 556 914	56 584
Reclassification of foreign currency differences on disposal of investments		(344 894)	–
Total comprehensive (loss)/income for the year		(14 987 934)	3 518 758
Attributable to:			
– Redefine Properties Limited shareholders		(15 043 288)	3 369 177
– Non-controlling interests		55 354	149 581
Earnings per share	40		
– Basic		(306.11)	61.76
– Diluted		(306.11)	61.55

* *The Expected credit losses – trade receivables and Expected credit losses – loans receivable amounts, which were presented in Operating costs and Impairment lines, respectively in 2019, have been presented separately in the Statement of profit or loss and other comprehensive income in 2020.*

Statement of **changes in equity**

for the year ended 31 August 2020

Figures in R'000	**Stated capital**	**Retained earnings**	**Foreign currency translation reserve**	**Share-based payment reserve**	**Share of associates' reserves**	**Shareholders' interest**	**Non-controlling interests (NCI)**	**Total equity**
Balance as at 31 August 2018	44 329 101	12 617 787	641 580	58 363	30 532	57 677 363	471 837	58 149 200
Total comprehensive income for the year	–	3 341 893	27 284	–	–	3 369 177	149 581	3 518 758
Profit for the year	–	3 341 893	–	–	–	3 341 893	152 491	3 494 384
Other comprehensive income for the year	–	–	27 284	–	–	27 284	(2 910)	24 374
Transactions with owners (contributions and distributions)	259 965	(5 355 990)	–	(1 184)	16 892	(5 080 317)	(12 918)	(5 093 235)
Issue of ordinary shares	259 965	–	–	–	–	259 965	13 311	273 276
Dividends	–	(5 349 819)	–	–	–	(5 349 819)	(26 229)	(5 376 048)
Recognition of share-based payments	–	(6 171)	–	(1 184)	–	(7 355)	–	(7 355)
Share of post-acquisition change in net assets of associates	–	–	–	–	16 892	16 892	–	16 892
Transactions with owners (changes in ownership interests)	–	(5 913)	–	–	–	(5 913)	666	(5 247)
Change in ownership of subsidiary with NCI	–	(5 913)	–	–	–	(5 913)	666	(5 247)
Acquisition of subsidiary with NCI	–	–	–	–	–	–	–	–
Balance as at 31 August 2019	44 589 066	10 597 777	668 864	57 179	47 424	55 960 310	609 166	56 569 476
Total comprehensive income for the year	**–**	**(16 628 264)**	**1 625 154**	**–**	**(40 178)**	**(15 043 288)**	**55 353**	**(14 987 935)**
Loss for the year	**–**	**(16 628 264)**	**–**	**–**	**–**	**(16 638 264)**	**15 317**	**(16 612 947)**
Other comprehensive income for the year	**–**	**–**	**1 625 154**	**–**	**(40 178)**	**1 584 976**	**40 036**	**1 625 012**
Transactions with owners (contributions and distributions)	**4 481**	**(2 614 506)**	**–**	**(24 069)**	**38**	**(2 634 056)**	**(19 667)**	**(2 653 723)**
Issue of ordinary shares	**4 481**	**–**	**–**	**–**	**–**	**4 481**	**889**	**5 370**
Dividends	**–**	**(2 614 319)**	**–**	**–**	**–**	**(2 614 319)**	**(20 556)**	**(2 634 875)**
Recognition of share-based payments	**–**	**(187)**	**–**	**(24 069)**	**–**	**(24 256)**	**–**	**(24 256)**
Share of post-acquisition change in net assets of associates	**–**	**–**	**–**	**–**	**38**	**38**	**–**	**38**
Transactions with owners (changes in ownership interests)	**–**	**–**	**–**	**–**	**–**	**–**	**(96 584)**	**(96 584)**
Change in ownership of subsidiary with NCI	**–**	**–**	**–**	**–**	**–**	**–**	**(96 584)**	**(96 584)**
Balance as at 31 August 2020	**44 593 547**	**(8 644 993)**	**2 294 018**	**33 110**	**7 284**	**38 282 966**	**548 268**	**38 831 234**
Notes	16			17			18	

	2020	**2019**
Dividend per share (cents)	**–**	97.32
Interim	**–**	49.19
Final*	**–**	48.13

* *Final dividend is declared post the financial year end and is therefore a non-adjusting subsequent event.*

Statement of **cash flows**

for the year ended 31 August 2020

Figures in R'000	Notes	**2020**	**2019**
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	41	4 333 031	5 267 179
Interest received		822 902	899 642
Interest paid		(3 000 846)	(2 451 727)
Taxation (paid)/received	42	(29 178)	20 579
Dividends and interest received from associates and joint ventures	9	543 408	889 099
Net cash inflow from operating activities		2 669 317	4 624 772
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition and development of investment properties	45	(2 838 774)	(4 900 832)
Acquisition of property, plant and equipment		(14 582)	(9 332)
Acquisition of other financial assets		(3 224)	(46 913)
Disposal of non-controlling interest (net of cash disposed)		248 360	–
Proceeds on deemed disposal of subsidiary	47	1 105 279	–
Investments in associates and joint ventures	9	(196 657)	(2 036 115)
Reclassification of subsidiary to held-for-sale		(12 645)	–
Proceeds on disposal of investment properties	46	905 475	1 422 951
Proceeds on disposal of listed securities		–	205 117
Proceeds on the disposal of property, plant and equipment		–	1 359
Proceeds from other financial assets		69 227	53 133
Proceeds on disposal of shares in associates and joint ventures	9	2 262 265	–
Loans receivable repaid	43	250 642	970 457
Loans receivable advanced	43	(327 632)	(325 416)
Net cash inflow/(outflow) from investing activities		1 447 734	(4 665 591)
CASH FLOWS FROM FINANCING ACTIVITIES			
Shares issued		–	259 965
Dividends paid		(2 614 319)	(5 349 819)
Shares issued to non-controlling interests		889	13 311
Disposal of non-controlling interests		–	(5 247)
Dividends paid to non-controlling interests		(20 556)	(26 229)
Loans repaid from non-controlling interests		829	–
Loans advanced to non-controlling interests		(257)	–
Principal elements of lease payments		(51 547)	–
Interest-bearing borrowings at fair value repaid	21	(2 812 775)	–
Interest-bearing borrowings raised	44	5 187 856	9 647 973
Interest-bearing borrowings repaid	44	(3 913 886)	(4 524 493)
Net cash (outflow)/inflow from financing activities		(4 223 766)	15 461
Net decrease in cash and cash equivalents		(106 715)	(25 358)
Cash and cash equivalents at the beginning of the year		406 694	421 978
Effect of foreign currency exchange fluctuations		(67 900)	10 074
Cash and cash equivalents at end of the year	14	232 078	406 694

Accounting **policies**

for the year ended 31 August 2020

1. Significant accounting policies

The group 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, as amended.

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 and share of net assets of the equity-accounted investees.

1.1 Basis of preparation

The group 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 intra-group 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 group 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 meets the definition of a financial instrument and is classified as equity, 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.

When the proportion of the equity held by non-controlling interests changes, the group adjusts the carrying amounts of the controlling and non-controlling interests to reflect the changes in their relative interests in the subsidiary. The group recognises, directly in equity, any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, and attribute it to the owners of the parent company.

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 does not control or jointly control 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.

Accounting **policies** continued

for the year ended 31 August 2020

1. Significant accounting policies continued

1.2 Basis of consolidation continued

1.2.3 Associates and joint ventures continued

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.

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 to a minimum of 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.

1.2.4 Joint operations

A joint operation is a joint arrangement whereby the parties have joint control of the arrangement and have rights to their assets and obligations for their liabilities relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement which exists when decisions about the relevant activities require unanimous consent of the parties sharing control. When a group entity transacts with its joint operation, profits and losses resulting from the transactions with the joint operation are recognised in the group's consolidated annual financial statements only to the extent of interests in the joint operation entity that are not related to the group. When a group entity undertakes its activities under joint operations, the group, as a joint operator, recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation, in accordance with the IFRS applicable to the particular assets, liabilities, revenues and expenses.

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, the relevant proportion of the cumulative amounts is reattributed to non-controlling interests.

1. Significant accounting policies continued

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. Properties held under an operating lease is initially measured at cost.

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 income.

Investment properties are measured at fair value at each reporting date.

Tenant installations and lease commissions are initially recognised at cost. After initial recognition, the cost is amortised 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 net disposal proceeds and the carrying amount.

Subsequent additions that will result in future economic benefits and whose cost can be measured reliably are capitalised.

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. The capitalisation commences when expenditures is incurred for the asset, borrowing costs is incurred and the group undertakes activities that are necessary to prepare the asset for its intended use or sale. Borrowing cost is capitalised 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

Owner-occupied properties and hotels

Owner-occupied properties and hotels are initially recognised at cost. After initial recognition, these properties are measured at fair value less accumulated depreciation using the revaluation model under IAS 16: *Property, plant and equipment*. The assets are depreciated on a straight-line basis to the residual value. Gains arising from changes in the fair values are recognised in other comprehensive income as a revaluation surplus, in the period in which they arise. Any increase is, however, recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset in the period in which they arise. Any loss is recognised in other comprehensive income against the revaluation surplus of the same asset, to the extent that a balance exists in the revaluation reserve in respect of the asset. ROU assets computed per IFRS 16 are included in note 12: Property, plant and equipment, and are depreciated over the shorter of the lease term and useful life (UL).

Ancillary assets

Other ancillary non-current tangible assets are included in property, plant and equipment. These assets are measured using the cost model. Initially, ancillary assets are recognised at the purchase consideration, including directly attributable costs. These assets are subsequently measured 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:

- Owner-occupied properties and hotels: 50 years
- Leasehold improvements: 10 years
- Computer equipment: 5 years
- Furniture and fittings: 3 years
- Office equipment: 3 years
- Motor vehicles: 5 years
- Right-of-use assets: 5 years

Accounting **policies** continued

for the year ended 31 August 2020

1. Significant accounting policies continued

1.7 Property, plant and equipment continued

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. Right-of-use (ROU) assets computed per IFRS 16, are included in note 12: Property, plant and equiptment, and are depreciated over the shorter of the lease term and useful for life.

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 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.

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 resell.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is represented as if the operation had been discontinued from the start of the comparative year.

1.10 Financial instruments

Financial assets

Investment in debt instruments

(i) Classification

The group classifies its financial assets in the following measurement categories:

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

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. The group reclassifies debt investments when and only when its business model for managing those assets changes. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

1. Significant accounting policies continued

1.10 Financial instruments continued

Financial assets continued

(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.

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 are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate 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/(losses).

FVTPL: Assets that do not meet the criteria for amortised cost are measured at FVTPL. Movements in fair value of 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.

(iv) Impairment

The group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost.

The methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, Redefine compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- Internal credit rating;
- External credit rating (as far as available);
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- Actual or expected significant changes in the operating results of the borrower;
- Significant increases in credit risk on other financial instruments of the same borrower;
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements;
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower.

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: *Financial Instruments*, 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 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macro-economic factors affecting the ability 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.

Accounting **policies** continued

for the year ended 31 August 2020

1. Significant accounting policies continued

1.10 Financial instruments continued

Financial assets continued

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.

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. Impairment losses are presented as a separate line item in the consolidated statement of profit or loss.

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

Investment in equity instruments

At initial recognition, the group recognises equity instruments at fair value. After initial recognition, changes in fair value are recognised in profit and loss. 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.

Loans receivable and trade and other receivables

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

The expected credit losses associated with loans and other receivables carried at amortised cost are assessed on a forward-looking basis using the general model per IFRS 9. 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.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and 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 values.

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 or they are required to measure a liability at FVTPL. If a hybrid contract contains a host that is not an financial asset, the embedded derivative shall be separated from the host and accounted for as a derivative under IFRS 9. If, however, the group is unable to measure the embedded derivative separately, either at acquisition or at the end of a subsequent financial reporting period, it shall designate the entire hybrid contract as at fair value through profit or loss. 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.

Loans and borrowings

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 (Refer to note 1.6: Borrowing costs). However, interest-bearing borrowings comprising exchangeable bonds remain measured at fair value, with subsequent changes in fair value recognised in profit or loss.

Trade and other payables

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.

1. Significant accounting policies continued

1.10 Financial instruments continued

Financial assets continued

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 swap, cross-currency 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. Directly attributable transaction costs are recognised immediately in profit or loss. Gains or losses on derivatives are recognised in profit or loss in the changes in fair values in FVTPL line items.

1.11 Goodwill

Goodwill arising on the acquisition of a business is carried at cost less accumulated impairment losses. 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 CGUs in which the acquired properties are allocated.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually or where there is any indication that an asset may be impaired. 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 indefinatae useful lifes (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 or where there is any indication that an asset may be impaired. 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 lifes 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: 11 years (the useful life has been reassesed from 15 years in prior year)
- Electricity recovery business: indefinite life

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, property, plant and equipment 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, 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.

Accounting **policies** continued

for the year ended 31 August 2020

1. Significant accounting policies continued

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.

1.15 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. 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.

As per IFRS 16, 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.

As per IFRS 15, 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 over time. 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 stand-alone 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 rate method over the period of the financing.

A receivable is recognised when services are provided and control passes to the customer, 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 or losses on disposal of interest in associates and joint ventures, changes in fair values, amortisation of intangible assets, 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

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 restricted incentive scheme

In terms of the Restricted Share Scheme, a conditional right to shares is awarded to employees subject to performance and service 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.

iii) Nil-cost options

In terms of the staff incentive scheme, a conditional right to shares or a cash equivalent, at the employee's option, is awarded to employees subject to performance 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.

iv) Conditional awards

In terms of the staff incentive scheme, a conditional right to a cash equivalent is awarded to employees, subject to performance 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.

Accounting **policies** continued

for the year ended 31 August 2020

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 entities that have 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 not 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 Insurance contract liability

Insurance contracts are those contracts that transfer significant insurance risk. Redefine defines a significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that adversely affects the policyholder.

Loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to the contract holder.

A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. The premium recognised is with regards to the Lender Put Option. Refer to note 24: Insurance contract liability. The liability is determined at the best estimate of the expenditure required to settle the obligation at the end of the reporting period. The liabilities are recalculated at each end of the reporting period using the assumptions established at inception of the contract with the movement charged to profit or loss.

1.22 Operating segments

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components. The group identifies and presents operating segments based on the information that is provided internally to the executive management committee (Exco), the group's chief operating decision-making forum (CODM). 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. Operating profit is the key measure CODM focusses on.

1. Significant accounting policies continued

1.23 Leases

1.23.1 Group as a lessee

The group has adopted IFRS 16: *Leases* retrospectively from 1 September 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new standard are therefore recognised in the opening balance sheet on 1 September 2019. The accounting policy applied is described below. The adoption of this new standard did not result in any impact to the opening retained earnings of the group. The impact of IFRS 16 is detailed in note 6: Leases.

Prior to the adoption of IFRS 16, the group applied IAS 17, in terms of which the following accounting treatment was applied:

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. 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.

The group acting as lessee recognises a right-of-use asset and a lease liability for all leases with a lease term of more than 12 months, unless the underlying asset is of low value.

At initial recognition

The right-of-use asset is measured at its cost, which includes:

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date (less any lease incentives received), and
- Any initial direct costs incurred by the group.

The lease liability is measured at the present value of the lease payments that are not paid at the commencement date of the lease.

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments) less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured at the applicable index or rate at the lease commencement date;
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, or the penalty payable on the exercise of a termination option, unless the group is reasonably certain not to exercise the option; and
- any amounts expected to be payable under residual value guarantees.

The group's variable lease payments are not dependent on an index or a rate. As such, these lease payments are not included in the measurement of the lease liability.

The group recognises the lease payments associated with short-term leases and leases for which the underlying asset is of low value as an expense on the accrual basis of accounting.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. Extension and termination options are included in a number of property leases across the group. These are used to maximise operational flexibility in terms of managing the investment properties used in the group's leasing activities. The majority of extension and termination options held are exercisable only by the group and not by the respective lessors.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the group uses the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The weighted incremental borrowing rate applied by the group, is 9.3%.

Subsequent measurement

The group measures the right-of-use assets that meet the definition of investment property using the fair value model applied to its investment property (Refer to note 1.4: Investment properties). Right-of-use assets linked to owner-occupied buildings are measured by applying the revaluation model relevant to that specific class of property, plant and equipment as described in note 1.7: Property, plant and equipment, and tested for impairment as described in note 1.13: Impairment of non-financial assets.

Accounting **policies** continued

for the year ended 31 August 2020

1. Significant accounting policies continued

1.23 Leases continued

1.23.1 Group as a lessee continued

The lease liability is measured as follows:

- Increasing the carrying amount to reflect interest on the lease liability;
- Reducing the carrying amount to reflect the lease payments made; and
- Remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

Where the group is exposed to potential future increases in variable lease payments based on an index or rate, these are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

1.23.2 Group as a lessor

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

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, and amortised on a straight-line basis over the lease term. 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 income.

1.24 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 1/2019 issued by SAICA. Distributable income 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.

1.25 Fair value measurement

Assets and liabilities that are recognised and subsequently measured at fair value are categorised into a hierarchy based on the inputs to the valuation techniques used to measure fair value. This reflects the significance of the inputs used in measuring fair value. The categorisation is based on the lowest level input that is significant in the fair value measurement in its entirety.

The three levels of the hierarchy are as follows:

Level 1

Assets and liabilities measured at fair value are categorised as level 1 if the inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2

Assets and liabilities measured at fair value are categorised as level 1 if inputs are used that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices), other than quoted prices used, referred to under level above.

Level 3

Asset and liabilities measured at fair value are categorised as level 3 if inputs for the asset or liability are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the group determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorisation (based on the lowest level input that is significant to the fair value measurement in its entirety) at the end of each reporting period.

1. Significant accounting policies continued

1.26 Key estimates and assumptions

The preparation of financial statements requires the use of accounting estimates, which, by definition, will seldom equal the actual results. Judgement also needs to be exercised in applying the group's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Investment properties and properties under development

The portfolio is valued at each reporting date. 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 3: Investment properties, notes 1.5 and 5: Properties under development, and note 29: Fair value disclosures, 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 notes 1.11 and 8: Goodwill and intangible assets, and note 1.13: Impairment of non-financial assets.

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 notes 1.2.3: Associates and joint ventures, and 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 accounted for using the equity method. In accordance with the group's accounting policies, the investments in the associates and joint ventures are 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 ventures, 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, 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".

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.

Accounting **policies** continued

for the year ended 31 August 2020

1. Significant accounting policies continued

1.26 Key estimates and assumptions continued

Business combination versus asset acquisition continued

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

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.

Although two tranches of shares were acquired during the 2019 financial year, which increased Redefine's holding in EPP N.V. to approximately 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 exist, 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 do not control EPP. However, it exercises joint control over EPP, and the investment is accounted for using the equity method.

Rental concession

The economic impact of the COVID-19 pandemic has resulted in the group granting relief to lessees by discounting or by deferring rent payments.

Judgement has been applied in the determination of the appropriate accounting treatment of rent concessions granted in the context of COVID-19. COVID-19-related rent concessions will fall within the IFRS 16 definition of a lease modification if they result from renegotiations and changes to the terms of the original lease agreement. In assessing whether there has been a change in the consideration agreed upon in the original lease agreement, the group has considered the overall impact of the change in the rent payments and whether the change in consideration was part of the original terms and conditions of the lease. Both the terms and conditions of the original lease agreement and all relevant facts and circumstances were considered in the assessment of whether a lease modification exists.

Where a concessionary discount has been granted, with no change in the scope of the lease, the group has, in substance, forgiven part of the lease receivable. This is different to an agreement between the group and the tenant to modify the lease agreement. The application of common law principles and government regulation has also contributed to the assessment that concessionary discounts are to be treated as an act of forgiveness of debt rather than a lease modification. Such forgiveness of debt has been accounted for by applying the derecognition requirements of IFRS 9, as detailed in note 1.10: Loans receivable.

Where concessions were granted by the deferral of rent payments due, the deferred amount has not resulted in the alteration of the scope of the lease nor in the lease consideration. Deferrals are short-term in nature and do not include an additional interest charge. The group has also assessed the deferrals as proportionate and as having an immaterial impact in the fair value of lease receivables when the time value of money is considered. As such, the deferral of rent payments has been treated as a non-modification of leases.

Expected credit losses

Management will perform ECL calculations at each reporting period by estimating the probability of default and loss given default. Refer to note 51.3: Credit risk management, for key assumptions used in the ECL calculations.

1. Significant accounting policies continued

1.26 Key estimates and assumptions continued

Insurance contract liability

Management calculates the insurance contract liability by estimating the market price of the put and the fair value of the underlying property. Refer to note 24: Insurance contract liability.

Facilities and covenants

Undrawn facilities are committed as long as the financial covenants are met. Post the covenant relaxation period (Refer to going concern note), management can reasonably estimate that loan-to-value should normalise within the level of 50%. Cash flow forecasts are used to estimate projected covenant levels. The disposal of journal properties (Refer to note 15: Non-current assets held-for-sale) is estimated to significantly reduce the LTV.

Dividend declaration

When determining whether a distribution would be declared in respect of the year ending 31 August 2020 management considered the various distribution options available. At year end, management had taken active steps to investigate and finalise the distribution options available. Based on professional advice management believed that a distribution was feasible within the specified timeframe allowed by the JSE and the distribution would meet the definition of a qualifying distribution in terms of Section 25BB of the Income Tax Act. Based on this estimate, no tax liability has been recognised as at 31 August 2020.

1.27 New standards and interpretations adopted by the group

IFRS 16

IFRS 16 supersedes 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 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance-sheet model.

Redefine has initially adopted IFRS 16 from 1 September 2019 and has adopted the modified retrospective method of application whereby the standard is applied retrospectively, with the cumulative effect of initially applying the standard recognised at the date of initial application. Redefine has elected to use the transition practical expedient, allowing the standard to be applied only to contracts that were previously identified as leases, applying IAS 17 and IFRIC 4 at the date of initial application. Accordingly, comparatives were not restated and there was no impact on opening-retained earnings upon adoption of the standard as at 1 September 2019.

Group as a lessee

On adoption, Redefine has recognised right-of-use assets and lease liabilities in relation to leases over land and buildings which had previously been classified as operating leases under the principles of IAS 17: *Leases.* Refer to note 6: Leases.

These liabilities were measured at the present value of the remaining lease payments, discounted using an incremental borrowing rate on a lease-by-lease basis. Refer to note 1.23 for the accounting treatment of leases.

On transition date, the right-of-use assets were measured at the amount equal to the lease liability. The right-of-use assets relating to land leases are subsequently remeasured at fair value in terms of IAS 40: *Investment properties.*

On transition date, the right-of-use assets relating to leases were measured at the amount equal to the lease liability. The right-of-use assets are subsequently remeasured at fair value in terms of IAS 40 and IAS 16: Property, plant and equipment.

Group as a 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.

Accounting **policies** continued

for the year ended 31 August 2020

1. Significant accounting policies continued

1.28 Accounting standards and interpretations not yet effective

International Financial Reporting Standards, interpretations and amendments issued but not effective

Number	Effective date	Executive summary	Impact on financial statements
Amendment to IAS 1: *Presentation of financial statements* and IAS 8: *Accounting policies, changes in accounting estimates and errors on the definition of material*	Annual periods beginning on or after 1 January 2020 (published October 2018)	These amendments to IAS 1 and IAS 8 and consequential amendments to other IFRSs: ▫ use a consistent definition of materiality through IFRSs and the Conceptual Framework for Financial Reporting; ▫ clarify the explanation of the definition of material; and ▫ incorporate some of the guidance in IAS 1 about immaterial information. The amended definition is: *"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."*	The group is in the process of assessing the impact and does not expect it to be material.
Amendment to IFRS 3: *Business combinations – Definition of a business*	Annual periods on or after 1 January 2020	This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations. More acquisitions are likely to be accounted for as asset acquisitions. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present (including for early stage companies that have not generated outputs). To be a business without outputs, there will now need to be an organised workforce.	The group is in the process of assessing the impact and does not expect it to be material.

1. Significant accounting policies continued

1.28 Accounting standards and interpretations not yet effective continued

International Financial Reporting Standards, interpretations and amendments issued but not effective (continued)

Number	Effective date	Executive summary	Impact on financial statements
IFRS 17: *Insurance contracts*	Annual periods beginning on or after 1 January 2022 (following due process) Early application is permitted for entities that apply IFRS 9: *Financial Instruments*, and IFRS 15: *Revenue from Contracts with Customers*, at or before the date of initial application of IFRS 17 (published May 2017)	The IASB issued IFRS 17: *Insurance contracts*, and thereby started a new epoch of accounting for insurers. Whereas the current standard, IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. For insurers, the transition to IFRS 17 will have an impact on financial statements and on key performance indicators. Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition as the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period. Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable to certain types of contracts, including those with a coverage period of one year or less. For insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation on the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. As a consequence, the fair value changes are not recognised in profit or loss in the period in which they occur, but over the remaining life of the contract.	The group is in the process of assessing the impact and does not expect it to be material.
Amendments to IFRS 9: *Financial Instruments*, IAS 39: *Financial Instruments: Recognition and Measurement* and IFRS 7: *Financial Instruments: Disclosure – Interest rate benchmark reform*	Annual periods beginning on or after 1 January 2020 (early adoption is permitted)	These amendments provide certain reliefs in connection with interest rate benchmark reform (IBOR). The reliefs relate to hedge accounting and have the effect that IBOR should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement.	The group is in the process of assessing the impact and does not expect it to be material.

Notes to the **financial statements**

for the year ended 31 August 2020

2. Segmental report

Figures in R'000	2020 Office	 Retail	2020 Industrial	 Specialised	 Head office	 Total local	 International	 Total
STATEMENT OF FINANCIAL POSITION								
Investment properties (including straight-line rental income accrual)	22 993 553	25 268 415	10 875 164	2 433 996	–	61 571 128	–	61 571 128
Right-of-use assets	17 803	98 526	–	–	–	116 329	–	116 329
Properties under development	190 260	48 150	1 390 032	–	–	1 628 442	–	1 628 442
Listed securities	–	–	–	–	69 679	69 679	–	69 679
Investment in associates and joint ventures	–	–	–	–	–	–	8 608 698	8 608 698
Loans receivable	–	–	–	–	1 316 126	1 316 126	985 894	2 302 020
Property, plant and equipment	100 239	–	–	26 660	80 600	207 499	32	207 531
Properties held-for-trading	–	–	4 260	170 820	–	175 080	–	175 080
Non-current assets held-for-sale	7 150	376 000	158 255	–	–	541 405	5 179 864	5 721 269
Other assets	–	–	–	–	812 295	812 295	957 375	1 769 670
Total assets	23 309 005	25 791 091	12 427 711	2 631 476	2 278 700	66 437 983	15 731 863	82 169 846
Interest-bearing borrowings	–	–	–	–	31 845 455	31 845 455	4 804 175	36 649 630
Other liabilities	–	–	–	–	2 567 820	2 567 820	4 121 162	6 688 982
Total liabilities	–	–	–	–	34 413 275	34 413 275	8 925 337	43 338 612
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME								
Contractual rental income	2 861 936	3 211 145	1 498 196	392 165	–	7 963 443	386 336	8 349 778
Straight-line rental income accrual	195 281	86 894	108 023	(25 052)	–	365 146	–	365 146
Investment income	–	–	–	–	19 757	19 757	49 379	69 136
Total revenue	3 057 217	3 298 039	1 606 219	367 113	19 757	8 348 345	435 715	8 784 060
Operating costs (including expected credit losses on trade receivables)	(958 578)	(1 546 010)	(442 951)	(179 506)	–	(3 127 045)	(121 752)	(3 248 797)
Administration costs	–	–	–	–	(272 334)	(272 334)	(129 291)	(401 625)
Net operating profit	2 098 639	1 752 029	1 163 268	187 607	(252 577)	4 948 966	184 672	5 133 638
Other income	–	–	16 113	10 427	11 100	37 640	2 485	40 125
Less on disposal of assets	–	–	–	–		–	(137 654)	(137 654)
Changes in fair values of investment properties	(2 802 340)	(3 016 101)	(1 680 010)	(636 675)	(10 606)	(8 145 732)	987 697	(7 158 035)
Changes in fair values of financial and other instruments	–	–	–	(40 904)	(1 260 629)	(1 301 533)	(1 455 217)	(2 756 750)
Changes in fair value of the insurance contract liability	–	–	–	–	(130 275)	(130 275)	–	(130 275)
Amortisation of intangible assets	–	–	–	–	(314 277)	(314 277)	–	(314 277)
Impairments (including expected credit losses on loans receivable)	(1 913 811)	(2 883 661)	(510 710)	–	(106 903)	(5 415 085)	(2 427 207)	(7 842 292)
Equity-accounted loss (net of taxation)	–	–	–	–	–	–	(403 900)	(403 900)
Loss before finance costs and taxation	(2 617 512)	(4 147 733)	(1 011 339)	(479 545)	(2 064 167)	(10 320 296)	(3 249 124)	(13 569 420)
Interest income	–	–	–	–	889 092	889 092	52 583	941 675
Interest expense	(92)	(963)	(54)	(33 980)	(2 470 345)	(2 505 435)	(450 878)	(2 956 313)
Foreign exchange gains	–	–	–	–	–	–	(1 042 006)	(1 042 006)
Loss before taxation	(2 617 605)	(4 148 696)	(1 011 393)	(513 525)	(3 645 420)	(11 936 639)	(4 689 425)	(16 626 064)
Taxation	–	–	–	–	30 122	30 122	(17 005)	13 117
Loss for the year	(2 617 605)	(4 148 696)	(1 011 393)	(513 525)	(3 615 298)	(11 906 517)	(4 706 430)	(16 612 947)
Non-controlling interests	–	–	–	105 165	–	105 165	(120 482)	(15 317)
Loss for the year attributable to Redefine Properties Limited shareholders	(2 617 605)	(4 148 696)	(1 011 393)	(408 360)	(3 615 298)	(11 801 352)	(4 826 912)	(16 628 264)

Notes to the **financial statements** continued

for the year ended 31 August 2020

2. Segmental report continued

Figures in R'000	2019 Office	2019 Retail	2019 Industrial	2019 Specialised	2019 Head office	2019 Total local	2019 International	2019 Total
STATEMENT OF FINANCIAL POSITION								
Investment properties (including straight-line rental income accrual)	24 986 554	27 943 702	12 427 957	2 856 488	–	68 214 701	6 871 803	75 086 504
Properties under development	217 232	371 469	1 230 882	–	–	1 819 583	1 734 095	3 553 678
Listed securities	–	–	–	–	178 248	178 248	759 040	937 288
Goodwill and intangible assets	1 913 810	2 883 662	510 710	–	314 277	5 622 459	–	5 622 459
Investment in associates and joint ventures	–	–	–	–	–	–	11 850 004	11 850 004
Loans receivable	–	–	–	–	1 301 772	1 301 772	610 196	1 911 968
Property, plant and equipment	105 096	4	–	32 677	54 903	192 680	2 831	195 511
Properties held-for-trading	–	–	56 549	395 334	–	451 883	–	451 883
Non-current assets held-for-sale	90 000	494 204	48 195	–	–	632 399	449 260	1 081 659
Other assets	–	–	–	–	1 158 695	1 158 695	893 354	2 052 049
Total assets	27 312 692	31 693 041	14 274 293	3 284 499	3 007 895	79 572 420	23 170 583	102 743 003
Interest-bearing borrowings	–	–	–	–	30 718 206	30 718 206	7 944 766	38 662 972
Interest-bearing borrowings at fair value	–	–	–	–	–	–	2 522 723	2 522 723
Other liabilities	–	–	–	–	2 724 834	2 724 834	2 262 998	4 987 832
Total liabilities	–	–	–	–	33 443 040	33 443 040	12 730 487	46 173 527
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME								
Contractual rental income	2 824 905	3 418 066	1 437 868	337 088	–	8 017 927	525 873	8 543 800
Straight-line rental income accrual	(32 420)	79 165	66 446	(19 487)	–	93 704	–	93 704
Investment income	–	–	–	–	89 751	89 751	63 947	153 698
Total revenue	2 792 485	3 497 231	1 504 314	317 601	89 751	8 201 382	589 820	8 791 202
Operating costs (including expected credit losses on trade receivables)	(854 230)	(1 342 247)	(393 744)	(134 470)	–	(2 724 691)	(210 815)	(2 935 506)
Administration costs	–	–	–	–	(280 158)	(280 158)	(95 857)	(376 015)
Net operating profit/(loss)	1 938 255	2 154 984	1 110 570	183 131	(190 407)	5 196 533	283 148	5 479 681
Other income	–	–	–	–	72 912	72 912	40 619	113 531
Net changes in fair values	(415 357)	418 513	207 074	52 838	(1 107 772)	(844 704)	1 017 525	172 821
Amortisation of intangible assets	–	–	–	–	(62 856)	(62 856)	–	(62 856)
Impairments (including expected credit losses on trade receivables)	–	–	–	–	(103 794)	(103 794)	(303 559)	(407 353)
Net equity-accounted profit (net of taxation)	–	–	–	–	–	–	(315 972)	(315 972)
(Loss)/profit before finance costs and taxation	1 522 898	2 573 497	1 317 644	235 969	(1 391 917)	4 258 091	721 761	4 979 852
Interest income	–	–	–	–	915 574	915 574	146 254	1 061 828
Interest expense	–	–	–	–	(2 161 205)	(2 161 205)	(387 093)	(2 548 298)
Foreign exchange losses	–	–	–	–	–	–	44 115	44 115
(Loss)/profit before taxation	1 522 898	2 573 497	1 317 644	235 969	(2 637 548)	3 012 460	525 037	3 537 497
Taxation	–	–	–	–	(25 062)	(25 062)	(18 051)	(43 113)
(Loss)/profit for the year	1 522 898	2 573 497	1 317 644	235 969	(2 662 610)	2 987 398	506 986	3 494 384
Non-controlling interests	–	–	–	–	(49 532)	(49 532)	(102 959)	(152 491)
Profit for the year attributable to Redefine Properties Limited shareholders	1 522 898	2 573 497	1 317 644	235 969	(2 712 142)	2 937 866	404 027	3 341 893

Notes to the **financial statements** continued

for the year ended 31 August 2020

3. Investment property

Figures in R'000	Notes	2020	2019
Carrying amount			
Cost		49 851 604	56 632 086
Right-of-use assets	6	116 329	–
Cumulative fair value adjustments		9 062 727	16 162 767
Balance at end of year		59 030 660	72 794 853
Movement for the year			
Balance at beginning of year		72 794 853	66 271 904
Additions at cost:		1 023 562	1 087 690
– arising from acquisitions		73 445	163 000
– arising from subsequent expenditure		903 673	865 503
– capitalised borrowing costs*		46 444	59 187
Disposals at fair value		(5 501 773)	(627 401)
Change in fair value		(6 734 894)	1 800 918
Tenant installations and lease commissions:		(5 186)	125 855
– costs capitalised		97 229	211 005
– amortisation		(99 055)	(85 150)
– scrapped		(3 360)	–
Transfer from properties under development	5	2 879 167	5 002 762
Transfer to non-current assets held-for-sale	15	(5 666 480)	(536 204)
Transfer to property, plant and equipment		–	(143 055)
Right-of-use assets **	6	116 329	–
Foreign exchange gain/(loss)		490 228	(93 912)
Straight-line rental income adjustment	4	(365 146)	(93 704)
Balance at end of year		59 030 660	72 794 853
Reconciliation to valuations			
Fair value of investment properties		58 914 331	72 794 853
Fair value of right-of-use assets	6	116 329	–
Fair value of investment properties and right-of-use assets		59 030 660	72 794 853
Straight-line rental income accrual	4	2 656 797	2 291 651
Valuations at 31 August		61 687 457	75 086 504

** Borrowing costs were capitalised using the weighted average cost of debt of 8.00% (2019: 9.22%). Borrowing costs included in investment property relates to properties that are either undergoing partial development or partial re-development.*

*** Right-of-use asset is recognised as result of adoption of IFRS 16: Leases.*

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 R49.2 billion (2019: R52.9 billion), as security for secured interest-bearing borrowings of R23.5 billion (2019: R27.3 billion), as well as international investment property with a fair value of R5.1 billion (2019: R6.5 billion) as security for secured interest-bearing borrowings of R0.9 billion.

Refer to note 29: Fair value disclosures, for the valuation techniques applied and unobservable inputs used, and note 2: Segmental report, for a breakdown by segment of investment property, contractual rental income and property expenses. Redefine owns the title to all investment properties and the risk relating to their right is managed through lease agreements with tenants on a lease-by-lease basis.

4. Straight-line rental income accrual

Figures in R'000	Notes	2020	2019
Balance at beginning of year		2 291 651	2 197 947
Arising during the year	3	365 146	93 704
Balance at end of year	3	2 656 797	2 291 651

5. Properties under development

Figures in R'000	Notes	2020	2019
Balance at beginning of year		3 553 678	5 926 105
Acquisitions		53 705	440 560
Development costs		1 417 303	2 441 276
Capitalised borrowing costs*		220 078	490 279
Change in fair value		149 558	(180 428)
Disposals		(1 207 283)	(112 259)
Foreign exchange gain/(loss)		320 570	(13 490)
Transfer to non-current assets held-for-sale	15	–	(54 195)
Transfer to properties held-for-trading		–	(381 408)
Completed developments transferred to investment properties	3	(2 879 167)	(5 002 762)
Balance at end of year		1 628 442	3 553 678

** Borrowing costs were capitalised using the weighted average cost of debt of 8.00% (2019: 9.22%).*

Refer to note 29: Fair value disclosures, for the valuation techniques applied and unobservable inputs used.

Notes to the **financial statements** continued

for the year ended 31 August 2020

Figures in R'000	Notes	2020	2019

6. Leases

For the year ended 31 August 2020, the group recognised right-of-use assets and lease liabilities in relation to land and property leases which had previously been classified as operating leases under the principles of IAS 17: *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate which ranges for all leases between 8.1% to 10.1%. The comparative figures are not restated.

This note provides information for leases where the group is a lessee.

The statement of financial position shows the following amounts relating to leases:

Figures in R'000	Notes	2020	2019
Right-of-use assets classified as investment property			
Recognised on initial application of IFRS 16		197 911	–
Fair value adjustment		(10 191)	
Derecognised on disposal of ELI		(74 673)	
Foreign exchange gain		3 282	–
Fair value at 31 August 2020	3	116 329	–
Right-of-use assets classified as property, plant and equipment			
Recognised on initial application of IFRS 16		46 573	–
Revaluation adjustments		(17 751)	–
Fair value at 31 August 2020		28 822	–
Total right-of-use assets	12	145 151	–
Right-of-use assets:			
Investment property	3	116 329	–
Property, plant and equipment	12	28 822	–
		145 151	–
Lease liability			–
Recognised on initial application of IFRS 16		244 484	–
Interest expense		15 582	–
Lease payments		(43 524)	
Derecognised on disposal of ELI		(74 673)	
Foreign exchange gain		3 282	–
		145 151	–
Current		43 494	–
Non-current		101 657	–
		145 151	–
The statement of profit or loss and other comprehensive income shows the following amounts relating to leases:			
Fair value loss on right-of-use assets		27 942	–
Interest expense		15 582	–
Expense relating to low-value leases		1 941	–

The total cash outflow for leases in 2020 was R49.0 million.

Some of the property leases in which the group is the lessee contain variable lease payment terms that are linked to rent collected from the leased properties. The lease payments are based on rental income collected for these properties and are as follows:

Figures in R'000	Notes	2020	2019
Variable payments		4 314	–

6. Leases continued

Figures in R'000	Notes	2020	2019
The maturity analysis of the lease liability is as follows:			
Maturity analysis – contractual undiscounted cash flows			
Gross lease liabilities – minimum lease payments:			
– Less than 12 months		43 494	–
– Between 1 and 2 years		25 806	–
– Between 2 and 3 years		18 402	–
– Between 3 and 4 years		19 488	–
– Between 4 and 5 years		19 263	–
– Over 5 years		185 305	–
Total undiscounted cash flows		311 758	–
Less the impact of discounting		(166 607)	–
Total lease liability		145 151	–

The group leases various offices, parking lots and land. Rental contracts are typically made for fixed periods, but may have extension options as described below. At 1 September 2019, the group had the following leases, held as a lessee:

- Land and buildings held under operating leases classified as investment property
- A building in which the group has an ownership share and partially occupied by the group for administrative purposes. The right-of-use asset is classified as owner-occupied property, plant and equipment.

Lease terms are negotiated on an individual basis. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Extension options are included in a number of leases across the group. These are used to maximise operational flexibility in terms of managing the assets used in the group's operations. The majority of extension options held are exercisable by the group.

The group has elected to apply the practical expedient for the treatment of COVID-19 rent concessions. The impact of COVID-19 concessions on the statement of profit or loss is a reduction of R0.1 million in administration costs for the 2020 financial year.

Notes to the **financial statements** continued

for the year ended 31 August 2020

7. Listed securities

Figures in R'000	Notes	2020	2019
Delta Property Fund Limited		69 679	178 248
Cromwell Property Group		–	759 040
Balance at end of year		69 679	937 288
Movement for the year			
Balance at beginning of year		937 288	1 935 843
Disposals		(692 470)	(205 117)
Change in fair value	34.2	(175 139)	(793 438)
Balance at end of year		69 679	937 288

Details of listed securities	Stock exchange	% held	Number of units held 2020	Number of units held 2019
Delta Property Fund Limited	JSE (REIT)	22.7	162 043 079	162 043 079
Cromwell Property Group	ASX	–	–	60 000 000

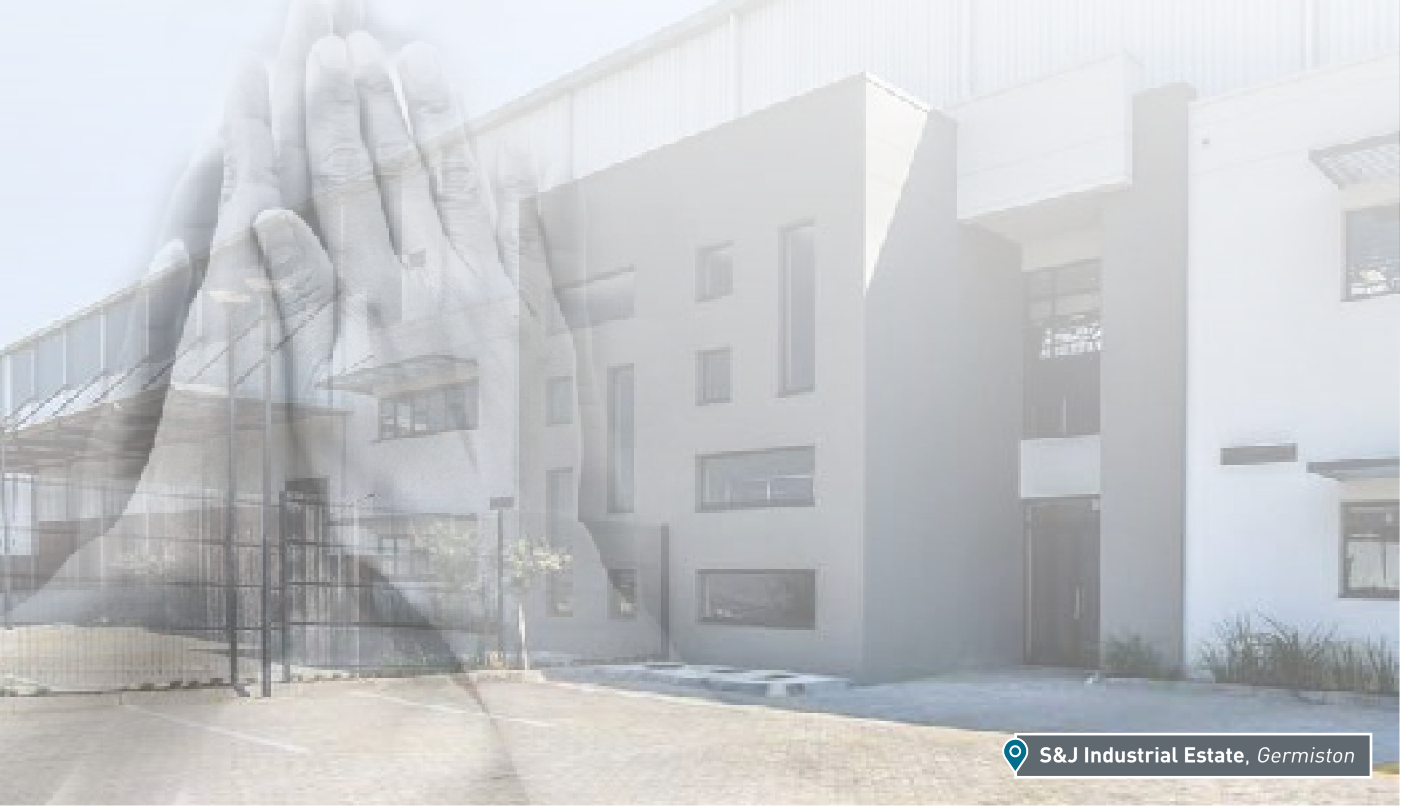
Cromwell Property Group (Cromwell)

During the current financial year, the group disposed of its interest in Cromwell.

Delta Property Fund Limited (Delta)

During the 2018 year, Redefine sold its 22.7% interest in Delta to a BEE consortium. The BEE consortium funded this transaction with a vendor loan from Redefine, at an interest rate of prime plus 2.00% for an initial period of five years, with an extension option of three years. The shares are ceded to Redefine as security for the loan provided.

Redefine has assessed that it retained substantially all risks and rewards of the ownership of the shares. Redefine does not have significant influence nor continued involvement in the Delta shares held as security for its vendor loan. As a result, this investment is classified with other listed securities and measured at fair value through profit or loss.



S&J Industrial Estate, *Germiston*

8. Goodwill and intangible assets

Figures in R'000	2020	2019
Cost	6 311 905	6 311 905
Accumulated impairment - opening balance	(60 888)	-
Impairment	(5 308 182)	(60 888)
Accumulated amortisation - opening balance	(628 558)	-
Amortisation	(314 277)	(628 558)
Balance at end of year	–	5 622 459
Movement for the year		
Balance at beginning of year	5 622 459	5 746 203
Impairment of goodwill	(5 032 766)	(60 888)
Impairment of intangible assets	(275 416)	–
Amortisation of intangibles	(314 277)	(62 856)
Balance at end of year	–	5 622 459
Goodwill		
At acquisition cost / indefinite life	5 093 654	5 093 654
Accumulated impairment - opening balance	(60 888)	–
Impairment	(5 032 766)	(60 888)
Total goodwill	–	5 032 766
Intangible assets		
At cost less amortisation		
The right to manage property – Redefine*	–	314 277
– Cost	942 835	942 835
– Accumulated amortisation - opening balance	(628 558)	(565 702)
– Amortisation	(314 277)	(628 856)
Electricity recovery business#	–	275 416
– Cost	275 416	275 416
– Impairment	(275 416)	–
Total intangible assets	–	589 693

* *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 accumulated impairment losses.

Goodwill is tested for impairment annually and when there is any indication that an asset may be impaired.

As at 29 February 2020, the depressed economic conditions and lack of economic growth in South Africa and the volatility of international markets exacerbated by trade restrictions, combined with the decreasing trend in the market capitalisation of the group, were indicators of possible impairment.

To test for impairment, goodwill is allocated to each cash-generating unit (CGU) or group of CGUs. The operating segments (Office, Retail and Industrial) each represent the lowest level within the group at which goodwill is monitored internally. Refer to note 2: Segmental report, for a breakdown by segment.

Notes to the **financial statements** continued

for the year ended 31 August 2020

8. Goodwill and intangible assets continued

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

	2020				
	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
Impairment		(1 791 488)	(2 776 834)	(464 444)	(5 032 766)
Total goodwill		–	–	–	–

	2019					
	Financial year*	Office	Retail	Industrial	Specialised	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	60 888	1 670 962
Leaf group	2015	101 227	–	–	–	101 227
Pivotal group	2017	306 571	227 090	34 063	–	567 724
Impairment	–	–	–	–	(60 888)	(60 888)
Total goodwill		1 791 488	2 776 834	464 444	–	5 032 766

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

The recoverable amounts of the CGU's including the allocated goodwill, are based on value in use. The recoverable amount for each CGU, including the allocated goodwill, was calculated by discounting future cash flows over a period of five years. 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 unobservable inputs in the fair value hierarchy. Inputs are based on past experience and current market-related assumptions on the discount rate and exit rate.

The key assumptions and sensitivity scenario ranges applied in determining the recoverable amount of each CGU, including the allocated goodwill, is shown in the table below:

	2020				
	Discount period (years)	Growth less than one year (%)	Growth one to five years (%)	Discount rate (%)	Exit rate (%)
Retail	5	(7.0)	0.0 – 5.0	11.5 – 13.5	7.4 – 9.4
Office	5	(7.0)	0.0 – 5.0	11.9 – 13.9	7.6 – 9.6
Industrial	5	(7.0)	0.0 – 5.0	12.5 – 14.5	8.2 – 10.2

	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

8. Goodwill and intangible assets continued

The recoverable amount of each CGU, including goodwill, did not exceed the carrying amount of the CGU, including the allocated goodwill. This resulted in goodwill being fully impaired in the current year.

As an impairment loss in respect of goodwill is not reversed, no further testing was performed at year end.

Intangible assets

Right to manage property

This relates to a property and asset management function.

The remaining useful life of the right to manage property was reassessed to 0 months (FY19: 58 months), leading to an amortisation of R314.3 million.

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. However, the ongoing increases in electricity-related costs, structural tariff changes and tenant mix are indicators of possible impairment of the electricity recovery business.

The electricity recovery business was tested for impairment by comparing the carrying amount to the recoverable amount, being value in use. A discounted cash flow calculation was performed considering the forecasted future-expected cash flows which were discounted at relevant market rates in order to calculate the value in use.

Carrying amount of the electricity recovery business allocated to cash-generating units (CGUs):

	2020				
	Financial year*	Office	Retail	Industrial	Total
Electricity recovery business	2013	122 322	106 828	46 266	275 416
Impairment		(122 322)	(106 828)	(46 266)	(275 416)
Carrying amount		–	–	–	–

	2019				
	Financial year*	Office	Retail	Industrial	Total
Electricity recovery business	2013	122 322	106 828	46 266	275 416
Impairment		–	–	–	–
Carrying amount		(122 322)	(106 828)	(46 266)	(275 416)

* *The financial year in which the business combination occurred was 2013.*

The following key assumptions were used in calculating the value in use of the electricity recovery business:

- Electricity recovered from tenants will increase by 6.0% (2019: 8.0%) per annum.
- Operating expenses relating to electricity recovered from tenants will increase by 8.7% (2019: 8.0%) per annum.
- A discount rate of 14.0% (2019: 13.0%) applies.
- 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 with the discount rate. The value-in-use is Rnil.

The carrying amount of the electricity recovery business was accordingly impaired in full.

Notes to the **financial statements** continued

for the year ended 31 August 2020

Figures in R'000	Principal place of business	Effective interest	Notes	2020	2019
9. Investment in associates and joint ventures					
Associates					
EPP N.V.	Poland	45.44% (2019: 45.44%)		7 347 471	9 023 856
RDI REIT Plc	United Kingdom	0.00% (2019: 29.44%)		–	2 826 148
Joint venture					
European Logistics Investment B.V.	Poland	46.50% (2019: 0.00%)		1 261 227	–
Carrying amount				8 608 698	11 850 004
Movement for the year					
Balance at beginning of year				11 850 004	11 508 630
Additional investment in joint ventures / associates				196 657	2 066 670
Investment from subsidiary becoming a joint venture				898 221	–
Disposal of associate				(2 262 265)	–
Equity-accounted results for the year per the statement of profit or loss and other comprehensive income					
Equity-accounted profit or loss of associates and joint ventures (net of taxation)				(403 900)	(315 972)
Share of distributable profit				972 152	226 370
Fair value adjustment of investment property				(1 376 052)	(542 342)
Other comprehensive income of associates				(547 475)	202 474
Items that are or may be reclassified to profit or loss - realised				(40 178)	–
Items that are or may be reclassified to profit or loss				(507 297)	202 474
Dividends and interest from associates and joint ventures				(543 408)	(803 762)
Interest income			36	–	85 337
Dividend income				(543 408)	(889 099)
Share of other reserves of associates				38	16 892
Profit on dilution of interest in associate				1 778	(46 081)
Transfer to non-current assets held-for-sale			15	–	(329 397)
Loss on disposal of interest in associates and joint ventures				(259 592)	–
Impairment of investment in associates			35	(2 385 570)	(303 560)
Currency translation adjustment of foreign investments				2 064 211	(145 890)
Recognised in other comprehensive income				2 064 211	(145 890)
Balance at end of year				8 608 698	11 850 004

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 and joint ventures to transfer funds to its shareholders in the form of cash and dividends or interest.

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. For practical purposes and in consideration of the sensitivity of financial information reported, results to 30 June 2020 (being the interim reporting date) have been accounted for using the equity method.

As impairment indicators were present, an impairment test was performed. The impairment test using the discounted cash flow model resulted in an impairment of R2.3 billion in the current year (2019: Rnil).

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 – 3.0% (2019: 2.0%)
- Exit yield – 9.9% (2019: 8.2%)
- Discount rate – 12.9% (2019: 10.0%)

9. Investment in associates and joint ventures continued

	2020	2019
Holding on JSE		
Number of shares	412 568 785	412 568 785
Closing share price – 31 August (ZAR)	7.33	18.70
Quoted fair value of the investment (R'000)	3 024 129	7 715 036

First mortgage bonds have been registered over 44 200 000 of the EPP shares (2019: 27 200 000).

European Logistics Investment B.V.

European Logistics Investment B.V. (ELI) is an unlisted entity with a quality portfolio of industrial properties in Poland. At the end of February 2020, Redefine Europe B.V. (RDF EUR) entered into a share purchase agreement to sell 46.5% of its equity interest in ELI to MIRELF VII Co-Investment B.V. (Madison) and 1% of its investment to each of the existing shareholders, Linfield Enterprises Limited and Mr Nebil Senman (collectively Griffin Partners (GP)). RDF EUR's shareholding was effectively decreased from 95% to 46.5%.

RDF EUR and Madison have contractually agreed to share control of ELI on decisions about the relevant activities, through voting mechanisms and unanimous consent. RDF EUR or Madison can prevent the other party from making unilateral decisions on relevant activities without its consent. In addition, both RDF EUR and Madison have joint control of and rights to the net assets of the arrangement (the ELI Group). Therefore, RDF EUR and Madison meet the definition of joint control and ELI meets the definition of a joint venture from date of partial disposal.

The following options were entered into as part of the share purchase agreement:

RDF EUR has entered into two put options with Griffin Partners (GP):

- GP has the option to put its 2.0% shareholding in ELI to RDF EUR in July and August 2022 or in July and August 2023; and
- GP has the option to put its 1.5% shareholding in ELI to RDF EUR within 6 months after 29 February 2025.

The put option price is determinable with reference to the fair market value of the ELI securities being put by GP. The fair value of the put option is determined as the difference between the put option price and the fair market value of the ELI securities being put by GP. The fair value of the put option is zero.

Funding call option: Upon the occurrence of a breach of Redefine's or Madison's capital call funding obligations, the non-breaching party will have a right to require the breaching party to sell all its securities to the non-breaching party and, when exercised, the breaching party will have an obligation to sell all its securities to the non-breaching party.

Veto call option: The ELI business plan sets out minimum investment requirements for projects presented for approval. In the event that either Redefine or Madison:

- rejects four consecutive projects that meet the minimum investment requirements; or
- rejects any five projects (consecutive or not) that meet the minimum investment requirements during any rolling period of 12 months;

the other party will have a right to require the rejecting party to sell all its securities to the non-breaching party and, when exercised, the rejecting party will have an obligation to sell all its securities to the other party. If Redefine and Madison concurrently reject the same project, such project shall be disregarded.

In the event of the exercise of the funding call option or the veto call option, the purchase price for the transferred securities shall be 95% of the fair market value of the transferred securities.

Change in control (CoC) call option: Upon the occurrence of a change of control of Redefine, Madison or Griffin Partners (GP), Redefine and/or Madison shall have a right to require the shareholder upon which the change of control took place (the CoC shareholder) to sell all of the securities held by the CoC shareholder to the other shareholder and, when exercised, the CoC shareholder will have an obligation to sell all its securities to the other shareholder.

In the event of the exercise of the CoC call option, the purchase price for the transferred securities shall be 95% of the fair market value of the transferred securities, provided, however, that in the event that the change of control over GP is a consequence of the death of one of the GP, the CoC call option price shall be equal to 100% of the fair market value.

Redefine and Madison have equal and opposite rights and obligations. Redefine has assessed the probability of the occurrence of the trigger events above as highly remote, and hence valued the options at Rnil.

ELI has a 31 August financial year end. The financial results up to 31 August 2020 has been accounted for using the equity method.

No impairment test was performed for European Logistics Investment as no impairment indicators were present.

Notes to the **financial statements** continued

for the year ended 31 August 2020

9. Investment in associates and joint ventures continued

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. Properties are located mainly in the UK, with diversification in Germany. During July 2020, Redefine disposed of its entire shareholding in RDI REIT Plc.

As impairment indicators were present, as at 29 February 2020, an impairment test was performed. The impairment test, using the discounted cash flow model, resulted in an impairment loss of R121.5 million (2019: R266.4 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 – 1.4% (2019: 2.0%)
- Exit yield – 8.2% (2019: 8.2%)
- Discount rate – 10.0% (2019: 10.0%)

The investment in RDI was sold during the year, with effective date of disposal being 10 July 2020, for a cash consideration of R2 262.3 million.

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 on 31 August 2020. The financial results up to date of disposal have been accounted for using the equity method.

	2020	2019
Holding on JSE		
Number of shares	–	30 634 425
Closing share price – 10 July / 31 August (ZAR)	18.01	18.82
Quoted fair value of the investment (R'000)	–	576 540
Holding on LSE		
Number of shares	–	81 248 687
Closing share price – 10 July / 31 August (GBP)	0.82	1.01
Closing foreign exchange rate – 10 July / 31 August (GBP/ZAR)	21.31	18.66
Quoted fair value of the investment (R'000)	–	1 537 334
Total quoted fair value of the investment (R'000)	–	2 113 874

9. Investment in associates and joint ventures continued

Summarised financial information for each of the associates and joint ventures is presented below. This reflects financial information prepared by the respective entities in accordance with IFRS. The results of associates and joint ventures which are foreign operations are translated from the respective functional currency to South African rand.

		2020			
Figures in R'000	Notes	**EPP N.V.**	**RDI REIT Plc**	**European Logistics Investments B.V.**	**Total**
Functional currency		PLN	GBP	EUR	
Effective interest		45.44%	0.00%	46.50%	
SUMMARISED STATEMENT OF FINANCIAL POSITION					
Investment property		44 008 801	–	8 277 478	52 286 279
Property, plant, and equipment		–	–	76	76
Other non-current assets		3 403 237	–	–	3 403 237
Non-current assets		47 412 038	–	8 277 554	55 689 592
Current assets		4 206 342	–	476 225	4 682 568
Non-current assets held-for-sale		–	–	–	–
Total assets		51 618 380	–	8 753 780	60 372 160
Non-controlling interests		–	–	–	–
Interest-bearing borrowings		27 569 682	–	4 022 294	31 591 975
Loans from shareholders		–	–	706 417	706 417
Other non-current liabilities		2 743 017	–	505 298	3 248 315
Non-current liabilities		30 312 699	–	5 234 008	35 546 707
Current liabilities		1 502 337	–	821 630	2 323 967
Total liabilities		31 815 036	–	6 055 638	37 870 673
Net assets		19 803 345	–	2 698 142	22 501 487
Proportionate share of net assets		8 998 590	–	1 254 636	10 253 226
Goodwill (included in carrying amount)		612 953	–	6 591	619 544
Impairment of investment in associate	35	(2 264 072)	–	–	(2 264 072)
Carrying amount of investments		7 347 471	–	1 261 227	8 608 698
SUMMARISED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME					
Revenue		3 041 792	1 393 030	457 705	4 989 040
Operating costs		(832 267)	(532 329)	(170 142)	(1 571 620)
Fair value adjustments		(1 903 268)	(2 341 433)	82 884	(4 324 037)
Equity-accounted profit		(145 004)	(8 158)	–	(153 728)
Interest expense		(741 367)	(465 023)	(115 650)	(1 354 258)
Profit/(loss) for the year		71 757	(2 117 080)	288 464	(1 903 536)
Equity-accounted profit/(losses)		32 606	(499 317)	62 811	(403 900)
Other comprehensive income/(losses)		(1 052 358)	48 950	17 325	(986 083)
Equity-accounted other comprehensive income/(losses)		(478 189)	(20 309)	(8 800)	(507 297)
Total comprehensive income/(losses)		(980 600)	(2 068 130)	305 788	(2 742 942)
Bargain purchase on acquisition of associate		–	1 778	–	1 778
Total equity-accounted earnings of associates and joint ventures		(445 582)	(517 848)	54 011	(909 419)
Dividend income		(389 286)	(131 407)	(22 715)	(543 408)
Additional specific disclosure for joint ventures:					
Taxation (per the statement of profit or loss and other comprehensive income)		–	–	(26 801)	(26 801)
Cash and cash equivalents		–	–	270 695	270 695
Other non-current financial liabilities		–	–	(4 871 538)	(4 871 538)
Current financial liabilities (excluding trade and other payables)		–	–	(12 483)	(12 483)

Notes to the **financial statements** continued

for the year ended 31 August 2020

9. Investment in associates and joint ventures continued

	2019			
Figures in R'000	**EPP N.V.**	**RDI REIT Plc**	**Oando Wings Development Limited**	**Total**
Functional currency	PLN	GBP	USD	
Effective interest	45.44%	29.44%	40.61%	
SUMMARISED STATEMENT 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 associates	–	(1 020 168)	(175 420)	(1 195 588)
Transfer to non-current assets held-for-sale	–	–	(329 397)	(329 397)
Carrying amount of investments	9 023 856	2 826 148	–	11 850 004
SUMMARISED STATEMENT 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 for the year	1 283 624	(1 344 585)	(1 045 950)	(1 106 911)
Equity-accounted profit	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)

10. Loans receivable

Figures in R'000	Notes	**2020**	**2019**
Secured			
Gross vendor loans		**2 422 079**	1 854 993
Gross share purchase scheme		**74 183**	111 027
Expected credit loss		**(194 242)**	(54 052)
Balance at end of year		**2 302 020**	1 911 968
Non-current		**1 997 042**	1 731 921
Vendor loans		**1 949 610**	1 672 115
Share purchase scheme		**47 432**	59 806
Current		**304 978**	180 047
Vendor loans		**296 183**	141 719
Share purchase scheme		**8 795**	38 328
Gross loans receivable		**2 496 262**	1 966 020
Expected credit losses	51.3	**(194 242)**	(54 052)
Net loans receivable		**2 302 020**	1 911 968

	Capital repayment date	**Interest rate**	**2020**	**2019**
Redefine share purchase scheme			**74 183**	111 027
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 6 803 337 (2019: 10 436 088) Redefine Properties Limited shares.	Earlier of: – 14 May 2023; or – termination of employment	3-month JIBAR+2%	**65 388** **8 795**	72 699 38 328
Khulemani Masingita The loan is secured by a mortgage bond over the investment property.	Third anniversary of the commencement date of the development	3-month JIBAR+2%	**114 110**	104 948
Setso Holdco Proprietary Limited			**593 192**	540 658
The loan is secured by a pledge of the shareholder equity of the wholly owned subsidiary, Setso Property Fund Proprietary Limited.	30 December 2022 30 December 2021 30 December 2020	13.00% 13.00% 13.00%	**293 192** **50 000** **250 000**	240 658 50 000 250 000
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 0.50%	**173 821**	159 911
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	7.20%*	**627 542**	604 965
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 0.50%	**87 225**	80 245
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	15.00%	**–**	5 231
Diversity 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.	30 September 2021^	9.20%**	**172 563**	173 053

Notes to the **financial statements** continued

for the year ended 31 August 2020

10. Loans receivable continued

Figures in R'000	Capital repayment date	Interest rate	2020	2019
Turnover Trading 191 Proprietary Limited			**41 309**	40 351
The loan is secured by a second covering sectional title mortage bond, suretyship from the sureties, and a cession of the borrower's co-ownership voting rights.	30 November 2022	10%	**21 309**	30 351
	30 November 2020^^	10%	**20 000**	10 000
Van der Merwe Venter Proprietary Limited			**137 019**	137 601
The loan is secured by first mortgage bonds over various investment properties.	9 May 2022	10.05%***	**137 019**	82 932
	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.	31 August 2020^^^	Prime plus 3.0%	**1 134**	8 030
Enyuka Ermelo The loan is unsecured.	30 November 2022	9.60%	**46 919**	–
Enyuka Alberton The loan is unsecured.	30 November 2022	9.60%	**35 605**	–
European Logistics Investment B.V. The loan is unsecured.	31 December 2027	8.00%	**391 640**	–
Gross loans receivable			**2 496 262**	1 966 020

The interest rate was amended retrospectively from date of inception of loan. Previously 7.87%.

** *The terms of this loan has been extended and the interest rate amended to 11%, effective 1 October 2020.*

*** *The aggregate interest rate adjusted on all loans decreased from 2019 (10.61%).*

^ *Prior year – 14 November 2020.*

^^ *Prior year – 30 November 2019.*

^^^ *Prior year – 8 February 2020. Loan has been settled post year end.*

90 Rivonia Road, *Sandton*

11. Other financial assets

Figures in R'000	2020	2019
Fair value through profit and loss		
Madison International Holdings	**283 618**	–
Rental guarantee	**2 501**	–
Enterprise Development Fund	**3 082**	–
Edcon Limited	**–**	39 900
Investment in Chariot Top Group B.V.	**361 480**	333 487
Growthpoint Investec African Properties Limited	**174 339**	–
	825 020	373 387
Non-current	**620 341**	373 387
Madison International Holdings	**80 115**	–
Rental guarantee	**1 325**	–
Enterprise Development Fund	**3 082**	–
Edcon Limited	**–**	39 900
Investment in Chariot Top Group B.V.	**361 480**	333 487
Growthpoint Investec African Properties Limited	**174 339**	–
Current	**204 679**	–
Madison International Holdings	**203 503**	–
Guarantee fee	**1 176**	–

Madison International Holdings

Madison acquired 46.5% of ELI, and Griffin Partners acquired an additional 2.0%, increasing their shareholding from 5.0% to 7.0%. The assets-under-construction portion of the proceeds from the sale of 48.5% of ELI were outstanding at reporting date and have been recognised as other financial assets.

Rental guarantee

In January 2020, Stykow, a Polish investment property that was held by Central Logistics Investments (CLI), was disposed. As part of the agreement, a rental guarantee was entered into, with the buyer to guarantee a certain level of rental income to be generated from the disposed property. A rental guarantee liability has been recognised. Refer to note 23: Other financial liabilities. 5% of the rental guarantee which has been recognised as an asset is recoverable from Griffin Partners.

Enterprise Development Fund

Respublica Student Living invested into an enterprise and supplier development fund. The supplier development investment is interest-free, and income earned is used to assist black-owned suppliers. No income or capital will be earned on funds. The fund value is held at fair value.

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 prior financial period. Redefine continued to provide monthly equity injections of R12.8 million into Edcon up to the date Edcon elected to go into business rescue. Management's best estimate of the fair value of the unlisted Edcon equity is Rnil (2019: R39.9 million), taking into account information available in the market.

Investment in Chariot Top Group B.V.

During December 2017, Redefine acquired a 25% equity share in Chariot Top Group B.V. (Chariot) for an initial 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 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 an initial loan of R771.7 million (EUR 49.4 million) in proportion to its shareholding. Refer to note 10: Loans receivable.

Growthpoint Investec African Properties Limited

Redefine disposed of its investment in SB Wings Development Proprietary Limited, a Mauritian-based subsidiary, during the current financial year. The purchase consideration received was an exchange of 2 093 517 shares in an unlisted company, Growthpoint Investec African Properties Limited, valued at R174.3 million (USD10.5 million).

Notes to the **financial statements** continued

for the year ended 31 August 2020

Figures in R'000	Notes	2020	2019
12. Property, plant and equipment			
Carrying amount			
Leasehold improvements		28 511	33 031
– Cost		45 194	45 194
– Accumulated depreciation		(16 683)	(12 163)
Computer equipment		17 384	19 200
– Cost		44 675	52 236
– Accumulated depreciation		(25 994)	(33 036)
– Accumulated impairment		(1 297)	–
Furniture and fittings		4 205	3 338
– Cost		7 113	23 548
– Accumulated depreciation		(1 696)	(20 210)
– Accumulated impairment		(1 212)	–
Owner-occupied		100 239	105 097
– Cost		100 948	100 948
– Revaluation adjustment		(709)	4 149
Hotels		26 660	32 676
– Cost		42 108	42 108
– Revaluation adjustment		(15 448)	(9 432)
Right-of-use assets – owner-occupied properties	6	28 822	–
– Cost		46 573	–
– Revaluation adjustment		(17 751)	–
Office equipment		292	161
– Cost		2 796	1 494
– Accumulated depreciation		(1 382)	(1 333)
– Accumulated impairment		(1 122)	–
Motor vehicles		1 418	2 008
– Cost		2 951	2 950
– Accumulated depreciation		(1 533)	(942)
Balance at end of year		207 531	195 511
Movement for the year			
Balance at beginning of year		195 511	72 669
Additions at cost		61 122	9 332
– Leasehold improvements		–	1 485
– Computer equipment		8 746	5 790
– Furniture and fittings		4 815	1 889
– Office equipment		988	100
– Right-of-use assets		46 573	–
– Motor vehicles		–	68
Disposals at carrying amount		(41)	(1 359)
– Computer equipment		(41)	(1 014)
– Furniture and fittings		–	(281)
– Motor vehicles		–	(64)
Transfer from investment property		–	143 056
– Owner-occupied		–	100 948
– Hotels		–	42 108
Revaluation		(28 625)	(5 283)
– Owner-occupied		(4 857)	4 149
– Right-of-use assets		(17 751)	–
– Hotels		(6 017)	(9 432)

Figures in R'000	Notes	2020	2019
12. Property, plant and equipment continued			
Depreciation		(18 234)	(23 730)
– Leasehold improvements		(4 519)	(4 428)
– Computer equipment		(9 224)	(11 400)
– Furniture and fittings		(2 736)	(7 031)
– Office equipment		(1 164)	(297)
– Motor vehicles		(591)	(574)
Impairment		(3 891)	–
– Computer equipment		(1 297)	–
– Furniture and fittings		(1 212)	–
– Office equipment		(1 382)	–
Foreign exchange gain		1 689	826
– Office equipment		1 689	826
Balance at end of year		207 531	195 511

First mortgage bonds have been registered over South African property, plant and equipment, with a revaluation amount of R100.2 million (2019: R105.1 million).

13. Trade and other receivables

Figures in R'000	Notes	2020	2019
Trade receivables (incl. municipal recoveries)		792 255	617 450
Less: Expected credit loss	51.3	(402 715)	(129 520)
Net trade receivables		389 540	487 930
Deposits		106 363	102 275
Prepayments		49 567	104 414
Rates clearances		30 122	12 185
Interest receivable		–	13 246
Current taxation receivable		–	100 686
Value added taxation		19	126 881
Other receivables		111 153	173 160
Trade and other receivables		686 764	1 120 777

Refer to note 51.3: Financial risk management, for credit risk management.

14. Cash and cash equivalents

Figures in R'000	Notes	2020	2019
Unrestricted cash balances		232 078	406 694

A significant portion of bank balances are with The Standard Bank of South Africa Limited and ING Bank N.V., who have a Moody's credit rating of Ba2 and Aa3 respectively.

Notes to the **financial statements** continued

for the year ended 31 August 2020

15. Non-current assets held-for-sale

Figures in R'000	Notes	2020	2019
Non-current assets held-for-sale			
South African investment property		541 405	632 399
Foreign investment property		5 167 075	13 062
SB Wings Development Proprietary Limited		–	436 198
Journal Student Living Proprietary Fund		12 789	–
		5 721 269	1 081 659
Non-current liabilities held-for-sale			
Journal Student Living Proprietary Fund		(12 789)	–
		(12 789)	–
Balance at the beginning of year		1 081 659	549 089
Additions		7 868	16 672
Disposals		(789 926)	(514 356)
Transfer from loans receivable	43	–	106 801
Transfer from investment in associates and joint ventures	9	–	329 397
Transfer from investment property	3	5 666 480	536 204
Transfer from developments	5	–	54 195
Tenant installations capitalised		–	442
Tenant installations amortised		(54)	–
Capitalised borrowing costs		–	1 103
Change in fair values		(266 068)	4 446
Translation differences		8 521	(2 334)
Balance at end of year		5 708 480	1 081 659

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

16. Stated capital

Figures in R'000	2020	2019
Authorised		
10 000 000 000 (2019: 10 000 000 000) ordinary shares of no par value		
Issued		
5 793 183 210 (2019: 5 793 183 210) ordinary shares of no par value	44 593 553	44 589 072
Less: 360 553 015 (2019: 361 396 896) treasury shares	(6)	(6)
	44 593 547	44 589 066
Reconciliation of issued stated capital		
In issue at beginning of year	44 589 066	44 329 101
Issued during the year *	–	259 965
Shares reallocated from treasury shares*	4 481	–
Balance at end of year	44 593 547	44 589 066
Reconciliation of number of ordinary shares ('000)		
Number of shares at end of year	5 432 630	5 431 786
Total treasury shares	360 553	361 397
Held by:		
The Redefine Empowerment Trust	300 000	300 000
Afrika Tikkun Investment Trust	54 676	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	5 793 183

* *During the 2020 financial year, 843 881 treasury shares have been allocated from treasury shares to Afrika Tikkun Investment Trust at a price of R5.31 per share, relating to a BEE transaction.*

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

Reconciliation of issued number of shares in calculating distribution per share ('000)	2020	2019
In issue at beginning of year	5 431 786	5 404 403
Issued during the year	844	27 383
Balance at end of year	5 432 630	5 431 786

17. Share-based payment reserve

	Notes	2020	2019
– Restricted Share Scheme	19	20 241	34 111
– Matching Share Scheme	19	12 869	23 068
		33 110	57 179

Notes to the **financial statements** continued

for the year ended 31 August 2020

Figures in R'000	Principal place of business	NCI effective interest/ voting rights	2020	2019
18. Non-controlling interests				
Journal Student Accommodation Fund and Journal Student Living (Pty) Ltd	Australia	10.0% (2019: 10.0%)	328 853	182 377
Respublica Student Living Proprietary Limited	South Africa	46.6% (2019: 46.6%)	218 106	336 785
European Logistics Investment B.V.	Netherlands	0.0% (2019: 5.0%)	–	90 004
Mfuko sp. z o.o. 0000796191	Poland	5.0% (2019: 0.0%)	1 309	–
			548 268	609 166

Respublica Student Living Proprietary Limited

With effect from 1 September 2015, Redefine initially acquired a 51% equity interest in Respublica Student Living Proprietary Limited (RSL). Subsequent share issuances resulted in Redefine taking up additional shares in a disproportionate percentage to its initial holding, thereby increasing Redefine's holding to 53.4%. Redefine controls RSL due to the number of voting rights held.

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 (Pty) Ltd (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 2020 have been used for consolidation purposes.

As at 31 August 2020, JSL met the definition of a non-current asset and liability held-for-sale. Refer to note 15: Non-current assets held-for-sale.

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 (special purpose vehicle) 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 had a 95% shareholding.

The shareholders holding the remaining 5% were two of the partners of Griffin Real Estate.

At the end of February 2020, Redefine disposed of its controlling interest in ELI, reducing its shareholding from 95.0% to 46.5%. Madison International Holdings VII LLC (Madison) acquired 46.5% of ELI, and Griffin Partners acquired an additional 2.0%, increasing their shareholding from 5.0% to 7.0%. ELI meets the definition of a joint venture, with Redefine and Madison being the joint venture partners. Refer to note 9: Investments in assosiates and joint ventures.

Mfuko sp. z o.o. 0000796191

On 31 January 2020, European Logistics Investment B.V. Group (ELI) entered into a sale purchase agreement to sell 100% of its investment in Central Logistics Investment sp. z o.o. (CLI) to Tritax Eurobox PLC (Tritax). As part of this sale purchase agreement, it was agreed that the shareholders of ELI would retain the development rights for a possible extension of the Strykow building owned by CLI. Therefore a Polish company, Mfuko, was incorporated to hold these development rights. These development rights expire on 31 January 2022.

18. Non-controlling interests continued

The non-controlling interest balance is reconciled as follows:

	2020				
	Journal Student Accommodation Fund and Journal Student Living	Respublica Student Living	European Logistics Investment B.V.	Mfuko sp. z o.o. 0000796191	Total
Opening balance	182 377	336 785	90 004	–	609 166
Interest in additional net asset value	879	–	–	10	889
Share of profit/(loss) for the year	111 930	(105 167)	7 473	1 080	15 316
Share of other comprehensive income for the year	36 905	–	2 913	219	40 037
Share of dividends for the year	(3 238)	(13 511)	(3 807)	–	(20 556)
Disposal of interest in subsidiary	–	–	(96 583)	–	(96 584)
Balance at end of year	328 853	218 106	–	1 309	548 268

	2019				
	Journal Student Accommodation Fund and Journal Student Living	Respublica Student Living	European Logistics Investment B.V.	Mfuko sp. z o.o. 0000796191	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

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 53: Related-party transactions.

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18. Non-controlling interests continued

	2020				
	Journal Student Accommodation Fund and Journal Student Living	**Respublica Student Living**	**European Logistics Investment B.V.**	**Mfuko sp. z o.o. 0000796191**	**Total**
Functional currency	AUD	ZAR	EUR	EUR	
Effective interest	10.0%	46.6%	0.0%	5.0%	
SUMMARISED STATEMENT OF FINANCIAL POSITION					
Non-current assets	3 895	1 052 387	–	–	1 056 282
Investment property	–	1 049 306	–	–	1 049 306
Property, plant and equipment	3 895	3 081	–	–	6 976
Non-current assets held-for-sale	5 167 075	–	–	–	5 167 075
Current assets	76 189	71 687	–	28 799	176 675
Total assets	5 247 159	1 124 074	–	28 799	6 400 032
Non-current liabilities	1 918 366	602 274	–	2 570	2 523 210
Interest-bearing borrowings	918 760	561 512	–	–	1 480 272
Loans from shareholders	932 231	–	–	–	932 231
Other non-current liabilities	67 375	40 762	–	2 570	110 707
Current liabilities	40 267	53 722	–	20	94 009
Total liabilities	1 958 633	655 996	–	2 590	2 617 219
Net assets	3 288 526	468 078	–	26 209	3 782 812
Net assets attributable to non-controlling interests	328 853	218 106	–	1 309	548 268
SUMMARISED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME					
Revenue	185 700	194 051	200 652	–	580 403
Operating costs	(64 485)	(91 027)	(68 961)	(7)	(224 481)
Administration costs	(34 477)	–	(26 220)	(90)	(60 788)
Fair value adjustments	1 081 374	(283 714)	(23 788)	–	773 872
Interest income	497	(453)	–	–	44
Interest expense	(49 311)	(44 558)	(57 609)	–	(151 478)
Other	–	–	125 402	21 705	147 107
Profit/(loss) for the year	1 119 297	(225 701)	149 475	21 608	1 064 679
Other comprehensive income/(loss)	369 051	–	58 264	4 403	431 718
Total comprehensive income/(loss)	1 488 348	(225 701)	207 739	26 011	1 496 397
Net total comprehensive income attributable to non-controlling interests	148 835	(105 168)	10 387	1 299	55 355
Dividends	32 376	29 000	76 149	–	137 525

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	10.0%	46.6%	5:0%	
SUMMARISED STATEMENT 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 STATEMENT 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

Notes to the **financial statements** continued

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19. Share-based payments

Restricted scheme long-term incentive

Long-term incentive

The Restricted Share Scheme, which awards employees with a conditional right to receive shares in Redefine 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 service condition over the vesting period.

25% of the Restricted Share Scheme awards are subject to the service condition. The balance of the awards are subject to performance conditions based on growth in recurring distribution per share in relation to peer companies, meeting the approved budgeted distribution per share and individual performance.

The group's two executive directors and two prescribed officers participate in the restricted share scheme. These participants 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 distributions.

	2020	2019
Shares expected to vest*	**3 500 533**	5 353 608
Vesting period	**3 years**	3 years
Average discounted price per share#	**7.59**	8.01
IFRS 2: *Share-based Payments* expense recognised in administration expenses (R'000)	**11 272**	10 917
Weighted average share price at date of vesting	**7.86**	10.57

* *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 0% and 8.3% and discounted by a distribution yield of between 8.3% and 11.8%.*

These awards will vest over the next three years.

The number of shares allotted in terms of the award scheme are:

	2019	Granted	Forfeited	Vested	**2020**	IFRS 2 charge R'000
AJ König	1 245 611	333 975	(5 475)	(359 525)	**1 214 586**	3 640
LC Kok	903 964	288 750	(1 935)	(246 065)	**944 714**	2 830
M Wainer	1 565 011	–	(373 019)	(1 191 992)	**–**	–
DH Rice*	992 636	–	(6 115)	(260 885)	**725 636**	2 966
MJ Ruttell*	586 386	162 211	(3 000)	(160 000)	**585 597**	1 747
Other employees	60 000	–	–	(30 000)	**30 000**	89
	5 353 608	784 936	(389 544)	(2 248 467)	**3 500 533**	11 272

	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

* *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 Redefine on condition that they remain in the employ of Redefine Properties, 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 service condition over the vesting period. The balance of the awards are subject to performance conditions based on growth in recurring distribution per share in relation to peer companies, meeting the approved budgeted distribution per share and individual performance. The award of short-term incentive shares has been made to the group's two executive directors and two prescribed officers.

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 distributions.

	2020	2019
Shares expected to vest	**932 144**	2 482 626
Vesting period	**1-3 years**	1-3 years
Average discounted price per share#	**7.86**	8.58
IFRS 2: *Share-based payments* expense recognised in administration expenses (R'000)	**4 800**	11 844
Weighted average share price at date of vesting	**7.86**	10.57

\# *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 shares allotted in terms of the award scheme are:

	2019	Granted	Forfeited	Vested	**2020**	IFRS 2 charge R'000
AJ König	554 989	–	–	(265 602)	**289 387**	1 320
LC Kok	442 024	–	–	(209 235)	**232 789**	1 058
M Wainer	708 024	–	–	(708 024)	**–**	–
DH Rice*	496 469	–	–	(234 148)	**262 321**	1 750
MJ Ruttell*	281 120	–	–	(133 473)	**147 647**	672
	2 482 626	–	–	(1 550 482)	**932 144**	4 800

	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

* *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.*

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19. Share-based payments continued

Matching Share Scheme

In terms of the Matching Share Scheme, participants are invited annually to utilise a predetermined percentage of their after-tax bonus to acquire Redefine shares.

Participants holding these shares at the third anniversary of the grant date 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. Performance conditions are based on growth in recurring distribution per share in relation to peer companies, meeting the approved budgeted distribution per share and individual 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 Scheme awards are subject to the performance condition.

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 distributions.

	2020	2019
Shares expected to vest	**2 274 066**	4 590 873
Vesting period	**3 years**	3 years
Average discounted price per share#	**7.36**	7.58
IFRS 2: *Share-based Payments* expense recognised in administration expenses (R'000)	**4 988**	10 664
Weighted average share price at date of vesting	**7.86**	10.57

 # 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:

	2019	Granted	Forfeited	Vested	2020	IFRS 2 charge R'000
AJ König	1 349 370	–	(31 775)	(411 595)	**906 000**	1 988
LC Kok	1 039 476	–	(17 366)	(291 259)	**730 851**	1 603
M Wainer	1 137 831	–	(286 217)	(851 614)	**–**	–
DH Rice*	855 915	–	(34 338)	(358 242)	**463 335**	1 016
MJ Ruttell*	208 281	–	(2 700)	(31 701)	**173 880**	381
	4 590 873	–	(372 396)	(1 944 411)	**2 274 066**	4 988

	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

** 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 over the performance period, free of any cost. Performance conditions are based on growth in recurring distribution per share in relation to peer companies, meeting the approved budgeted distribution per share and individual performance. As the participants will receive shares or a cash alternative in settlement of their awards, a share-based payment expense has been recognised.

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 distributions.

	2020	2019
Total NIL cost options	**6 011 215**	4 209 354
Vesting period	**3-8 years**	3-8 years
Shares expected to vest*	**2 934 924**	4 103 789
Average discounted price per share#	**1.57**	6.06
IFRS 2: *Share-based Payments* expense (R'000) recognised in:	**(203)**	2 065
Operating costs (R'000)	**(849)**	1 428
Administration expenses (R'000)	**646**	637

** 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 targets set at the time of the award.*

 # The future anticipated distributions were adjusted for annual growth of 0% and discounted by a distribution yield of 19.5%.

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:

	2020	2019
Opening balance	**4 209 354**	2 270 333
Granted	**2 571 457**	2 022 734
Forfeited	**(141 294)**	(83 713)
Vested	**(628 302)**	–
Outstanding nil-cost options granted to employees	**6 011 215**	4 209 354

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19. Share-based payments continued

Conditional awards

Under the staff incentive scheme operated by the group, certain employees are granted conditional awards. These awards afford recipient employees with a conditional right to receive cash settlement of the market value of the number of shares awarded against the achievement of specific performance conditions. Performance conditions are based on growth in recurring distribution per share in relation to peer companies, meeting the approved budgeted distribution per share and individual performance. 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 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 distributions.

The number of shares allotted in terms of the award scheme are:

	2020	2019
Total conditional shares	4 216 350	3 358 668
Vesting period	3 years	3 years
Shares expected to vest*	2 001 995	3 095 013
Average discounted price per share#	1.73	6.47
IFRS 2: *Share-based Payments* expense (R'000) recognised in:	994	1 396
Operating costs (R'000)	(2 221)	1 183
Administration expenses (R'000)	3 215	213

* *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 0% and discounted by a distribution yield of 19.5%.*

These awards will vest over the next three years.

	2020	2019
Opening balance	3 358 668	2 030 164
Granted	1 768 557	1 550 449
Forfeited	(180 682)	(221 945)
Vested	(730 193)	–
Outstanding conditional awards granted to employees	4 216 350	3 358 668

20. Interest-bearing borrowings

Figures in R'000	2020	2019
Held at amortised cost		
Bank loans	11 506 703	12 883 517
Secured	9 844 070	10 184 081
Unsecured	1 662 633	2 699 436
Bonds and commercial paper	25 142 927	25 779 455
Secured	14 604 817	14 224 817
Unsecured	10 538 110	11 554 638
	36 649 630	38 662 972
Non-current		
Bank loans	10 306 703	11 180 413
Bonds and commercial paper	24 483 927	23 574 455
	34 790 630	34 754 868
Current		
Bank loans	1 200 000	1 703 104
Bonds and commercial paper	659 000	2 205 000
	1 859 000	3 908 104

The average all-in interest rate in respect of the total local group borrowings is 8.13% (2019: 9.14%).

Local interest-bearing borrowings are mainly at floating rates, of which 85.0% (2019: 93.0%) 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.

Group interest-bearing borrowings have been secured by mortgage loans over investment property to the value of R54.5 billion (2019: R59.4 billion), pledges over investments in associates to the value of R0.8 billion (2019: R2.1 billion), and pledges over listed securities to the value of R0 million (2019: R759 million).

Total group undrawn facilities at year end amount to R2.6 billion (2019: R5.6 billion).

Refer to note 51: Financial risk management, and note 52: Capital management.

Notes to the **financial statements** continued

for the year ended 31 August 2020

20. Interest-bearing borrowings continued

Variable and fixed rate loans – South African rand

Bank loans	Facility end date	Interest rate (%)	2020	2019
Absa			**2 570 000**	1 965 000
	1 July 2022	Prime less 1.45	**570 000**	465 000
	30 April 2024	3-month JIBAR plus 1.58	**500 000**	500 000
	1 July 2024	3-month JIBAR plus 1.75	**500 000**	500 000
	1 July 2025	3-month JIBAR plus 1.95	**500 000**	500 000
	30 September 2024	3-month JIBAR plus 1.60	**500 000**	–
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			**535 564**	1 454 969
	23 December 2019	Fixed 10.15	**–**	85 000
	27 December 2019	1-month JIBAR plus 2.26	**–**	114 974
	2 January 2020	3-month JIBAR plus 1.71	**–**	800 000
	25 August 2020	1-month JIBAR plus 2.09	**–**	24 995
	25 August 2020	Fixed 10.55	**–**	80 000
	31 December 2020	3-month JIBAR plus 1.75	**350 000**	350 000
	31 August 2022	3-month JIBAR plus 2.20	**105 242**	–
	9 June 2025	3-month JIBAR plus 2.20	**80 322**	–
Rand Merchant Bank			**1 393 265**	80 000
	31 August 2020	1-month JIBAR plus 2.15	**–**	80 000
	30 August 2022	Prime less 1.30	**1 017 316**	–
	11 December 2022	3-month JIBAR plus 2.00	**225 518**	–
	10 June 2025	3-month JIBAR plus 2.05	**80 431**	–
	10 June 2025	3-month JIBAR plus 2.05	**70 000**	–
Standard Bank			**1 203 700**	1 150 000
	31 March 2022	3-month JIBAR plus 1.62	**1 150 000**	1 150 000
	31 March 2022	Prime less 1.48	**53 700**	–
Total local currency loans			**6 702 529**	5 649 969

20. Interest-bearing borrowings continued

Variable rate loans – Foreign currency

Bank loans	Facility end date	Interest rate (%)	2020	2019
AUD loans				
Standard Chartered Bank Australia	18 September 2024	3-month BBSW plus 2.45	**1 219 020**	1 028 510
National Bank of Australia	28 February 2022	BBSY bid rate	**918 760**	847 786
EUR loans				
ING Bank #	3 July 2025	3-month EURIBOR plus 1.40	**–**	1 860 540
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
Standard Bank Isle of Man	24 March 2024	6-month EURIBOR plus 2.73	**939 281**	–
GBP loans				
Standard Bank Isle of Man			**1 312 633**	1 853 572
	31 July 2022*	3-month LIBOR plus 2.81	**1 312 633**	1 107 168
	30 November 2020	6-month LIBOR plus 1.98	**–**	373 202
	30 November 2021	6-month LIBOR plus 2.25	**–**	373 202
USD loans				
Standard Bank Isle of Man			**414 480**	383 000
	31 August 2020	3-month US LIBOR plus 2.01	**–**	383 000
	29 February 2024	3-month US LIBOR plus 2.43	**414 480**	–
Rand Merchant Bank (USD)			**–**	232 239
	18 March 2021	3-month US LIBOR plus 2.25	**–**	232 239
Total variable rate loans – Foreign currency			**4 804 174**	7 023 519

 # Loans de-consolidated following the sale of ELI, resulting in ELI becoming a joint venture. Refer to note 47: Disposal of a controlling interest in a subsidiary.

** R850 million of the loan will be repaid in the next year.*

	Facility end date	Interest rate (%)	2020	2019
Fixed rate loans – Foreign currency				
Investec*			**–**	210 029
Investec (EUR loan)	30 April 2020	2.54	**–**	87 696
Investec (EUR loan)	22 January 2020	2.86	**–**	106 826
Investec (GBP loan)	6 March 2020	3.07	**–**	15 507
Total fixed rate loans – Foreign currency			**–**	210 029
Total bank loans			**11 506 703**	12 883 517

** 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

Notes to the **financial statements** continued

for the year ended 31 August 2020

20. Interest-bearing borrowings continued

Variable rate loans – Foreign currency continued

Bonds and commercial paper		Capital repayment date	Interest rate (%)	2020	2019
Bonds				**6 878 110**	7 954 638
5 years	RDFBO5	27 November 2019	3-month JIBAR plus 2.00	–	501 000
3 years	RDFBO7	30 September 2019	3-month JIBAR plus 1.60	–	700 000
3 years	RDFB10	27 March 2020	3-month JIBAR plus 1.54	–	284 000
3 years	RDFB13	12 March 2021	3-month JIBAR plus 1.40	299 000	299 000
4 years	RDFBO8	30 September 2021		750 338	750 650
	Nominal value		3-month JIBAR plus 1.85	750 000	750 000
	Issued at premium			1 404	1 404
	Amortised premium			(1 066)	(754)
5 years	RDFBO9	2 December 2021		831 105	831 988
	Nominal value		3-month JIBAR plus 1.85	830 000	830 000
	Issued at premium			3 966	3 966
	Amortised premium			(2 861)	(1 978)
3 years	RDFB16	11 February 2022	3-month JIBAR plus 1.30	250 000	250 000
3 years	RDFB19	22 March 2022	3-month JIBAR plus 1.31	210 000	210 000
5 years	RDFB11	27 March 2022	3-month JIBAR plus 1.75	216 000	216 000
3 years	RDFB23	22 August 2022	3-month JIBAR plus 1.35	120 000	120 000
5 years	RDFB12	27 November 2022		310 667	200 000
	Nominal value		3-month JIBAR plus 1.65	310 000	200 000
	Issued at premium			896	–
	Amortised premium			(229)	–
5 years	RDFB14	12 March 2023	3-month JIBAR plus 1.60	428 000	428 000
5 years	RDFB15	5 December 2023	3-month JIBAR plus 1.60	646 000	646 000
5 years	RDFB17	11 February 2024	3-month JIBAR plus 1.55	465 000	465 000
5 years	RDF20	22 March 2024	3-month JIBAR plus 1.55	231 000	231 000
5 years	RDFB22	29 March 2024	3-month JIBAR plus 1.67	640 000	640 000
5 years	RDFB24	22 August 2024	3-month JIBAR plus 1.65	630 000	630 000
5 years	RDF26	28 November 2024	3-month JIBAR plus 1.65	299 000	–
7 years	RDFB18	11 February 2026	3-month JIBAR plus 1.75	382 000	382 000
7 years	RDFB21	22 March 2026	3-month JIBAR plus 1.80	170 000	170 000
Unlisted bonds				**17 904 817**	17 104 817
6 years	RDF02U	04 December 2020	3-month JIBAR plus 1.70%	–	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	RDF27U	04 May 2023	3-month JIBAR plus 2.08%	1 500 000	–
5 years	RDF08U	01 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
5 years	RDF26U	22 October 2024	3-month JIBAR plus 1.60%	800 000	–
5 years	RDF17U	08 November 2024	3-month JIBAR plus 1.60%	500 000	500 000
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	380 000
7 years	RDF18U	13 April 2026	3-month JIBAR plus 1.70%	500 000	500 000
8 years	RDF16U	30 August 2026	3-month JIBAR plus 2.05%	500 000	500 000
Commercial paper				**360 000**	720 000
12-month	RDFC45	16 October 2019	3-month JIBAR plus 0.70	–	200 000
12-month	RDFC46	15 November 2019	3-month JIBAR plus 0.97	–	170 000
12-month	RDFC48	4 June 2020	3-month JIBAR plus 0.70	–	250 000
12-month	RDFC49	29 July 2020	3-month JIBAR plus 0.95	–	100 000
12-month	RDFC50	16 November 2020	3-month JIBAR plus 1	200 000	–
12-month	RDFC51	11 June 2021	3-month JIBAR plus 1	160 000	–
Total bonds and commercial paper				**25 142 927**	25 779 455

21. Interest-bearing borrowings at fair value

Held at fair value through profit or loss

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.

Secured

Euro-exchangeable bonds	Capital repayment date	Interest rate (%)		2020	2019
Opening balance				2 540 589	2 520 890
Impact of foreign currency movement				229 085	53 673
Fair value gain				43 101	(33 974)
Repayment				(2 812 775)	–
At fair value				–	2 540 589
	16 September 2019	Fixed 1.50	**	–	555 542
	16 September 2021	Fixed 1.50	**	–	1 985 047
Closing balance					2 540 589
Interest-bearing borrowings – non-current portion				–	1 971 088
Interest-bearing borrowings – current portion				–	551 635
Interest accrual on interest-bearing borrowings*				–	17 866

* *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(R524.0 million) in exchangeable bonds on 16 September 2019. On 29 June 2020, Redefine announced a tender offer to bondholders who could elect to tender to have all or any of their bonds redeemed by Redefine. Redefine had concluded an agreement to dispose of its entire shareholding in RDI REIT Plc, conditional on the tender offer being accepted. When added to the aggregate principal amount previously exchanged, redeemed, purchased and cancelled by Redefine, it was equal to 85% of the principal amount of exchangeable bonds originally issued. On 7 July 2020, Redefine received irrevocable tender offers for 100% of the outstanding exchangeable bonds with all offers having been accepted. With the offer conditions fulfilled, the RDI REIT disposal was implemented on 10 July 2020. The remaining EUR117.2 million (R2 283.1million) of the exchangeable bond was early-settled on 8 July 2020 at a premium of 1%.*

The exchangeable bond was secured with the exchange property prior to early settlement and had a Moody's credit rating of Ba1 (2019: 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	2020	2019
Number of RDI REIT Plc shares		
Initial exchange property	60 971 833	280 441 783
Additional exchange property	–	13 449 518
Share consolidation	–	(235 113 042)
Additional exchange property (post consolidation)	–	2 193 574
Release and sale of exchange property	(60 971 833)	–
	–	60 971 833

Share consolidation

RDI REIT consolidated their issued shares in a ratio of 5:1 in February 2019.

Notes to the **financial statements** continued

for the year ended 31 August 2020

21. Interest-bearing borrowings at fair value continued

Early redemption at Redefine's option

Redefine may have redeemed the bonds in whole, but not in part at their principal amount plus accrued interest:

(i) on or after 7 October 2019 if the pro rata value of the exchange property per bond of EUR100 000 principal amount exceeded EUR130 000 on at least 20 out of any 30 consecutive trading days; or

(ii) if exchange rights have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 85% or more in principal amount of the bonds originally issued (the clean-up call); or

(iii) in the event of a general offer for the predominant equity share capital comprised in the exchange property, where the offer consideration consisted wholly of cash.

Early redemption at the bondholder's option

The bondholder may have redeemed 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 should have owned, acquired or controlled more than 50% of the issued share capital of Redefine or the right to cast more than 50% of the votes which may have been ordinarily cast at Redefine's general meeting; or

(ii) A free float event, which should have occurred 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 had set up a stock lending facility with J.P. Morgan Securities Plc (J.P. Morgan) in which J.P. Morgan may have borrowed up to 63 628 273 RDI REIT Plc shares from Redefine on the bond issue date.

The title of the shares was effectively transferred to investors who borrowed the shares, whilst the ultimate beneficial interest remained with Redefine, who would still be entitled to the income that accrues to these shares.

All borrowed shares would 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'000	2020	2019
Non-current assets	23 288	71 500
Current assets	2 520	76 259
Non-current liabilities	(3 505 854)	(1 498 645)
Current liabilities	(355 252)	(78 806)
	(3 835 298)	(1 429 692)
Forward exchange contracts	(60 338)	140 771
Cross-currency interest rate swaps	(2 252 813)	(1 055 949)
Interest rate swaps	(1 522 147)	(506 660)
Embedded derivative	–	(7 854)
	(3 835 298)	(1 429 692)

A significant portion of the foreign currency exposure on income has been economically hedged. Refer to note 51: 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 (%)	2020	2019
Cross-currency interest rate swaps					
Standard Bank				**(103 583)**	(88 014)
	25 November 2019	EUR40 000 000	0.88		
		ZAR612 000 000	3-month JIBAR plus 1.60	–	(55 561)
	24 November 2021	EUR20 000 000	1.43		
		ZAR306 000 000	3-month JIBAR plus 1.85	(103 583)	(32 453)
Rand Merchant Bank				**(233 527)**	(66 180)
	28 June 2023	EUR50 300 000	1.79		
		ZAR797 461 230	3-month JIBAR plus 1.70	(233 527)	(66 180)
Standard Chartered				**(430 461)**	(158 815)
	12 July 2021	EUR40 000 000	1.44		
		ZAR580 800 000	3-month JIBAR plus 1.65	(230 884)	(95 891)
	28 June 2022	EUR40 000 000	1.37		
		ZAR616 800 000	3-month JIBAR plus 1.50	(199 577)	(62 924)
Absa				**(1 303 867)**	(721 711)
	13 December 2022*	GBP60 000 000	2.61		
		ZAR952 650 000	3-month JIBAR plus 1.85	–	(174 315)
	13 December 2022*	GBP40 000 000	2.62		
		ZAR650 400 000	3-month JIBAR plus 1.85	–	(100 006)
	20 December 2022	EUR58 000 000	1.74		
		ZAR839 840 000	3-month JIBAR plus 1.85	(350 305)	(162 243)
	22 January 2024	EUR64 922 243	1.81		
		ZAR1 014 734 663	3-month JIBAR plus 1.65	(340 336)	(135 008)
	31 May 2024	EUR65 000 000	1.35		
		ZAR1 035 450 000	3-month JIBAR plus 1.60	(312 150)	(108 754)
	2 April 2024	EUR35 000 000	1.75		
		ZAR577 500 000	3-month JIBAR plus 1.60	(154 049)	(41 385)
	13 September 2024	EUR 32 000 000	1.40		
		ZAR 518 080 000	3-month JIBAR plus 1.60	(143 441)	–
	13 September 2024	EUR 800 000	1,40		
		ZAR 12 952 000	3-month JIBAR plus 1.60	(3 586)	–
Investec				**(181 375)**	(21 229)
	10 October 2023	EUR45 000 000	1.89		
		ZAR797 461 230	3-month JIBAR plus 1.70	(181 375)	(21 229)
Total cross-currency interest rate swaps				**(2 252 813)**	(1 055 949)

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

Notes to the **financial statements** continued

for the year ended 31 August 2020

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 51: Financial risk management, for further detail.

	Maturity	Nominal value	Rate (%)	2020	2019
Interest rate swap agreements					
Absa				**(491 333)**	(157 210)
	15 October 2019	750 000 000	7.40	–	(741)
	18 November 2019	675 000 000	7.25	–	(691)
	9 December 2019	300 000 000	6.86	–	162
	12 August 2020	230 000 000	7.72	–	(2 949)
	1 July 2021	350 000 000	7.94	(14 844)	(8 884)
	7 July 2021	350 000 000	7.96	(14 915)	(9 024)
	10 August 2021	350 000 000	7.75	(14 362)	(7 871)
	8 September 2021	250 000 000	7.82	(15 350)	(6 460)
	8 September 2021	250 000 000	7.82	(12 853)	(6 460)
	8 September 2021	300 000 000	7.80	(12 853)	(7 625)
	22 September 2021	350 000 000	7.75	(17 682)	(8 531)
	22 September 2021	350 000 000	7.76	(17 639)	(8 604)
	27 September 2021	700 000 000	7.74	(35 202)	(16 955)
	14 February 2022	250 000 000	7.73	(14 865)	(6 690)
	14 July 2022	700 000 000	7.39	(48 272)	(14 488)
	30 January 2023	250 000 000	7.50	(21 026)	(6 512)
	2 August 2023	250 000 000	7.00	(20 009)	(2 398)
	30 January 2024	250 000 000	7.65	(26 585)	(8 354)
	4 April 2024	700 000 000	7.48	(73 198)	(18 660)
	14 June 2024	650 000 000	7.30	(65 983)	(12 404)
	2 August 2024	250 000 000	7.15	(23 038)	(3 071)
	16 January 2025	500 000 000	6.95	(42 657)	–
Nedbank				**(219 469)**	(38 974)
	18 April 2023	500 000 000	7.34	(43 265)	(10 664)
	5 June 2023	500 000 000	7.07	(42 836)	(5 923)
	8 February 2024	500 000 000	7.53	(51 887)	(14 467)
	13 February 2024	250 000 000	7.60	(26 553)	(7 920)
	24 December 2024	180 000 000	7.11	(17 483)	–
	1 September 2025	500 000 000	6.87	(37 445)	–
Rand Merchant Bank				**(191 798)**	(25 575)
	27 November 2019	525 000 000	6,98	–	(212)
	22 May 2020	500 000 000	7,06	–	(1 440)
	1 August 2020	55 478 694	8,27	–	(885)
	12 August 2020	270 000 000	7,72	–	(3 324)
	19 May 2021	350 000 000	7,39	(10 007)	(4 980)
	25 October 2022	165 000 000	6,70	(9 933)	–
	8 February 2023	500 000 000	7,39	(40 414)	(11 380)
	8 June 2023	500 000 000	6,99	(39 609)	–
	21 August 2023	250 000 000	6,83	(18 501)	(866)
	27 August 2023	250 000 000	6,80	(18 236)	(637)
	21 August 2024	250 000 000	6,98	(21 184)	(1 206)
	27 August 2024	250 000 000	6,93	(20 569)	(645)
	11 December 2024	140 000 000	7,11	(13 345)	–
Investec				**(34 843)**	–
	19 February 2026	500 000 000	6.86	(34 843)	–

22. Derivative assets/(liabilities) continued

	Maturity	Nominal value	Rate (%)	2020	2019
Interest rate swap agreements continued					
Standard Bank				**(152 370)**	(84 916)
	2 September 2019	13 571 147	8.39	–	(19)
	12 November 2019	600 000 000	7.29	–	(668)
	1 December 2019	68 030 000	8.68	–	(427)
	1 June 2020	250 000 000	7.79	–	(2 487)
	21 July 2020	250 000 000	7.66	–	(2 435)
	31 August 2020	250 000 000	7.69	–	(2 658)
	31 August 2020	350 000 000	7.93	–	(4 532)
	16 October 2020	400 000 000	7.62	(3 785)	(4 760)
	13 April 2021	400 000 000	8.46	(14 309)	(12 454)
	12 November 2021	400 000 000	7.59	(19 494)	(8 693)
	14 November 2021	400 000 000	8.02	(21 622)	(12 289)
	28 February 2022	350 000 000	8.38	(23 836)	(14 568)
	31 August 2022	350 000 000	8.60	(32 012)	(18 926)
	1 September 2025	500 000 000	6.88	(37 312)	–
National Australian Bank				**(67 375)**	(52 346)
	1 February 2022	AUD17 100 000	2.88	(8 419)	(9 233)
	1 February 2023	AUD17 100 000	2.89	(14 350)	(13 478)
	1 February 2024	AUD17 100 000	3.07	(20 333)	(17 763)
	1 August 2024	AUD4 247 050	1.39	(2 236)	(1 245)
	29 August 2025	AUD32 500 000	1.52	(22 037)	(10 627)
ING Bank*				–	(109 467)
	27 March 2025	EUR 11 529 509	(0.48)	–	(12 232)
	27 March 2025	EUR 5 002 612	(0.48)	–	(5 308)
	27 March 2025	EUR 11 478 270	(0.48)	–	(12 178)
	27 March 2025	EUR 21 089 175	(0.48)	–	(22 375)
	27 March 2025	EUR 6 861 256	(0.48)	–	(7 279)
	27 March 2025	EUR 11 054 757	(0.48)	–	(11 729)
	27 March 2025	EUR 14 429 839	(0.48)	–	(15 309)
	27 March 2025	EUR 19 054 582	(0.48)	–	(20 216)
	30 June 2025	EUR 826 373	0.28	–	(247)
	30 June 2025	EUR 326 202	0.28	–	(98)
	30 June 2025	EUR 768 748	0.28	–	(230)
	30 June 2025	EUR 1 227 614	0.28	–	(367)
	30 June 2025	EUR 867 974	0.28	–	(260)
	30 June 2025	EUR 1 083 399	0.28	–	(324)
	30 June 2025	EUR 974 189	0.28	–	(291)
	30 June 2025	EUR 3 425 501	0.28	–	(1 024)
Standard Chartered				**(364 959)**	(38 172)
	30 May 2023	250 000 000	7.15	(19 679)	(3 796)
	2 August 2023	250 000 000	7.00	(19 954)	(2 476)
	30 August 2023	250 000 000	6.75	(17 923)	(265)
	13 February 2024	250 000 000	7.60	(25 945)	(7 867)
	22 February 2024	500 000 000	7.60	(51 419)	(15 688)
	30 May 2024	250 000 000	7.29	(23 447)	(4 655)
	2 August 2024	250 000 000	7.15	(22 989)	(3 104)
	30 August 2024	250 000 000	6.89	(20 122)	(321)
	20 December 2024	500 000 000	7.00	(44 827)	–
	16 January 2025	500 000 000	7.29	(43 627)	–
	28 January 2025	500 000 000	6.80	(39 032)	–
	1 September 2025	500 000 000	6.82	(35 995)	–
Total interest rate swaps				**(1 522 147)**	(506 660)

* *Deconsolidated following sale of ELI, resulting in ELI becoming an associate.*

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for the year ended 31 August 2020

23. Other financial liabilities

Figures in R'000	Notes	2020	2019
Staff incentive schemes		14 537	21 271
Nil-cost options	19	3 758	8 704
Conditional awards	19	3 116	7 635
Cash awards		7 663	4 932
Profit participation liability		46 628	46 921
Loan from non-controlling shareholders		–	18 155
Rental guarantee		50 014	–
		111 179	86 347
Non-current			
Staff incentive schemes		7 826	10 594
Profit participation liability		46 628	46 921
Loan from non-controlling shareholders		–	18 155
Rental guarantee		26 492	–
		80 946	75 670
Current			
Staff incentive schemes		6 711	10 677
Rental guarantee		23 522	–
		30 233	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'000	2020	2019
Opening balance	4 932	3 645
Current service costs	2 731	1 287
	7 663	4 932

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 Chariot. This liability has been measured at fair value and translated to the spot rate at 31 August 2020.

Rental guarantee

Rental guarantee was issued on the sale of the investment property, Strykow. Redefine accounts for 100% of the guarantee liability. 5% of the liability is recovered from the Griffin Partner shareholders when realised. Refer to note 11: Other financial assets.

24. Insurance contract liability

Figures in R'000	2020	2019
Changes in fair value of the insurance contract liability	130 275	–
Original put option strike price	285 850	–
Modified put option strike price	(155 575)	–
Balance at end of the year	130 275	–

RMB and Zenprop entered into a call option agreement (lender call option) in terms of which RMB could require Zenprop to sell MOTS to it in certain circumstances. RMB and Zenprop entered into a put option agreement (borrower put option) in terms of which Zenprop could require RMB to purchase MOTS from it in certain circumstances. The group entered into a put option agreement (lender put option) in terms of which RMB could require the group to purchase MOTS from it in certain circumstances.

The trigger events in the lender call option and borrower put option contracts are based on circumstances in which Zenprop is experiencing financial difficulties, there is an event of default, security for the transaction has ceased, or when the solvency of Truzen 89 Trust (an entity associated with Zenprop Property Holdings Proprietary Limited and FirstRand Bank Limited (acting through its Rand Merchant Bank Division)) has deteriorated. The trigger events relating to the lender put option are directly linked to the credit-worthiness of Zenprop as the lender put option between RMB and the group is triggered when either the lender call option or the borrower put option is triggered.

Redefine is agreeing to compensate RMB for a loss of an uncertain future event, i.e the deterioration of the credit position of Zenprop. This could be likened to a performance guarantee / credit insurance where Redefine (the insurer) has agreed to compensate RMB (policyholder) for the market-related price of MOTS in the event that Zenprop encounters difficulties in meeting its obligations under its loan contract with RMB.

The group (the insurer) entered into a lender put option (insurance contract) with RMB (the policyholder) under which the group accepts significant insurance risk from RMB by agreeing to compensate RMB for a loss of an uncertain future event, i.e the deterioration of the credit position of Zenprop. The insurance liability contract is estimated as the difference between the lender put option strike price and the fair value of MOTS.

The lender put option strike price is determined as the forward forecast net income for the 12-month period commencing on the put exercise date, capitalised at a yield of 9.25%, and is payable in cash (original put option strike price). During August 2020, the original put option strike price was modified by reducing it by the present value of the total net operating income shortfall, which was calculated as the difference between the forward forecast net income and the revised forward forecast net income, discounted at 7.5% (modified put option strike price).

The property was valued by obtaining an external valuation from an accredited valuator (Jones Lang LaSalle – S Crous BSc, MRICS, MIV (SA), professional valuer). The valuation was performed using the five-year discounted cash flow method. The valuation model generates a net present value for the property by discounting forecasted future cash flows and a residual value at the end of the cash flow projection period by the discount rate. The residual value is calculated by capitalising the net income forecasted for the 12-month period immediately following the final year of cash flow at the exit cap rate. The discount rate applied is determined by adding a growth rate, based on forecasted market-related rental increases, to the determined capitalisation rate. 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. The independent valuer applied current market-related assumptions to the risks in the rental streams of the property. At the reporting period, the key assumptions used by the group in determining the fair value of the property was as follows:

- Expected market rental growth: 1% to 4%,
- Expected expense growth: 5,5% to 6%,
- Vacancy period: 3-12 months, rent-free: nil-month period,
- Discount rate: 13%, and
- Exit capitalisation rate: 8.5%.

The put was exercised by RMB on 3 August 2020. Refer to note 48: Commitments, and note 56: Events after the reporting period, for more detail on this transaction.

Notes to the **financial statements** continued

for the year ended 31 August 2020

Figures in R'000	2020	2019

25. Deferred taxation

	2020	2019
Capital allowances	549 729	491 853
Amortisation of intangible asset	–	87 997
Deferred capital gains tax on investment property – Logistics Platform B.V.	2 570	307 437
Deferred capital gains tax on Cromwell Property Group shares	–	47 341
	552 299	934 628
Movement for the year		
Balance at beginning of year	934 628	865 971
Adjustment of prior year deferred taxation	2 881	–
Deferred capital gains tax on investment property – Logistics Platform B.V.	7 154	40 890
Capital allowances	54 994	42 661
Disposal of ELI	(311 983)	–
Amortisation of intangible assets	(87 998)	(17 600)
Deferred capital gains tax on Cromwell Property Group shares	(47 341)	11 509
Foreign exchange gain – Logistics Platform B.V.	(36)	(8 803)
Balance at end of year	552 299	934 628

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 recognised in respect of investment property.

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.

A deferred taxation asset is 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.

26. Trade and other payables

	2020	2019
Trade payables	51 407	389 438
Accrued expenses	422 453	307 694
Deposits	281 580	289 264
Rental received in advance from tenants	168 536	221 005
Municipal expenses	458 080	428 036
Value added taxation	99 338	86 838
Sundry creditors	133 570	298 407
Balance at end of year	1 614 964	2 020 682

27. Taxation payable

	2020	2019
Cromwell capital gains tax	24 992	–
Closing balance	24 992	–

Figures in R'000

28. Financial instrument categories

Year ended 31 August 2020	At amortised cost	At fair value through profit or loss	Total
Financial assets			
Listed securities	–	69 679	69 679
Derivative assets	–	25 808	25 808
Loans receivable	2 302 020	-	2 302 020
Other financial assets	–	825 020	825 020
Trade and other receivables	637 178	-	637 178
Cash and cash equivalents	232 078	-	232 078
	3 171 276	920 507	4 091 783
Financial liabilities			
Interest-bearing borrowings	36 649 630	–	36 649 630
Interest accrual on interest-bearing borrowings	236 227	–	236 227
Derivative liabilities	–	3 861 106	3 861 106
Other financial liabilities	14 537	96 642	111 179
Trade and other payables	1 347 090	–	1 347 090
	38 297 498	3 907 734	42 205 232

Year ended 31 August 2019	At amortised cost	At fair value through profit or loss	Total
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

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

Notes to the **financial statements** continued

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29. Fair value disclosures

Figures in R'000	Fair value	Level 1	Level 2	Level 3
Year ended 31 August 2020				
Assets				
Investment properties*	69 024 379	–	–	69 024 379
Listed securities	69 679	69 679	–	–
Derivative assets	25 808	–	25 808	–
Other financial assets	825 020	–	–	825 020
	69 944 886	69 679	25 808	69 849 399
Liabilities				
Derivative liabilities	3 861 106	–	3 861 106	–
Other financial liabilities	96 642	–	–	96 642
	3 957 748	–	3 861 106	96 642

Figures in R'000	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 2020				
Investment properties	75 086 504	(6 678 067)	(6 837 309)	61 571 128
Properties under development	3 553 678	(2 074 794)	149 558	1 628 442
Right-of-use asset	–	–	116 329	116 329
Investment property held-for-sale	645 461	5 329 087	(266 068)	5 708 480
Other financial assets	373 387	406 849	44 784	825 020
Loans receivable**	112 032	(112 032)	–	–
Derivative liabilities	(7 854)	–	7 854	–
Other financial liabilities	(46 921)	(41 721)	(8 000)	(96 642)
	79 716 289	(3 170 678)	(6 792 852)	69 752 757

* 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.

The fair value gains and losses are included in the changes in fair values of investment properties and changes in fair values of financial instruments.

Figures in R'000	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

Figures in R'000	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

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

The fair value gains and losses are included in the changes in fair values of investment properties and changes in fair values of financial instruments.

29. Fair value disclosures continued

Details of valuation techniques

Investment property

A panel of independent external valuers are appointed to conduct the group's year-end market valuations. The group provided the valuers with property and other information required in the valuation of the properties. Among other inputs, the independent valuers applied current market-related assumptions to the risks in rental streams of properties. Once the valuations have been completed by the independent valuers, it was reviewed internally and presented at different forums within the group. The investment committee, a sub-committee of the board of directors, provides final approval of the valuations. All the valuers are registered valuers in terms of Section 19 of the Property Valuers Professional Act (Act No 47 of 2000). The independent valuers are as follows:

Real Insight	T Behrens	NDip (Prop Val), professional valuer
Broll	J Weiner	Dip Real Estate (P.V.), 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
Jones Lang LaSalle	S Crous	BSc, MRICS, MIV (SA), professional valuer
Knight Frank	A Arbee	NDip (Prop Val), professional valuer
Mills Fitchet Cape	S Wolff	NDip (Prop Val), professional associated valuer

Unobservable inputs across sectors (% unless otherwise stated)	2020	2019
Expected market rental growth	3.00 – 5.50	3.00 – 6.00
Expected expense growth	6.00 – 8.00	6.50 – 8.00
Occupancy rate	91.9	94.6
Vacancy periods	0 – 12 months	0 – 12 months
Rent-free periods	0 – 9months	0 – 6 months
Office sector		
Discount rate	12.00 – 16.50	10.00 – 17.00
Exit capitalisation rate	8.00 – 12.50	7.75 – 12.25
Bulk rate	R1 500 – R3 000 p/m²	R2 000 – R4 725 p/m²
Retail sector		
Discount rate	10.50 –16.75	12.00 – 17.00
Exit capitalisation rate	7.25 – 13.50	7.00 – 13. 00
Bulk rate	R175 – R1 600 p/m²	R330 – R4 000 p/m²
Industrial sector		
Discount rate	12.50 – 15.50	13.00 – 16.00
Exit capitalisation rate	8.00 –11.00	8.00 –12.00
Bulk rate	R450 – R1 800 p/m²	R400 – R 1 850 p/m²
Specialised sector		
Discount rate	14.50 – 15.00	14.00 – 14.50
Exit capitalisation rate	9.50 – 10.50	9.50 – 10.50
International sector		
Core yield	–	N/A
Discount rate	–	7.00 – 9.00
Exit capitalisation rate	–	6.50 – 7.25
Bulk rate	–	R398 – R403 p/m²

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/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.

The impact on COVID-19 was also taken into account on performing the valuations. The external valuers took into consideration the deferred rental agreements that Redefine negotiated with their tenants in arriving at their valuation. The impact of COVID-19 was incorporated into the final valuation by adjusting the valuation number directly and not by adjusting the forecasted cash flows. COVID-19 has seen the core portfolio exit cap rate increase to account for market uncertainty and risk, therefore lowering value across the portfolio. The COVID-19 impact has seen market rental growth figures reduced across the portfolio by 25bps to 50bps. COVID-19 has resulted in valuers increasing vacancy periods in various assets. E.g., a property that would normally have a maximum three-month vacancy period would be extended to six months or more given the severity of COVID-19. To account for excess rental stock on the market, valuers have had to re-assess market rental for various nodes and lower expected rental in poor-performing or over-supplied nodes.

Notes to the **financial statements** continued

for the year ended 31 August 2020

29. Fair value disclosures continued

Details of valuation techniques and input used

Sensitivity of fair values to changes in unobservable inputs

Valuation of investment properties are sensitive to changes in inputs used in determining its fair value. The table below illustrates the sensitivity in fair value to changes in unobservable inputs, whilst holding the other inputs constant.

	As at 31 August 2020			Change in exit capitalisation rate				Change in discount rate			
Sector	Valuation R'000	Weighted average exit cap (%)	Discount rate (%)	Decrease 50bps R'000	%	Increase 50bps R'000	%	Decrease 50bps R'000	%	Increase 50bps R'000	%
Industrial	10 875 164	9.27	13.88	336 170	3.09	(319 248)	(2.94)	170 874	1.57	(185 070)	(1.70)
Office	23 093 793	8.80	13.05	843 589	3.65	(763 931)	(3.31)	383 144	1.66	(385 838)	(1.67)
Retail	25 268 415	8.43	12.68	1 169 572	4.63	(771 357)	(3.05)	600 960	2.38	(309 159)	(1.22)
Total	59 237 372										

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.

The fair value measurement for investment properties of R62.0 billion (2019: R75.1 billion) and properties under development of R1.6 billion (2019: R3.5 billion) has been categorised as level 3 under the fair value hierarchy, based on the inputs to the valuation technique.

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 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. There have been no transfers between level 1, level 2 and level 3 during the year under review.

Notes to the **financial statements** continued

for the year ended 31 August 2020

Figures in R'000	Notes	2020	2019
30. Contractual rental income			
Contractual rental income		6 433 829	6 750 890
Operating costs recovery		1 915 949	1 792 910
		8 349 778	8 543 800

Contractual rental income is disclosed net of concessionary discounts of R268.3 million and deferred rental payments of R50.0 million granted to tenants in the current year. Contractual income is fixed and recoveries variable in nature.

31. Operating costs

Figures in R'000	Notes	2020	2019
Utility charges		(1 143 148)	(1 158 257)
Assessment rates		(754 116)	(683 379)
Net credit loss		(37 201)	(43 248)
Cleaning		(85 516)	(67 120)
Insurance		(52 626)	(48 041)
Security		(164 800)	(152 091)
Other expenses		(335 353)	(355 606)
Repairs and maintenance		(147 948)	(132 018)
Letting commissions		(27 765)	(27 496)
Property management expenses		(227 129)	(243 496)
		(2 975 602)	(2 910 752)

32. Net operating profit

Figures in R'000	Notes	2020	2019
Net operating income includes the following charges:			
Amortisation and depreciation		431 566	171 736
Auditor's remuneration		21 650	14 727
– External auditor – audit fees		9 110	6 690
– External auditor – prior year		1 985	1 247
– External auditor – components		7 546	6 710
– External auditor – non-audit fees		3 009	80
Internal audit fees		–	1 556
Staff costs		202 241	175 328
Directors' emoluments	54	45 190	80 544
Defined contribution fund contributions		23 148	19 524
Share-based payment expenses	19	21 851	36 885
Property management fees		75 959	79 748
Valuation fees paid to third parties		14 692	4 410

33. Other income

Figures in R'000	Notes	2020	2019
Trading income		26 539	38 914
Fee income		3 055	42 870
Sundry income		1 851	23 110
Guarantee fee income		8 680	8 637
		40 125	113 531

34. Changes in fair values

34.1 Changes in fair values of investment properties

Figures in R'000	Notes	2020	2019
Property portfolio		(7 158 035)	1 490 979
– realised		16 583	25 605
– unrealised		(7 174 618)	1 465 374
		(7 158 035)	1 490 979

34.2 Changes in fair values of financial instruments and other

Figures in R'000	Notes	2020	2019
Listed securities	7	(175 139)	(793 438)
– realised		–	(47 234)
– unrealised		(175 139)	(746 204)
Derivatives		(2 430 363)	(560 004)
Exchangeable bonds		103 912	(19 970)
Dilution of interest on associates		1 778	(46 081)
Change in fair value of disposed asset		(277 186)	–
Unlisted securities		44 649	160 338
Other financial instruments		(6 650)	(46 590)
Other		(17 751)	(12 413)
		(2 756 750)	(1 318 158)

35. Impairments

Figures in R'000	Notes	2020	2019
Investment in EPP	9	(2 264 072)	–
Investment in RDI REIT Plc	9	(121 498)	(266 350)
Investment in Oando Wings Development	9	–	(37 210)
Goodwill and intangible assets	8	(5 308 182)	(60 888)
Other		(8 350)	–
		(7 702 102)	(364 448)

36. Interest income

Figures in R'000	Notes	2020	2019
Cash		40 844	100 780
Cross-currency interest rate swaps		681 753	631 481
Vendor loans		196 584	221 807
Loan to associate	9	–	85 337
Other		22 494	22 423
		941 675	1 061 828

37. Interest expense

Figures in R'000	Notes	2020	2019
Interest-bearing borrowings		(2 357 597)	(2 253 508)
Fees		(55 837)	(28 681)
Cross-currency interest rate swaps		(187 063)	(141 088)
Interest rate swaps		(291 096)	(108 998)
Interest paid – other		(64 720)	(16 023)
		(2 956 313)	(2 548 298)

Notes to the **financial statements** continued

for the year ended 31 August 2020

Figures in R'000	2020	2019
38. Foreign exchange (losses)/gains		
Realised (losses)/gains	**(887 120)**	59 276
Unrealised losses	**(154 886)**	(15 161)
	(1 042 006)	44 115

39. Taxation

Figures in R'000	2020	2019
Normal	**(27 979)**	33 470
– Current income tax	**(2 987)**	(7 710)
– Capital gains tax	**(24 992)**	41 180
Withholding	**(29 213)**	877
Deferred	**70 309**	(77 460)
– Current	**70 309**	(77 460)
Total income tax expense	**13 117**	(43 113)
Reconciliation between applicable taxation rate and effective taxation rate		
SA normal taxation rate applied to profit before taxation (28% corporate tax rate)	**4 655 298**	(990 499)
Taxation effect of:		
Effect of income that is exempt from taxation:		
Fair value adjustment on investment properties	**(1 865 013)**	442 233
Fair value adjustment on listed securities	**(49 039)**	(208 937)
Fair value adjustment on unlisted securities	**14 863**	44 895
(Loss)/profit on dilution of ownership interest	**498**	(12 903)
(Loss)/profit on sale of shares	**(82 582)**	(13 226)
(Loss)/profit on sale of associate	**(72 686)**	–
Dividend income	**–**	1 445
Effect of items not included in profit before taxation, but which are subject to taxation:		
Capitalised interest	**77 322**	163 763
Interest – Ma Afrika Tikkun Endowment Trust loan and Redefine Empowerment Trust loan	**(40 429)**	(83 152)
Interest – Cornwall Crescent	**43 402**	(27 649)
Equity-accounted earnings	**(113 092)**	(88 472)
Impairments	**(2 195 842)**	(97 010)
Changes insurance liability	**(36 477)**	–
Temporary differences that will be included in future distributions	**(665 884)**	(169 637)
Other	**(112 454)**	7 068
Foreign courency translation reserve (FCTR) realised to profit/(loss)	**133 704**	
Qualifying distribution	**334 832**	1 024 132
Current year assessed loss not recognised	**(28)**	(58 003)
Deferred capital gains tax on Cromwell Property Group shares	**47 341**	(11 509)
Prior year under provision of current taxation	**–**	41 180
Capital gains tax on Cromwell	**(28 416)**	–
Foreign withholding taxes	**(29 213)**	(6 832)
Foreign tax	**(2 987)**	–
Taxation per the statement of profit or loss and other comprehensive income	**13 117**	(43 113)

Certain companies in the group have unutilised tax losses which cumulatively amounts to R348.7 million (2019: R367.8 million) for which deferred tax assets have not been recognised as recovery of these losses is remote.

40. Earnings and headline earnings

	2020			2019		
Figures in R'000	Gross	Non-controlling interest effect of the adjustment	Net	Gross	Non-controlling interest effect of the adjustment	Net
Reconciliation of basic earnings to headline earnings						
(Loss)/profit for the year attributable to Redefine shareholders	**(16 628 264)**	**–**	**(16 628 264)**	3 341 893	–	3 341 893
Change in fair value of properties	**7 158 035**	**6 510**	**7 164 545**	(1 490 979)	122 457	(1 368 522)
Profit on sale of subsidiary	**(139 855)**	**–**	**(139 855)**	–	–	–
Loss on disposal of interest in associate	**259 592**	**–**	**259 592**	–	–	–
Profit on dilution of ownership interest in an associate	**(1 778)**	**–**	**(1 778)**	46 081	–	46 081
Adjustment of measurements included in equity-accounted earnings of associates (net of tax)	**(1 376 052)**	**–**	**(1 376 052)**	(292 133)	–	(292 133)
Adjustment of measurements included in equity-accounted earnings of associates	**(1 319 903)**	**–**	**(1 319 903)**	(325 514)	–	(325 514)
Tax adjustment	**(56 150)**	**–**	**(56 150)**	33 381	–	33 381
Revaluation of property, plant and equipment	**28 625**	**–**	**28 625**	5 283	–	5 283
Impairments	**7 842 292**	**–**	**7 842 292**	407 353	–	407 353
Insurance proceeds received	**(8 729)**	**–**	**(8 729)**	(533)	–	(533)
Headline (loss)/earnings attributable to Redefine shareholders	**(2 866 134)**	**6 510**	**(2 859 624)**	2 016 965	122 457	2 139 422

	2020	2019
Actual number of shares in issue ('000)*	**5 432 630**	5 431 786
Weighted average number of shares in issue ('000)*	**5 432 191**	5 411 530
Diluted weighted average number of shares in issue ('000)*	**5 442 415**	5 428 383
Weighted average number of shares in issue ('000)	**5 432 191**	5 411 530
Potential dilutive effect of share incentive schemes ('000)**	**10 224**	16 853

Diluted earnings per share and diluted headline earnings per share are calculated considering the potential dilution that could occur if all staff incentive shares vested. The number of shares outstanding is adjusted to show the potential dilution if all share schemes were settled in Redefine Properties Limited shares.

	2020	2019
Basic earnings per share (cents)	**(306.11)**	61.76
Diluted earnings per share (cents)	**(306.11)**	61.55
Headline earnings per share (cents)	**(52.64)**	39.53
Diluted headline earnings per share (cents)	**(52.64)**	39.39
NET ASSET VALUE PER SHARE AND NET TANGIBLE ASSET VALUE PER SHARE		
Number of shares in issue^ ('000)	**5 432 630**	5 431 786
Net asset value per share (excluding deferred tax and NCI) (cents)	**714.85**	1 047.44
Net tangible asset value per share (excluding deferred tax, NCI and goodwill and intangible assets) (cents)	**714.85**	943.93

* *Excludes 360 553 015 (2019: 361 396 896) treasury shares.*

** *Due to the net loss attributable to shareholders in 2020, the inclusion of the long-term incentive scheme potential ordinary shares had an anti-dilutive effect on the loss per share and were therefore not taken into account in the current year calculation of dilued earnings per share and diluted headlines per share.*

^ *Group net of 360 553 015 (2019: 361 396 896) treasury shares.*

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Figures in R'000	2020	2019

41. Cash generated from operations

Figures in R'000	2020	2019
(Loss)/profit before taxation	(16 626 063)	3 537 497
Adjusted for:		
Non-cash flow items	19 449 995	542 900
Interest income	(941 675)	(1 061 828)
Interest expense	2 956 313	2 548 298
Operating income before working capital changes	4 838 570	5 566 867
Working capital changes	154 137	(299 688)
Trade and other receivables	248 590	(43 784)
Trade and other payables	(94 453)	(255 904)
Settlement of derivative instrument	(711 223)	–
Items presented elsewhere on the cash flow:		
Principal elements of lease payments	51 547	–
Cash generated from operations	4 333 031	5 267 179
Non-cash flow items:		
Depreciation and amortisation	332 511	86 586
Impairments	7 842 292	407 353
Fair value adjustments	10 045 072	(172 821)
Straight-line lease accrual	(365 146)	(93 704)
Profit on disposal of assets	(121 937)	–
Loss on disposal of held-for-trading	259 592	–
Profit on disposal of held-for-trading	(26 539)	(38 914)
Foreign exchange losses/gains	1 042 004	(44 115)
Equity-accounted results of associates	403 900	315 972
Equity-settled share-based payments	(30 991)	(2 607)
Share purchase scheme loan waiver	10 298	–
Leasehold land expenses	(43 524)	–
Lease commissions and amortised tenant installations	102 464	85 150
Total non-cash flow items	19 449 995	542 900

42. Taxation (paid)/received

Figures in R'000	2020	2019
Taxation receivable/(payable) at beginning of year	3 432	(6 038)
Arising on disposal of subsidiary	(76)	–
Charged to profit or loss	(57 192)	34 347
Foreign exchange differences	(334)	(4 298)
Taxation payable/(receivable) at end of year	24 992	(3 432)
Total taxation (paid)/received	(29 178)	20 579

43. Reconciliation of loans receivable

Figures in R'000	2020	2019
Opening balance	1 911 968	2 698 148
Arising on disposal of subsidiaries	232 108	–
Loans receivable repaid cash	(250 642)	(970 457)
Loans receivable repaid non-cash	(21 850)	–
Loans receivable advanced	327 632	325 416
Accrued interest	123 252	76 848
Fair value adjustment	–	(46 590)
Expected credit losses	(140 190)	(42 905)
Share purchase scheme loan waiver	(10 298)	–
Transfer to non-current assets held-for-sale	–	(106 801)
Foreign currency translation differences	130 041	(21 691)
Closing balance	2 302 020	1 911 968

44. Reconciliation of interest-bearing borrowings

Figures in R'000	Notes	2020	2019
Opening balance		38 662 972	33 621 152
Arising on disposal of subsidiary		(3 412 096)	–
Proceeds from interest-bearing borrowings raised		5 187 856	9 647 973
Repayment of interest-bearing borrowings		(3 913 886)	(4 524 493)
Proceeds from disposal of listed security		(674 553)	–
Foreign currency translation differences		799 337	(81 660)
Closing balance		36 649 630	38 662 972

45. Acquisition and development of investment properties

Cash outflows arising from the acquisition and development of investment properties include:

Figures in R'000	Notes	2020	2019
Investment property additions	3	1 023 562	1 087 690
Tenants installations	3	97 229	211 005
Properties under development acquisition	5	1 691 086	3 372 115
Properties held-for-trading		19 029	213 350
Additions to non-current assets held-for-sale	15	7 868	16 672
Cash outflows from acquisition and development of investment properties		2 838 774	4 900 832

46. Proceeds on disposal of investment properties

Cash inflows arising from the disposal of investment properties include:

Figures in R'000	Notes	2020	2019
Investment properties at fair value	3	5 501 773	627 401
Properties under development	5	1 207 283	112 259
Properties held-for-trading		124 787	168 935
Non-current assets held-for-sale	15	789 926	514 356
ELI and CLI disposal (non-cash)	47	(6 543 955)	–
SB Wings Development Proprietary Limited (non-cash)	11	(174 339)	–
Cash outflows from acquisition and development of investment properties		905 475	1 422 951

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47. Disposal of a controlling interest in a subsidiary

In January 2020, Strykow (CLI) was disposed. At the end of February 2020, Redefine Europe B.V. (RDF EUR) entered into a share purchase agreement to sell 46.5% of its equity interest in ELI to MIRELF VII Co-Investment B.V. (Madison) and 1% of its investment to each of the existing shareholders, Linfield Enterprises Limited and Mr Nebil Senman (collectively Griffin Partners (GP)). RDF EUR's shareholding was effectively decreased from 95% to 46.5%.

ELI has been classified as a joint venture. Refer to note 9: Investment in associates and joint ventures.

The assets and liabilities disposed in disposal of controlling interest in CLI and ELI are presented below:

Figures in R'000	Notes	2020
Assets		
Fair value of investment properties		5 373 038
Right of use asset		74 673
Properties under development		1 170 917
Property, plant and equipment		74
Trade and other receivables		115 843
Taxation receivable		77
Equity		
Non-controlling interest	18	(96 583)
Foreign currency translation reserve		(11)
Liabilities		
Interest-bearing borrowings		(3 412 096)
Derivative liabilities		(34 415)
Deferred taxation		(319 983)
Trade and other payables		(346 983)
Bank overdraft		(248 360)
Lease liability		(74 673)
Other financial liabilities		(98 692)
Interest accrual on interest-bearing borrowings		(7 073)
Fair value of net assets disposed		2 095 753
Disposal cash consideration received		1 105 279
Net cash inflow on disposal (excluding net cash disposed)		1 105 279
Vendor loan	43	232 108
Investment in associate	9	898 221
Other consideration		1 130 329
Total consideration		2 235 608
Profit on disposal		139 855

48. Commitments

Figures in R'000	2020	2019
Capital commitments		
Properties under development	921 649	2 315 118
Capital improvements on investment properties	119 000	679 501
– Approved and committed	119 000	679 501
	1 040 647	2 994 619
Lease liability commitments		
Commitments due in respect of leases entered into by the group on leasehold property.		
– Due within one year	43 494	26 529
– Due within two to five years	82 959	113 010
– Due beyond five years	185 305	590 334
	311 758	729 873
Reconciliation of operating lease commitments		
No later than one year		26 529
Later than one year and no later than five years		113 010
Later than five years		590 334
Operating lease commitment as at 31 August 2019		729 873
Adjustment due to different treatment of extension and termination options		(165 938)
Adjusted lease commitments balance at 1 September 2019		563 935
Discounted using Redefine's incremental borrowing rate at the initial date of application		(319 451)
Present value of lease liabilities as at 1 September 2019		244 484

As at 31 August 2019, R165.9 million amount relating to lease commitments was not disclosed in the operating lease commitments note. This has been corrected above in the opening lease liability reconciliation on adoption of IFRS 16.

Figures in R'000	2020	2019
Operating expense commitments		
Contractual commitments are in respect of general maintenance of lifts, escalators and air-conditioning installations.		
– Due within one year	162 746	350 984
– Due within two to five years	360 731	605 185
– Due beyond five years	–	162 926
	523 477	1 119 095
Mall of the South		
– Due within one year	1 785 075	–
	1 785 075	–

The put was exercised by RMB on 3 August 2020. Refer to note 24: Insurance contract liability. The agreements were restructured on 2 October 2020. Refer to note 56: Events after reporting period, for more detail on this transaction.

49. Minimum lease payments receivable

Figures in R'000	2020	2019
The group leases retail, office, industrial and specialised properties under operating leases. On average, the leases typically run for a period of 3-5 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:		
– Less than 12 months	4 710 881	5 867 418
– Between one and two years	3 966 462	5 288 116
– Between two and three years	3 309 325	4 289 634
– Between three and four years	3 088 998	3 382 352
– Between four and five years	2 253 047	2 786 455
– Over five years	5 963 966	7 407 214
	23 292 679	29 021 189

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50. Contingent liabilities

At the date of this report, Redefine provides guarantees to various utility suppliers amounting to R85.8 million (2019: R73.1 million).

51. 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; and
- 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; and
- efficient liquidity management and control of funding.

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

51.1 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.

Redefine employs robust liquidity management principles through the use of cash flow forecasting and scenario planning. The sale of assets where all suspensive conditions have been met are factored into when reviewing cash flow requirements. Refer to note 15: Non-current assets held-for-sale. The maturity profile of financial liabilities are closely reviewed and the decision to settle or re-finance is made well in advance. Cash reserves are also monitored on a daily basis, with any excess cash then being utilised to reduce outstanding revolving credit balances, thereby increasing available undrawn facilities. Total group undrawn facilities at year end amount to R2.6 billion (2019: R5.6 billion).

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 2020				
Financial liabilities				
Interest-bearing borrowings	**3 607 242**	**36 877 207**	**1 610 984**	**42 095 433**
Interest accrual on interest-bearing borrowings	**236 227**	**–**	**–**	**236 227**
Derivative liabilities	**354 005**	**3 361 506**	**145 595**	**3 861 106**
Other financial liabilities	**30 233**	**80 946**	**–**	**111 179**
Trade and other payables	**1 347 090**	**–**	**–**	**1 347 090**
	5 574 796	**40 319 660**	**1 756 579**	**47 651 035**
Year ended 31 August 2019				
Financial liabilities				
Interest-bearing borrowings	3 908 103	35 807 288	8 485 087	48 200 478
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
	6 600 966	39 263 204	8 605 612	54 524 782

Total group undrawn facilities at year end amount to R2.6 billion (2019: R5.6 billion).

51. Financial risk management continued

51.2 Market risk

Figures in R'000	2020	2019
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:	**85.0%**	93.0%
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:	**(55 768)**	(19 347)
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	**12 201**	65 534
– profit participation liability	**(117)**	(117)
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 forward exchange contracts.		
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	**(7 258)**	(4 914)
GBP	**(5 686)**	(6 681)
EUR	**(11 873)**	(10 467)
USD	**(1 179)**	(1 823)
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 by a corresponding increase in the statement of profit or loss and other comprehensive income:		
AUD	**(175 369)**	(182 428)
GBP	**(59 333)**	(120 778)
EUR	**(47 600)**	(361 904)
USD	**(2 500)**	(40 196)

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51. Financial risk management continued

51.3 Credit risk management

Figures in R'000	2020	2019
Potential areas of credit risk consist of cash and cash equivalents, trade and other 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:		
Cash and cash equivalents	232 078	406 694
Trade receivables	792 255	617 450
Other receivables	247 638	300 866
Loans receivable carried at amortised cost	2 496 262	1 906 737
	3 768 233	3 231 747
Cash and cash equivalents A significant portion of bank balances are with The Standard Bank of South Africa Limited and ING Bank N.V., who have a Moody's credit rating of Ba1 and Aa3 respectively.		
Total cash and cash equivalents	232 078	406 694
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 2020 and 31 August 2019 approximates the carrying value.		
Analysis by credit quality of trade and other receivables is as follows:		
Trade receivables – gross	792 255	617 450
Other receivables – gross	247 638	300 866
Less: expected credit losses	(402 715)	(129 520)
Simplified model	(402 715)	(118 293)
General model	–	(11 227)
Trade and other receivables – net of provision for impairment	637 178	788 796

As a result of the COVID-19 pandemic, concessions have been granted to lessees. The concessions took the form of payment holidays (discounts) and deferral of lease payments.

Trade receivables expected credit losses (ECL) – simplified model

31 August 2020

Tenants were segregated into retail, office, industrial and specialised to account for the difference in the credit risk of the sector. The expected loss rates were based on the payment profiles of tenants over a period of six months before year end and the corresponding historical credit losses experienced within this period reflective for the current circumstances and forward-looking macroeconomic factors such as the COVID-19 pandemic, the depressed economic conditions, and lack of economic growth in South Africa. On this basis, the impairment provision was determined as follows for trade receivables:

	Current	30-60 days	61-90 days	Over 91 days	Total (R'000)
31 August 2020					
Gross carrying amount	341 042	98 514	66 453	286 246	792 255
Weighted average loss rate	20%	26%	32%	100%	–
Expected credit loss	69 408	25 465	21 595	286 246	402 715
Net carrying amount	271 634	73 049	44 858	–	389 540

51. Financial risk management continued

51.3 Credit risk management continued

31 August 2019

While trade receivables are subject to the impairment requirements of IFRS 9, the impact of IFRS 9: ECL, 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 were 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 adjusted for the current circumstances and forward-looking macroeconomic factors such as the depressed economic conditions and lack of economic growth in South Africa.

	Current	30 to 60 days	61 to 90 days	91 to 120 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 2020 and 31 August 2019 approximates the carrying value.

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

Loans receivable consist of funding for vendor loans to purchase or develop property and the share incentive scheme for employees.

Prior to the granting of loans to customers, management performs creditworthy checks to establish eligibility.

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

The group assesses on a forward-looking basis the ECL 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)

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

A summary of the assumptions underpinning the group's ECL 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.

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51. Financial risk management continued

51.3 Credit risk management continued

Over the term of the loans, the group accounts for its credit risk by appropriately providing for ECL on a timely basis. In calculating the ECL, the group considers available historic and forward-looking information:

		Gross carrying amount (R'000)	Weighted probability of default (%)	Weighted loss given default (%)	Expected credit loss (R'000)
31 August 2020					
	Vendor loans receivable	2 422 079			176 286
Stage 1	Performing	2 178 301	5.0	67.2	61 149
Stage 2	Underperforming	156 553	50.0	61.6	48 217
Stage 3	Non-performing	87 225	100.0	76.8	66 921
	Share scheme loans receivable	74 183			17 956
Stage 1	Performing	74 183	30.6	75.6	17 956
	Total	2 496 262			194 242
31 August 2019					
	Vendor loans receivable	1 854 993			41 159
Stage 1	Performing	1 761 191	2.8	24.1	12 335
Stage 2	Underperforming	93 802	50.0	61.5	28 824
Stage 3	Non-performing	–	–	–	–
	Share scheme loans receivable	111 027			12 893
Stage 1	Performing	111 027	25.1	46.2	12 893
	Total	1 966 020			54 052

52. 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. Prior to year end, the covenants were renegotiated and the lenders agreed to relax the covenants upto 28 February 2021. The revised covenants were legally enforceable and therefore effective at year end. At 31 August 2020, there was no breach of the covenant levels.

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 and joint ventures.

Figures in R'000	2020	2019
Property assets	81 028 234	95 246 371
Interest-bearing borrowings (net of cash on hand)	36 417 552	40 779 001
Fair value of cash-settled hedges	2 252 813	1 055 949
Insurance contract liability	130 275	–
Loan-to-value (%)	47.9%	43.9%

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.

53. Related-party transactions

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

Subsidiaries
Alice Lane Trust
Annuity Properties Proprietary Limited
Any Name 621 Proprietary Limited
Avanti Trust
Ballywoods Trust
Black River Park Investments Proprietary Limited
Cape Gannet Properties 261 Proprietary Limited
Centurion Lifestyle Trust
Erf 2/49 Bryanston Proprietary Limited
Farrarmere Retail Trust
Fountainhead Property Trust
Fountainhead Properties Proprietary Limited
Gateway Retail Trust
Greenstone Motor City Trust
Hazeldean Retail Trust
Hillcrest Precinct Trust
Journal Student Accommodation Fund Proprietary Limited
Madison Property Fund Managers Holdings Proprietary Limited
Madison Property Fund Managers Proprietary Limited
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
Wonderboom Junction Retail Trust

Associates and joint ventures
EPP N.V.
European Logistics Investment B.V.
Oando Wings Development Limited (disposed during the year)
RDI REIT Plc (disposed during the year)

Directors
M Barkhuysen
ASP Dambuza
AJ König
LC Kok
NB Langa-Royds
B Mathews
HK Mehta (resigned 5 November 2019)
B Nackan (resigned 20 February 2020)
D Naidoo
S Pityana
D Radley (appointed 20 July 2020)
LJ Sennelo
M Wainer (resigned 31 August 2019)

Prescribed officers
DH Rice (resigned on 31 August 2020)
MJ Ruttell

Other related parties
Admyt Proprietary Limited
– Son of former 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%
Wainer & Associates Property Consultants
– Relation of former key management holds 100%

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53. Related-party transactions continued

Figures in R'000	2020 Equity-accounted investments	2020 Impairment on investments	2020 Gross receivable/ (payable)	2020 Sales and services to/ (purchases and services from)	2020 Interest income/ (expense)	2020 Dividend income	2019 Equity-accounted investments	2019 Impairment on investments	2019 Gross receivable/ (payable)	2019 Sales and services to/ (purchases and services from)	2019 Interest income/ (expense)	2019 Dividend income
Cromwell Property Group	–	–	–	–	–	–	–	–	–	304	–	44 753
Delta Property Fund Limited	–	–	–	–	–	–	–	–	–	–	–	89 751
European Logistics Investment B.V.	1 261 227	–	–	–	–	–	–	–	–	–	–	–
EPP N.V.	9 611 543	(2 264 072)	–	631	–	389 286	9 023 856	–	–	2 030	–	671 820
Oando Wings Development Limited	–	–	–	–	–	–	–	(37 210)	–	–	85 337	–
RDI REIT Plc	–	(121 498)	–	925	–	21 403	2 826 148	(266 350)	–	828	–	35 390
AJ König	–	–	37 017	(13 798)	2 884	–	–	–	35 741	(17 105)	3 212	–
ASP Dambuza	–	–	–	(744)	–	–	–	–	–	(630)	–	–
B Nackan[1]	–	–	–	(455)	–	–	–	–	–	(390)	–	–
B Mathews[2]	–	–	–	(1 176)	–	–	–	–	–	(996)	–	–
D Naidoo[3]	–	–	–	(872)	–	–	–	–	–	–	–	–
D Radley[4]	–	–	–	–	–	–	–	–	–	–	–	–
DA Nathan[5]	–	–	–	–	–	–	–	–	–	(158)	–	–
DH Rice[6,7]	–	–	8 794	(9 016)	685	–	–	–	8 494	(15 119)	764	–
HK Mehta[8]	–	–	–	(76)	–	–	–	–	–	(680)	–	–
LC Kok	–	–	9 617	(10 198)	752	–	–	–	9 442	(12 968)	862	–
LJ Sennelo	–	–	–	(944)	–	–	–	–	–	(763)	–	–
M Barkhuysen	–	–	–	(562)	–	–	–	–	–	(597)	–	–
M Wainer[9]	–	–	–	(10 299)	938	–	–	–	39 349	(21 860)	3 534	–
MJ Ruttell[7]	–	–	–	(5 337)	–	–	–	–	–	(7 348)	5	
NB Langa-Royds	–	–	–	(846)	–	–	–	–	–	(755)	–	–
P Langeni[5]	–	–	–	–	–	–	–	–	–	(158)	–	–
SV Zilwa[10]	–	–	–	–	–	–	–	–	–	(484)	–	–
SM Pityana	–	–	–	(1 696)	–	–	–	–	–	(533)	–	–
Admyt (Pty) Limited	–	–	1 069	(1 733)	–	–	–	–	2 009	(1 431)	–	–
Ellwain Investment (Pty) Limited	–	–	–	(2 227)	–	–	–	–	–	(2 049)	–	–
Top Service Properties CC	–	–	–	(7 397)	–	–	–		–	(24 418)	–	–
Wainer & Associates Property Consultants	–	–	–	(1 478)	–	–	–	–	–	–	–	–
	10 872 770	(2 385 570)	56 497	(67 298)	5 259	410 689	11 850 004	(303 560)	95 036	(105 369)	93 714	841 714
Refer to note	9	35	10	54			9	35	10	54		

1 B Nackan did not stand for re-election at the annual general meeting prior year, but remained as a consultant up to February 2020.
2 B Mathews earned R74 200 as a trustee for the empowerment trust, in addition to her NED fees.
3 The director was appointed on the board effective from 28 August 2019.
4 The director was appointed on the board effective from 20 July 2020.
5 The director resigned from the board on 2 November 2018.
6 The director resigned from the board on 31 August 2020.
7 DH Rice and MJ Ruttel are prescribed officers in terms of the Companies Act, No 71 of 2008.
8 The director resigned from the board on 5 November 2019.
9 The director resigned from the board on 31 August 2019.
10 The director resigned from the board on 5 April 2019.

Notes to the **financial statements** continued

for the year ended 31 August 2020

54. Directors' and prescribed officers' emoluments

Executive directors and prescribed officers

Figures in R'000	Short-term: Salary and allowances	Short-term: Bonuses and performance-related payments*	Short-term: Other benefits and payments	Long-term: Share schemes	Post-employment: Retirement benefits	Total
2020						
AJ König	**4 510**	**–**	**150**	**8 449**	**689**	**13 798**
LC Kok	**3 362**	**–**	**223**	**6 084**	**529**	**10 198**
DH Rice*	**4 036**	**–**	**158**	**4 326**	**496**	**9 016**
MJ Ruttell*	**2 687**	**–**	**–**	**2 650**	**–**	**5 337**
	14 595	**–[&]**	**531**	**21 509**	**1 714**	**38 349**
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

[@] *The board awarded M Wainer an ex gratia retirement settlement post his exit in office.*

^ *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 Rnil (2019: R440 343) 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 group'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.

54. Directors' and prescribed officers' emoluments continued

Independent non-executive directors

The fees paid to non-executive directors for the year ended 31 August 2020 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 20 February 2020:

Figures in R'000	2020	2019
Basic annual fee for non-executive directors		
Independent non-executive chairperson	**1 248**	1 200
Lead independent director	**632**	596
Non-executive director	**456**	430
Audit committee chairman	**280**	200
Audit committee member	**152**	100
Risk, compliance and technology committee chairperson	**230**	200
Risk, compliance and technology committee member	**110**	100
Remuneration and/or nomination committee chairman	**212**	200
Remuneration and/or nomination committee member	**106**	100
Nomination committee chairperson[1]	**130**	200
Nomination committee member[1]	**72**	100
Social, ethics and transformation committee chairman	**212**	–
Social, ethics and transformation committee member	**106**	–
Investment committee chairman	**212**	200
Investment committee member	**106**	100
Non-executive directors' fees		
ASP Dambuza	**744**	630
B Mathews	**1 102**	996
B Nackan[2]	**–**	390
DA Nathan[3]	**–**	158
D Naidoo[4]	**872**	–
D Radley[5]	**–**	–
HK Mehta[6]	**76**	680
LJ Sennelo	**944**	763
M Barkhuysen	**562**	597
NB Langa-Royds	**846**	755
P Langeni[3]	**–**	158
SM Pityana[7]	**1 696**	533
SV Zilwa[8]	**–**	484
	6 841	6 144

1 *New role.*

2 *The director did not stand for re-election at the annual general meeting.*

3 *The director resigned on 2 November 2018.*

4 *The director was appointed on 28 August 2019 as a non-executive director.*

5 *The director was appointed on 20 July 2020 as a non-executive director.*

6 *The director resigned on 5 November 2019.*

7 *The director was appointed on 3 May 2019 as the non-executive chairman.*

8 *The director resigned on 5 April 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".

Notes to the **financial statements** continued

for the year ended 31 August 2020

55. 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	
	Direct/ indirect	Associate	Total
2020			
A Dambuza	–	–	–
AJ König	6 140 414	–	6 140 414
B Mathews	–	–	–
D Naidoo	–	–	–
D Radley	–	–	–
HK Mehta	–	–	–
L Sennelo	–	–	–
LC Kok	2 878 307	–	2 878 307
M Barkhuysen	120 000	–	120 000
DH Rice*	2 251 292	–	2 251 292
MJ Ruttell*	926 329	–	926 329
NB Langa-Royds	–	–	–
SM Pityana	–	–	–
	12 331 280	–	12 331 280
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

* *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 has 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.

56. Events after the reporting period

Mall of the South

Redefine, the trustees for the time being of the Truzen 89 Trust (the trust) (an entity associated with Zenprop Property Holdings Proprietary Limited) and FirstRand Bank Limited (acting through its Rand Merchant Bank Division) (RMB), have agreed a mutually beneficial and alternative arrangement on 2 October 2020 (signature date) and have concluded (i) an agreement in terms of which various amendments were made to the put option arrangements between the parties (the tripartite and put option amendment agreement); and (ii) a sale of enterprise agreement (the sale agreement) in terms of which the Mall of the South (MOTS or the enterprise) will be sold as a going concern by the trust (as the seller), to a limited liability, special purpose vehicle to be incorporated by RMB Investments and Advisory Proprietary Limited (RMBIA) and Redefine (PropCo SP or the purchaser) in accordance with the terms detailed below (the transaction):

- RMBIA will hold an 80% equity interest in PropCo SPV and Redefine will hold the remaining 20% equity interest. The intention is for RMBIA and Redefine to jointly control PropCo SPV.
- PropCo SPV will acquire the enterprise, with ownership, risk and benefit in the enterprise vesting in PropCo SPV, with effect from the closing date, irrespective of the date of transfer of the enterprise to PropCo SPV.
- The aggregate purchase consideration payable in respect of the enterprise comprises:
  - an initial purchase price of R1 759 million, payable in cash, subject to any adjustments to the net operating income in respect of the enterprise for the period 1 September 2019 to 31 August 2020; and
  - an agterskot payment, up to a maximum amount of R25 million.
- Should the closing date occur after 1 November 2020, the initial purchase price will be escalated by the prevailing prime overdraft rate until the date of payment of the initial purchase price.
- RMB and PropCo SPV will conclude a loan facility agreement in terms of which RMB shall make a facility available to PropCo SPV for the purposes of funding, *inter alia* the payment of the aggregate purchase consideration up to a maximum amount of R1 825 million.
- On or before the closing date, RMB, RMBIA, PropCo SPV and Redefine will conclude placement and underwriting agreements, which will provide for:
  - the marketing activities in relation to the proposed sale of the issued share capital of PropCo SPV or the enterprise (as the case may be) to potential third party acquirors;
  - put options to be granted by Redefine to RMB and RMBIA, in terms of which Redefine grants RMB and RMBIA the right to require Redefine to acquire (i) all of RMB's claims against PropCo SPV and (ii) all of RMBIA's shares in PropCo SPV at the put option strike price upon the occurrence of certain conditions; and
  - a guarantee to be issued by Redefine Security SPV in favour of RMB, in terms of which the Redefine Security SPV shall guarantee the obligations of Redefine under and in terms of the placement agreement.
- Redefine, subject to the satisfaction of the lender acting reasonably to provide RMB with a negative pledge over properties with a market value of at least the net amount of (i) R3.65bn less (ii) the market value of the secured property (negative pledged properties) at any point in time during the period that Redefine provides such negative pledge, so as to maintain capacity at all times to deliver on its undertaking to provide additional security properties to restore the loan-to-value ratio to the same level as immediately prior to the exercise of the MOTS put options (shares and claims).

In the event that the sale agreement fails to become unconditional in accordance with its terms and/or the sale agreement is cancelled as a result of a breach of the terms set out in the sale agreement, the amendments to the RMB put option as contemplated in the tripartite and put option amendment agreement will be of no further force or effect with the terms and conditions of the RMB put option agreement as they existed prior to the signature date becoming applicable, and the put option price payable by Redefine, being an amount of approximately R1 941 million, shall accrue interest from 15 October 2020 until the day on which the put option price is settled.

M1 Marki

On 5 November 2020, Redefine, Redefine Europe B.V. (a wholly-owned subsidiary of Redefine) (Redefine Europe), the remaining shareholders of Chariot Top Group B.V. (Chariot Top), namely LVS II Lux XXVII Sarl, an entity associated with Pacific Investment Management Company LLC (PIMCO), and OCM Luxembourg EPF IV Chariot Holdco Sarl, an entity associated with Oaktree Capital Management L.P. (Oaktree) (the lead investors), Chariot Top and Chariot Group B.V. (Chariot Group), concluded a suite of agreements, comprising a master agreement and related agreements, in terms of which:

1. Chariot Top will repurchase Redefine's 25% equity interest in Chariot Top (the Redefine Chariot Top stake) from Redefine Europe for an aggregate consideration of R1 089.3 million (€55.2 million) (the Redefine stake price), (the Redefine repurchase).
   - The Redefine repurchase will become effective when the agreement relating to the third tranche of the acquisition by EPP N.V. or its subsidiary of four retail properties from Chariot Group has become unconditional (the repurchase date).
   - The Redefine stake price will remain payable by Chariot Top (the Redefine claim) from the repurchase date until the date of completion of the sale of Marki SPV to Redefine Europe (the closing date), which is expected to be by no later than 31 December 2021.
   - Settlement of the Redefine claim will, in effect, be achieved by way of set-off against the M1 Marki consideration, in accordance with the terms set out below.

Notes to the **financial statements** continued

for the year ended 31 August 2020

56. Events after the reporting period continued

2. Redefine Europe will acquire share in Bruin sp. z o.o (Marki SPV), which holds the title to the Marki Commercial Centre located in Marki near Warsaw, Poland (the M1 Marki), from Chariot Group for an aggregate purchase price equal to 75% of the net asset value attributable to Marki SPV and which, taking into account the expected third party debt within Marki SPV of R872.2 million (€44.2 million), is expected to be R1162.3 million (€58.9 million) (M1 Marki consideration), (the transaction).
   - Redefine Europe shall purchase the Marki SPV for the M1 Marki consideration and will, if necessary, ensure that the liabilities of Marki SPV in respect of third-party debt (the Marki SPV debt) are discharged.
   - Redefine Europe shall pay an amount of R197.3 million (€10 million) on account of the M1 Marki consideration on the later of 31 December 2020 and ten days after the repurchase date (the advance payment).
   - The advance payment will accrue interest at a rate of 7% naca, which interest will be payable quarterly.
3. The M1 Marki consideration and the Redefine claim will be settled by Redefine Europe and Chariot Top on the closing date, as follows:
   - the advance payment will be deducted from the M1 Marki consideration;
   - an amount equal to the Redefine stake price will be set off against the Redefine claim; and
   - the balance, which shall be adjusted *inter alia* for 25% of all distributions received by the lead investors and the cash balances of the Chariot Group and which shall be limited to an amount of R298 million (€15 million), will be payable in cash.

Arrangements relating to Marki SPV debt

- The Marki SPV debt is currently repayable on 15 October 2022. It is contemplated that it will either be agreed with the providers of the Marki SPV debt that the Marki SPV debt will remain in place following implementation of the transaction, or that Redefine Europe or Marki SPV will arrange new debt in order to refinance the Marki SPV debt on the closing date.
- The closing date will be 31 December 2021, provided that Redefine Europe has by 30 November 2021 either obtained the necessary consent of the Marki SPV debt providers or has secured the required new debt.
- If Redefine Europe has not by 30 November 2021 obtained the necessary consent of the Marki SPV debt providers and has not secured the required new debt, then, depending on whether or not Chariot Top has any other material assets and liabilities other than those relating to Marki SPV, the transaction will either be implemented on 31 December 2021 by way of an alternative construct which does not require the consent of the Marki SPV debt providers, or the closing date will be deferred to 15 October 2022, on which date Redefine Europe would have to ensure that the Marki SPV debt is settled.

57. Going concern

The directors have assessed the group's ability to continue as a going concern. The assessment includes solvency and liquidity tests which included *inter alia* a forecast of debt covenants such as the loan-to-value and interest cover ratios. The liquidity test considers expected cash flows in the next 12 months, including the anticipated proceeds from disposals, cash flow-related to funding and development activities for the next 12 months. As at 31 August 2020, the group had a positive net asset value and a stable liquidity position, with access to R2.6 billion in committed undrawn credit facilities.

The COVID-19 pandemic impacted and continues to impact the global economy significantly. Measures such as the prolonged and severe restrictions of movement imposed by governments to reduce the spread of the virus and the consequential impact on demand for products and services and impact on people's behaviour have negatively impacted economic performance and prospects globally. Internationally, the resurgence of the pandemic, the so-called second wave, has been observed in many European countries, with governments considering re-imposing restrictions previously enforced. Locally, a second wave of infections may similarly result in the reintroduction of government-imposed restrictions, which could lead to further adverse economic impact. The pandemic primarily impacted the group in the 2020 financial year as follows:

- Significant reduction of investment property valuations, which adversely affected the group's LTV ratio;
- Dividends were withheld by certain investee companies to bolster their own liquidity needs, which adversely affected the group's earnings and liquidity;
- Rental relief measures granted to tenants to support the sustainability of their businesses, which adversely affected the group's earnings and liquidity; and
- Provision for credit losses were increased in response to the heightened risk of tenants failing to meet their rental obligations, which adversely impacted the groups earnings.

57. Going concern continued

The following uncertainties were considered as part of the going concern assessment:

Access to liquidity

Stressed market conditions continue to impact debt funders' risk appetite and may limit future access to liquidity. The proceeds from the sale of the Journal assets is expected in the second quarter of the 2021 financial year.

Debt covenants

Financial covenant reporting is required by lenders within 90 days of each reporting period. To create additional headroom to absorb adverse LTV covenant triggers and to avoid a potential technical breach of our corporate LTV covenant as at 31 August 2020, the group negotiated a temporary relaxation of the corporate LTV covenant. For the reporting periods ending 31 August 2020 to 28 February 2021, Absa, Nedbank, Standard Chartered, RMB, Standard Bank, Liberty, as well the investors under the DMTN Programme, agreed to the temporary relaxation of the loan-to-value covenant limit from 50% to 55%. For the reporting period ending 31 August 2021, the loan-to-value covenant limit will return to 50%. All debt covenant projections are proactively monitored to manage and remedy any potential breaches before any loan becomes payable as a result of a covenant breach. The revised covenants were legally enforceable and therefore effective at year end. At 31 August 2020, there was no breach of the covenant levels.

Profitability

Investment income

Entities in which the group is invested may continue to defer the declaration and/or payment of dividends for a prolonged period to preserve liquidity due to the continued adverse financial impact related to the pandemic.

Rental concessions

Additional rental concessions may be provided to tenants as the impact of the pandemic persists, locally and beyond. Tenants' businesses may further be adversely impacted should the South African government continue to enforce or reintroduce restrictions to mitigate against the risk of rising infections.

Provision for credit losses

The provision for credit losses and write-off of unrecoverable amounts may increase as the adverse impact of the pandemic on tenants' businesses persists.

Change to business environment

The acceleration of the adoption of technologies due to the pandemic, as well as potential changes in the demand for rentable space, particularly within the retail and office sectors, may impact the group adversely.

The directors' response to the pandemic included:

- establishment of a dedicated management team to implement a co-ordinated response across the business to ensure the health, safety and wellbeing of all stakeholders;
- implementation of business continuity plans to minimise disruption by initiatives implemented to curb the spread of the virus;
- curtailment of discretionary expenditure to make allowance for the anticipated costs associated with the various initiatives to combat the spread of the virus;
- continuous monitoring of the group's liquidity position;
- active participation in a property industry group which concerns itself with related property industry issues, including coordinating a framework of relief measures for tenants to aid in the sustainability of their businesses during the pandemic, addressing temporary regulatory compliance challenges posed by the pandemic with regards to REIT tax legislation and JSE Listings Requirements with the appropriate authorities, and engaging with debt funding providers regarding financial covenants and liquidity concerns; and covenants and liquidity concerns.
- negotiated the temporary relaxation of the group's corporate LTV debt covenant for two reporting periods.

The directors have satisfied themselves that the group is in a sound financial position and that it has access to sufficient liquidity to meet its foreseeable cash requirements. Considering the outcomes of the solvency and liquidity projections, the group will be solvent and liquid and the directors are confident in 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 directors have therefore concluded 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 consolidated financial statements.

2 Supplementary information

We know that today's decisions will impact our future sustainability."

We drive value preservation and creation by getting the basics right and making the difficult decisions today to ensure that our business is well-positioned for the future.

155 West, *Sandton*

SA REIT ratios

for the year ended 31 August 2020

Figures in R'000	2020	2019
SA REIT Association's best practice recommendations (BPR)		
The BPR is effective for the reporting periods commencing on or after 1 january 2020. Redefine has howeveer elected to early adopt the BPR. The comparitive figures have been disclosed on the same basis.		
SA REIT FUNDS FROM OPERATIONS (SA REIT FFO) PER SHARE		
Profit or loss per IFRS Statement of Comprehensive Income (SOCI) attributable to the parent	(16 628 264)	3 341 893
Adjusted for:		
Accounting/specific adjustments	15 416 532	(230 918)
Fair value adjustments to:		
Investment property	7 158 035	(1 490 979)
Debt and equity instruments held at fair value through profit or loss	317 954	766 009
Changes in insurance contract liability	130 275	–
Depreciation and amortisation of intangible assets	332 512	86 586
Impairment of goodwill	5 308 182	60 888
Asset impairments (excluding goodwill) and reversals of impairment	2 534 110	346 465
Gains or losses on the modification of financial instruments	21 012	–
Deferred tax movement recognised in profit or loss	(70 308)	77 460
Straight-lining operating lease adjustment	(365 147)	(93 704)
Transaction costs expensed in accounting for a business combination	51 651	20 709
Adjustments to dividends from equity interests held	(1 745)	(4 352)
Adjustments arising from investing activities		
Gains or losses on disposal of:	822 338	(38 914)
Debt and equity instruments	711 223	–
Investment property	(26 539)	(38 914)
Subsidiaries and equity-accounted entities held	137 654	–
Foreign exchange and hedging items	2 810 119	567 311
Fair value adjustments on derivative financial instruments employed solely for hedging purposes	2 438 796	552 149
Reclassified foreign currency translation reserve upon disposal of a foreign operation	(344 894)	–
Foreign exchange gains or losses relating to capital items – realised and unrealised	716 217	15 162
Other adjustments	393 976	1 497 222
Adjustments made for equity-accounted entities	411 881	1 490 452
Non-controlling interests in respect of the above adjustments	(17 905)	6 770
SA REIT FFO	2 814 700	5 136 594
Number of shares outstanding at end of period (net of treasury shares)	5 432 630	5 431 786
SA REIT FFO per share (cents)	51.81	94.57
Company-specific adjustments	(16 699)	336 041
Chariot distribution adjustment	(23 037)	270 833
Capital gains tax paid/(refunded) on Cromwell disposal	24 992	(41 180)
Cornwall interest	–	91 204
Depreciation	(18 234)	(23 730)
Investment property held for trading	26 539	38 914
Leasehold interest and expenses	(26 959)	–
Distributable income	2 798 001	5 472 635
Distributable income per share (DIPS) cents	51.5	101.0

SA REIT ratios continued

for the year ended 31 August 2020

Figures in R'000	**2020**	**2019**
SA REIT NET ASSET VALUE (SA REIT NAV)		
Reported NAV attributable to the parent	38 282 965	55 960 310
Adjustments		
Dividend declared	–	(2 614 319)
Fair value of certain derivative financial instruments	1 522 147	506 660
Goodwill and intangible assets	–	(5 622 459)
Deferred tax	552 299	934 628
SA REIT NAV	40 357 411	49 164 820
Shares outstanding		
Number of shares in issue at period end (net of treasury shares)	5 432 630	5 431 786
Effect of dilutive instruments (options, convertibles and equity interests)	10 224	16 853
Dilutive number of shares in issue	5 442 854	5 448 639
SA REIT NAV per share	7.41	9.02
SA REIT COST-TO-INCOME RATIO		
Expenses		
Operating expenses per IFRS income statement (includes municipal expenses)	3 248 797	2 935 506
Administrative expenses per IFRS income statement	401 625	376 015
Exclude:		
Depreciation expense in relation to property, plant and equipment of an administrative nature and amortisation expense in respect of intangible assets	(332 511)	(86 586)
Operating costs	3 317 911	3 224 935
Rental income		
Contractual rental income per IFRS income statement (excluding straight-lining)	6 433 829	6 750 890
Utility and operating recoveries per IFRS income statement	1 915 949	1 792 910
Gross rental income	8 349 778	8 543 800
SA REIT cost-to-income ratio	39.7%	37.7%
SA REIT ADMINISTRATIVE COST-TO-INCOME RATIO		
Expenses		
Administrative expenses as per IFRS income statement	401 625	376 015
Administrative costs	401 625	376 015
Rental income		
Contractual rental income per IFRS income statement (excluding straight-lining)	6 433 829	6 750 890
Utility and operating recoveries per IFRS income statement	1 915 949	1 792 910
Gross rental income	8 349 778	8 543 800
SA REIT administrative cost-to-income ratio	4.8%	4.4%
SA REIT GLA VACANCY RATE		
Gross lettable area of vacant space	241 815	335 627
Gross lettable area of total property portfolio	4 418 039	4 432 904
SA REIT GLA vacancy rate	5.5%	7.6%

Figures in R'000	**ZAR**	**AUD**	**EUR**	**USD**	**GBP**
COST OF DEBT					
2020					
Variable interest rate borrowings					
Floating reference rate plus weighted average margin	5.4%	2.2%	2.7%	3.5%	2.9%
Fixed interest rate borrowings					
Weighted average fixed rate	–	–	–	–	–
Pre-adjusted weighted average cost of debt	5.4%	2.2%	2.7%	3.5%	2.9%
Adjustments					
Impact of interest rate derivatives	2.3%	1.1%	–	–	–
Impact of cross-currency interest rate swaps	0.5%	–	(1.0%)	–	–
Amortised transaction costs imputed into the effective interest rate	–	–	–	–	–
All-in weighted average cost of debt	8.1%	3.3%	1.7%	3.5%	2.9%
COST OF DEBT					
2019					
Variable interest rate borrowings					
Floating reference rate plus weighted average margin	8.5%	3.4%	0.3%	4.5%	1.5%
Fixed interest rate borrowings					
Weighted average fixed rate	0.1%	–	0.4%	–	0.3%
Pre-adjusted weighted average cost of debt	8.6%	3.4%	0.7%	4.5%	1.8%
Adjustments					
Impact of interest rate derivatives	0.4%	0.6%	0.1%	–	–
Impact of cross-currency interest rate swaps	0.1%	–	0.9%	–	1.2%
Amortised transaction costs imputed into the effective interest rate	–	–	–	–	–
All-in weighted average cost of debt	9.1%	4.0%	1.7%	4.5%	3.0%

Figures in R'000	**2020**	**2019**
SA REIT LOAN-TO-VALUE		
Gross debt	36 649 630	41 200 071
Less:		
Cash and cash equivalents	(232 078)	(406 694)
Add/Less:		
Derivative financial instruments (including insurance contract liability)	3 965 573	1 429 692
Net debt	40 383 125	42 223 069
	–	–
Total assets – per statement of financial position	82 169 846	102 743 005
Less:		
Cash and cash equivalents	(232 078)	(406 694)
Derivative financial assets	(25 808)	(147 759)
Goodwill and intangible assets	–	(5 622 461)
Trade and other receivables	(686 764)	(1 120 777)
Carrying amount of property-related assets	81 225 196	95 445 314
SA REIT loan-to-value ("SA REIT LTV")	49.7%	44.2%

Property **information**

for the year ended 31 August 2020

Sectoral summary as at 31 August 2020

Figures in R'000	Office	Retail	Industrial	Specialised	International	Total
Investment properties	22 993 554	25 268 415	10 875 164	2 433 996	–	61 571 129
Properties under development	190 260	48 150	1 390 032	–	–	1 628 442
Properties held-for-trading	–	–	4 260	170 820	–	175 080
Property, plant and equipment	100 239	–	–	26 660	–	126 899
Non-current assets held-for-sale	7 150	376 000	158 256	–	5 167 075	5 708 481
Total	23 291 203	25 692 565	12 427 712	2 631 476	5 167 075	69 210 031

Investment properties – Office

Multi-/ single-tenanted	Property	Province	Valuation R'000	GLA m²	GMR R	GMR R/m²	Vacancy m²
Multi	Alice Lane	Gauteng	3 171 500	77 724	18 128 756	233.25	4 938
Single	115 West Street	Gauteng	1 612 400	41 091	11 839 302	288.12	–
Multi	90 Rivonia Road	Gauteng	1 132 200	39 964	7 464 073	186.77	645
Multi	Black River Office Park	Western Cape	1 119 000	52 971	7 697 570	145.32	6 052
Multi	The Towers	Western Cape	934 000	58 515	7 443 777	127.21	7 391
Multi	Rosebank Link	Gauteng	834 700	21 624	5 040 845	233.11	219
Multi	90 Grayston Drive	Gauteng	489 600	19 894	2 667 221	134.07	5 955
Multi	Riverside Office Park	Gauteng	522 770	27 284	5 643 587	206.85	2 010
Multi	Ballyoaks	Gauteng	475 600	27 086	3 510 452	129.60	5 878
Multi	Wembley 2	Western Cape	433 800	17 766	3 408 011	191.83	132
Multi	Commerce Square	Gauteng	333 100	17 036	2 811 163	165.01	2 183
Multi	Boulevard Office xPark F&G	Western Cape	373 100	16 100	2 606 584	161.90	1 031
Multi	Rosebank Towers	Gauteng	396 200	12 180	3 112 462	255.54	439
Single	Nedbank Lakeview	Gauteng	416 865	15 201	3 166 462	208.31	–
Multi	Observatory Business Park	Western Cape	363 600	18 729	2 107 596	112.53	1 717
Multi	Convention Tower	Western Cape	337 000	17 938	3 116 842	173.76	398
Multi	Hillcrest Office Park	Gauteng	379 400	23 675	2 799 616	118.25	3 001
Multi	155 West Street	Gauteng	368 800	28 007	2 261 653	80.75	11 009
Multi	2 Pybus Road	Gauteng	378 260	12 903	2 226 721	172.57	2 817
Single	Constantia Kloof 3	Gauteng	391 250	16 026	3 544 195	221.15	–
Multi	Silver Stream Business Park	Gauteng	279 500	16 799	2 435 727	144.99	1 290
Multi	Hampton Office Park	Gauteng	299 140	20 940	2 687 544	128.35	1 923
Multi	Stoneridge Office Park	Gauteng	239 100	18 276	2 198 223	120.28	4 187
Multi	Clearwater Office Park	Gauteng	292 600	19 562	1 973 157	100.87	4 843
Multi	Loftus	Gauteng	321 450	14 834	2 251 848	151.81	1 880
Multi	Thornhill Office Park	Gauteng	276 800	22 192	2 114 570	95.29	7 246
Multi	Bree Street	Western Cape	235 800	9 072	2 439 343	268.89	93
Multi	Wembley 1	Western Cape	251 300	11 095	1 952 930	176.02	284
Multi	The Old Match Factory	Western Cape	181 200	12 160	1 746 161	143.60	840
Single	300 Middel Street	Gauteng	191 770	11 404	2 772 570	243.12	–
Single	Douglas Roberts Centre	Gauteng	214 030	19 309	2 214 521	114.69	–
Multi	Hill on Empire	Gauteng	232 100	8 592	2 319 869	270.01	119
Single	Centurion Gate	Gauteng	186 350	11 541	2 178 519	188.76	–
Single	CIB Insurance	Gauteng	195 100	7 513	1 581 606	210.52	–
Single	Ericsson Woodmead	Gauteng	165 300	11 245	1 307 624	116.28	–
Single	61 Jorrisen Street	Gauteng	214 600	18 181	2 297 571	126.37	–
No tenants	16 Fredman Drive	Gauteng	135 550	11 000	–	–	11 000
Single	240 & 260 Justice Mohamed Street	Gauteng	186 700	13 087	2 302 166	175.91	–

Investment properties – Office continued

Multi-/ single-tenanted	Property	Province	Valuation R'000	GLA m²	GMR R	GMR R/m²	Vacancy m²
Single	De Beers House	Gauteng	167 500	14 172	1 700 684	120.00	–
Multi	Boulevard Office Park A	Western Cape	154 300	7 333	916 921	125.04	1 870
Multi	82 Maude	Gauteng	114 400	10 031	738 644	73.64	4 350
Multi	Sandhurst Office Park	Gauteng	151 100	8 505	1 526 019	179.43	386
Multi	Boulevard Office Park B&C	Western Cape	145 400	7 908	946 846	119.73	2 038
Multi	AMR Office Park	Gauteng	140 800	10 563	1 412 386	133.71	56
Single	The Atrium Building	Gauteng	126 000	13 555	1 734 468	127.96	108
Multi	Thabakgolo	Limpopo	144 200	13 321	1 513 716	113.63	1 391
Single	Sasfin Head Office Building	Gauteng	151 800	8 028	2 687 435	334.76	–
Single	Knowledge Park II	Western Cape	156 400	7 181	1 021 725	142.28	–
Multi	Bryanston Place	Gauteng	147 310	9 927	1 257 832	126.71	1 698
Single	Avon	Gauteng	132 000	6 520	871 611	133.68	–
Multi	Rosebank Corner	Gauteng	124 000	9 846	648 154	65.83	5 550
Multi	Essex Gardens	KwaZulu-Natal	117 000	8 525	1 259 616	147.76	414
Multi	Grayston Ridge Office Park	Gauteng	128 000	11 888	860 346	72.37	3 860
Multi	Nedbank Centre Nelspruit	Mpumalanga	97 200	15 366	1 284 354	83.58	4 450
Multi	Kimberley-Clark House	Gauteng	108 000	7 319	1 218 783	166.52	–
Multi	Mineralia Building	Gauteng	90 700	13 605	2 270 887	166.92	–
Multi	Stonewedge	Gauteng	58 300	7 390	383 043	51.83	–
Multi	2 Fricker Road	Gauteng	54 900	5 259	525 932	100.01	1 234
Multi	Wembley 3	Western Cape	85 100	4 765	671 472	140.92	1 067
Multi	150 Rivonia Road	Gauteng	81 500	6 723	624 087	92.83	1 894
Single	Wheat Board	Gauteng	80 700	13 109	1 141 770	87.10	–
Multi	Cedarwood House	Gauteng	83 500	7 684	874 721	113.84	355
Multi	Silver Point Office Park	Gauteng	72 420	4 781	690 201	144.36	–
Single	Emanzeni	Gauteng	74 200	9 340	1 236 326	132.37	–
Multi	Curator	Gauteng	69 100	8 935	878 988	98.38	2 410
Multi	18 The Boulevard	KwaZulu-Natal	72 100	5 189	663 796	127.92	58
Multi	Eagle Park	Western Cape	66 300	7 821	746 551	95.45	601
Multi	3 Sturdee Avenue	Gauteng	29 800	3 253	624 640	192.02	234
Multi	West End Shopping Centre	North West	59 900	21 004	1 027 917	48.94	7 081
Single	Hyde Park Manor	Gauteng	63 900	4 687	613 875	130.97	–
No tenants	7 Sturdee Avenue	Gauteng	48 400	4 011	–	–	4 011
No tenants	Batho Pele House	Gauteng	33 300	14 258	–	–	14 258
No tenants	Heron Place	Western Cape	50 600	4 734	–	–	4 734
Multi	Boskruin Village Office Park	Gauteng	49 300	7 000	297 925	42.56	3 870
Single	Kernick House	Gauteng	46 400	3 564	610 621	171.33	–
Multi	5 Sturdee Avenue	Gauteng	58 600	3 160	604 654	191.35	206
Multi	Wedgefield	Gauteng	53 200	3 907	547 818	140.21	48
Multi	66 Peter Place	Gauteng	51 500	4 273	547 258	128.07	356
Multi	Knowledge Park III	Western Cape	46 516	3 779	161 075	42.62	2 478
Single	Abcon House Pivotal	Gauteng	40 600	2 633	337 473	128.17	–
Multi	1006 On the Lake	Gauteng	42 800	7 470	689 480	92.30	478
Single	Delpen Building	Gauteng	46 800	5 550	665 774	119.96	–
Multi	The Avenues	Gauteng	50 100	6 340	460 925	72.70	600
Multi	Ethos Building	Gauteng	40 300	2 521	441 389	175.09	15
Multi	Silver Stream Building 3	Gauteng	43 900	2 333	393 413	168.67	28
Single	Standard Bank Centurion	Gauteng	50 300	2 732	492 451	180.25	–
Multi	Park ONE	Western Cape	80 800	6 507	1 039	0.16	6 001
Single	Jabil House	Gauteng	44 900	3 002	45 076	15.02	2 657
Multi	Warich Close Office Park	Gauteng	41 000	4 027	367 323	91.22	989
Multi	Accord House	KwaZulu-Natal	39 700	4 063	334 195	82.25	1 002

Property **information** continued

for the year ended 31 August 2020

Multi-/ single-tenanted	Property	Province	Valuation R'000	GLA m²	GMR R	GMR R/m²	Vacancy m²
No tenants	Boulevard Annex	Western Cape	19 864	–	–	–	–
Multi	Hillside House	Gauteng	37 300	5 116	372 950	72.90	1 367
Multi	Wickham House	Gauteng	30 620	1 983	302 204	152.40	–
Single	Duncan Street	Gauteng	33 600	1 310	319 387	243.81	–
Multi	Crawford House	Gauteng	19 110	2 074	42 075	20.29	1 588
No tenants	Nashua House	Gauteng	23 200	7 551	–	–	7 551
No tenants	Centurion Junction	Gauteng	20 208	–	–	–	–
Multi	Gleneagles	Gauteng	18 220	1 972	195 126	98.95	331
Single	Embassy House	Gauteng	7 400	3 470	159 780	46.05	–
No tenants	Peugeot Hatfield	Gauteng	6 430	588	–	–	588
Multi	Schoeman Street	Gauteng	6 060	803	32 537	40.52	467
No tenants	Boulevard Office Park D	Western Cape	3 400	192	–	–	192
			23 093 793	1 232 971			184 440

* *Single-tenanted office properties weighted average rental rate of R179.69/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	190 260	–	–	–	–
		190 260	–			–

Non-current assets held-for-sale – Office

Multi-/ single-tenanted	Property	Province	Valuation R'000	GLA m²	GMR R	GMR R/m²	Vacancy m²
Multi	RPA Centre	Gauteng	7 150	1 581	97 089	61.41	346
			7 150	1 581			346

Investment properties – Retail

Multi-/ single-tenanted	Property	Province	Valuation R'000	GLA m²	GMR R	GMR R/m²	Vacancy m²
Multi	Centurion Mall	Gauteng	3 771 100	119 244	28 553 899	239.46	9 156
Multi	Blue Route Mall	Western Cape	1 482 300	55 728	12 212 838	219.15	368
Multi	Kenilworth Centre	Western Cape	1 352 200	53 433	10 713 937	200.51	92
Multi	East Rand Mall	Gauteng	1 358 250	33 937	9 689 321	285.51	1 456
Multi	Golden Walk	Gauteng	1 413 750	45 110	10 072 327	223.28	1 245
Multi	Stoneridge Centre	Gauteng	1 027 000	67 891	8 288 532	122.09	5 592
Multi	Matlosana Mall	North West	931 600	64 992	8 417 844	129.52	5 690
Multi	Centurion Lifestyle Centre	Gauteng	936 100	62 297	8 278 595	132.89	3 991
Multi	The Boulders Shopping Centre	Gauteng	943 600	48 310	8 249 946	170.77	2 040
Multi	Maponya Mall	Gauteng	870 723	36 453	7 228 996	198.31	539
Multi	Goldfields Mall	Free State	884 740	37 729	6 991 667	185.31	191
Multi	Sammy Marks Square	Gauteng	834 890	36 048	6 268 163	173.88	3 525
Multi	Wonderboom Junction	Gauteng	641 710	42 698	7 016 074	164.32	222
Multi	Benmore Centre	Gauteng	607 510	23 062	5 629 420	244.10	925
Multi	Southcoast Mall	KwaZulu-Natal	672 590	34 826	4 837 118	138.89	1 372
Multi	Park Meadows	Gauteng	577 100	29 985	4 766 685	158.97	527
Multi	Langeberg Mall	Western Cape	573 930	29 849	4 578 288	153.38	656
Multi	Chris Hani Crossing	Gauteng	543 500	20 761	3 569 305	171.93	280
Multi	Kyalami Corner	Gauteng	515 176	22 389	3 682 954	164.50	1 554
Multi	Cradlestone Mall	Gauteng	328 196	33 262	4 460 029	134.09	1 591
Multi	Hazeldean Retail Square	Gauteng	338 200	20 169	3 157 128	156.53	1 436
Multi	Horizon Shopping Centre	Gauteng	332 300	19 974	3 001 812	150.29	427
Multi	Bryanston Shopping Centre	Gauteng	244 670	13 926	2 572 607	184.73	835
Multi	Shoprite Park	Western Cape	269 490	27 967	2 818 165	100.77	76
Multi	Hillcrest Boulevard	Gauteng	204 200	8 440	1 857 937	220.13	211
Multi	Standard Bank Centre Pretoria	Gauteng	190 800	17 039	2 223 294	130.48	5 827
Multi	Gateway Corner	Gauteng	178 200	11 651	1 355 660	116.36	1 120
Multi	Oakfields Shopping Centre	Gauteng	180 500	11 566	1 697 772	146.79	701
Multi	The Mall @ Scottsville	KwaZulu-Natal	206 700	14 334	2 119 948	147.90	882
Multi	Monument Commercial Centre	Gauteng	160 600	19 562	1 521 878	77.80	–
Multi	Cross Place	Gauteng	135 700	5 328	1 315 935	246.98	72
Single	Festival Square	Gauteng	136 500	11 041	1 247 965	113.03	–
Multi	Finpark	Gauteng	135 600	2 957	218 233	73.80	635
Multi	Besterbrown	Mpumalanga	117 800	14 272	1 358 827	95.21	2 008
Multi	320 West Street	KwaZulu-Natal	115 400	10 744	1 916 472	178.38	832
Multi	Riverside Mall	Western Cape	100 000	9 588	1 312 725	136.91	236
Single	Jetmart Pretoria	Gauteng	98 800	7 003	804 062	114.82	–
Multi	Moreleta Plaza	Gauteng	109 200	8 599	1 177 380	136.92	–
Multi	Botshabelo Shopping Centre	Free State	115 500	15 118	1 611 652	106.60	268
Multi	Blue Downs	Western Cape	111 770	8 817	1 084 970	123.05	65
Multi	66 Smal Street	Gauteng	98 600	2 162	719 408	332.75	270
Multi	McCarthy Audi Centre West Rand	Gauteng	73 800	4 334	612 467	141.32	1 279
Multi	Riverside Junction	Mpumalanga	85 600	10 037	850 361	84.72	1 445
Multi	Greenstone Motor City	Gauteng	88 400	6 000	861 614	143.60	–
Single	Pro Shop Woodmead	Gauteng	62 800	5 190	790 981	152.40	–
Multi	Posthouse Link	Gauteng	53 500	4 783	607 214	126.95	1 601
Multi	Isipingo Junction	KwaZulu-Natal	73 400	5 397	1 051 271	194.79	244
Single	Unitrans Nissan Clearwater	Gauteng	69 000	4 000	668 101	167.03	–
Single	Buco	Gauteng	66 800	27 000	683 138	25.30	–
Multi	Bryanston Carvenience	Gauteng	64 200	3 886	661 463	170.22	–

Property **information** continued

for the year ended 31 August 2020

Multi-/ single-tenanted	Property	Province	Valuation R'000	GLA m²	GMR R	GMR R/m²	Vacancy m²
Multi	Acornhoek Shopping Centre	Mpumalanga	50 700	5 453	724 709	132.90	–
Multi	Nedbank Mall	Gauteng	47 500	1 193	731 535	613.19	111
Multi	Nunnerleys	Gauteng	52 500	796	448 432	563.36	–
Multi	Post House	Gauteng	32 400	3 099	441 348	142.42	–
Multi	Vaal Walk	Gauteng	35 700	10 899	653 537	59.96	954
Multi	CCMA House Rustenburg	North West	27 200	6 378	376 399	59.02	1 198
Multi	Kine Centre	Gauteng	29 900	1 156	531 139	459.46	–
No tenants	Williams Hunt Randburg	Gauteng	10 000	3 351	–	–	3 351
Multi	Schreiner Chambers	Gauteng	29 700	662	434 348	656.12	–
Multi	Tamlea – Arundel	Gauteng	17 300	685	438 894	640.72	–
Single	ABSA Centurion	Gauteng	16 200	1 306	175 691	134.53	–
Single	Shoprite Polokwane	Limpopo	4 750	10 149	311 492	30.69	–
Multi	Centurion Mall Offices	Gauteng	74 000	13 382	765 834	57.23	2 222
Multi	Small Street Mall	Gauteng	14 100	119	124 275	1 044.33	–
Multi	Leonita – Mallinick	Gauteng	10 500	1 309	340 831	260.38	79
Single	JD Dwarsloop	Mpumalanga	3 145	1 147	35 000	30.52	–
Multi	East End Shopping Centre	North West	3 700	10 455	259 887	24.86	4 656
Multi	Wilgespruit	Gauteng	325 125	19 552	2 144 038	109.66	–
			25 268 415	1 319 978			74 052

* *Single-tenanted retail properties weighted average rental rate of R70.57/m².*

Properties under development – Retail

Property	Province	Valuation R'000	GLA m²	GMR R	GMR R/m²	Vacancy m²
Masingita Mall	Gauteng	24 103	–	–	–	–
Wonderboom Junction Phase 2	Gauteng	24 047	–	–	–	–
		48 150	–			–

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	Ottery Centre	Western Cape	334 000	31 046	3 165 352	101.96	951
Land	Kyalami Corner	Gauteng	42 000	–	–	–	–
			376 000	31 046			951

Investment properties – Industrial

Multi-/ single-tenanted	Property	Province	Valuation R'000	GLA m²	GMR R	GMR R/m²	Vacancy m²
Single	Pepkor Isando	Gauteng	907 000	107 017	7 825 649	73.13	–
Single	233 Barbara Road	Gauteng	753 100	120 277	5 164 210	42.94	–
Single	Macsteel Lilianton Boksburg	Gauteng	483 800	73 071	5 044 089	69.03	–
Single	Hirt & Carter Cornubia	KwaZulu-Natal	578 100	47 718	4 770 341	99.97	–
Single	Macsteel Coil Processing Wadeville	Gauteng	285 200	52 886	2 826 514	53.45	–
Single	Macsteel VRN Roodekop	Gauteng	268 000	57 645	2 979 972	51.70	–
Multi	Cato Ridge DC	KwaZulu-Natal	374 000	50 317	3 518 739	69.93	–
Single	Macsteel Tube & Pipe Usufruct	Gauteng	228 500	68 822	2 713 119	39.42	–
Single	Macsteel Trading Germiston South	Gauteng	250 100	56 495	2 531 067	44.80	–
Multi	Wingfield Park	Gauteng	194 000	56 486	2 115 592	37.45	5 353
Single	Macsteel Cape Town	Western Cape	209 500	38 340	1 919 316	50.06	–
Single	GM – COEGA	Eastern Cape	254 100	38 515	2 211 623	57.42	–
Single	34 Wrench Road	Gauteng	222 100	24 452	1 637 803	66.98	–
Multi	Mifa Industrial Park	Gauteng	177 900	34 919	2 073 837	59.39	3 667
Single	Macsteel Trading Durban	KwaZulu-Natal	155 800	21 540	1 296 356	60.18	–
Multi	Ushukela Industrial Park	KwaZulu-Natal	193 400	27 226	1 549 909	56.93	–
Single	8 Jansen Road	Gauteng	165 600	24 147	1 530 550	63.38	–
Multi	Graph Avenue	Western Cape	171 000	29 450	1 527 007	51.85	–
Single	Dawn	Gauteng	144 050	22 069	856 877	38.83	–
Single	Waltloo DC	Gauteng	162 100	25 735	1 515 924	58.91	–
Multi	S&J Industrial Stampmill	Gauteng	150 327	16 788	821 402	48.93	–
No tenants	17 Winnipeg Road	Gauteng	157 400	23 308	–	–	23 308
Single	Macsteel Trading Wadeville	Gauteng	97 500	24 128	1 217 778	50.47	–
Multi	12 Piet Rautenbach Street	Gauteng	148 900	27 795	1 972 240	70.96	–
Single	Macsteel Roofing Wadeville	Gauteng	118 000	23 729	1 183 989	49.90	–
Multi	Strydom Industrial Park	Gauteng	109 800	25 405	1 497 482	58.94	4 774
Single	Macsteel Special Steels Dunswart	Gauteng	89 000	19 334	978 154	50.59	–
Single	City Deep 45 & 46	Gauteng	127 900	13 407	994 674	74.19	–
Single	29 Springbok Road	Gauteng	130 400	20 067	947 865	47.24	–
Multi	Nasrec Road – Aeroton	Gauteng	125 600	15 575	1 082 823	69.52	–
Multi	Midway Park	Gauteng	84 000	14 177	755 805	53.31	3 595
Single	Moresport DC	Western Cape	106 100	11 328	944 260	83.36	–
Single	14 Piet Rautenbach Street	Gauteng	117 800	15 668	925 756	59.09	–
Multi	1 Springbok Road	Gauteng	107 100	15 729	1 227 849	78.06	–
Single	Schneider Midrand	Gauteng	98 300	11 924	826 612	69.32	–
Single	Torre Industrial	Gauteng	102 170	9 381	698 583	74.47	–
Single	Coricraft – Stormill	Gauteng	99 100	24 253	929 796	38.34	–
Single	2 Lake Road	Gauteng	108 400	13 547	1 218 689	89.96	–
Multi	CTX Business Park	Western Cape	92 400	18 484	1 325 446	71.71	953
Multi	Golf Air Park II	Western Cape	102 500	12 807	1 042 160	81.37	–
Multi	190 Barbara Road	Gauteng	104 800	24 593	626 340	25.47	3 451
Multi	Supreme Industrial Park	Gauteng	106 000	29 076	1 385 250	47.64	1 238
Multi	Spearhead Business Park	Western Cape	88 300	13 549	912 206	67.33	1 457
Multi	Murrayfield	KwaZulu-Natal	92 800	16 625	1 273 478	76.60	26
Single	Macsteel Trading Klerksdorp	North West	75 300	15 263	752 843	49.32	–
Single	4 Vanderbijl Street (Macsteel VRN Witbank)	Mpumalanga	51 500	8 899	256 432	28.82	–
Single	Macsteel Trading Witbank	Mpumalanga	19 400	6 559	636 337	97.02	120
Single	Macsteel Roofing Harvey	Gauteng	65 000	14 133	685 242	48.49	–

Property **information** continued

for the year ended 31 August 2020

Multi-/ single-tenanted	Property	Province	Valuation R'000	GLA m²	GMR R	GMR R/m²	Vacancy m²
Single	106 16th Road	Gauteng	78 140	10 129	1 022 063	100.90	–
Multi	18 Halifax Road	KwaZulu-Natal	77 300	14 693	894 347	60.87	–
Single	Trentyre Spartan	Gauteng	71 300	12 344	797 580	64.61	–
Single	Regal	Gauteng	67 500	6 083	480 161	78.93	–
Single	Greenstone Place Road	Gauteng	64 500	9 000	734 437	81.60	–
Single	Macsteel VRN Pinetown	KwaZulu-Natal	52 900	7 517	482 661	64.21	–
Single	Macsteel Trading Rustenburg	North West	25 400	7 860	505 234	64.28	–
Multi	Creation	North West	57 700	28 723	723 191	25.18	–
Single	1 New Road	Gauteng	50 900	11 606	549 730	47.37	–
Multi	Ferreiras North Riding	Gauteng	53 200	9 573	428 700	44.78	254
Single	BAT	Gauteng	59 100	6 748	550 961	81.65	–
Single	BGM 1 – GEA	Western Cape	63 642	4 495	424 990	94.54	–
Single	BGM 7 – Brights	Western Cape	53 893	4 108	395 637	96.30	–
Single	SSAB	Gauteng	56 900	9 343	520 029	55.66	–
No tenants	Jupiter Ext 1	Gauteng	38 600	11 507	–	–	11 507
Single	Macsteel Trading Nelspruit	Mpumalanga	42 400	5 262	418 639	79.56	–
Single	East Balt	Gauteng	57 800	9 923	571 965	57.64	–
Single	11 Galaxy Avenue	Gauteng	53 000	6 217	52 046	8.37	–
Multi	Golf Air Park	Western Cape	56 600	14 800	660 428	44.62	943
Single	Macsteel Trading Bloemfontein	Free State	40 800	4 947	396 195	80.09	–
Single	Macsteel Special Steels Meyerton	Gauteng	34 800	11 693	373 671	31.96	–
Single	Macsteel VRN Richards Bay	KwaZulu-Natal	32 500	4 117	351 064	85.27	–
Single	GNLD International	Gauteng	46 000	5 477	460 259	84.03	–
Single	Aveng Stormill	Gauteng	44 100	5 965	400 079	67.07	–
Single	BGM 8 – Planet Fitness	Western Cape	46 142	1 648	286 703	173.99	–
Single	179 Broadwalk Street	Gauteng	50 100	10 680	480 600	45.00	–
Single	Elvey Security	Gauteng	41 200	4 127	382 187	92.61	–
Single	Deutz Diesel	Gauteng	41 400	7 678	358 832	46.74	–
Multi	77 & 78 Plane Road	Gauteng	37 900	8 686	408 323	47.01	1 185
Single	52 Mimetes Road	Gauteng	35 400	7 567	389 325	51.45	–
Single	Macsteel Trading Pretoria	Gauteng	24 100	7 698	275 165	35.75	–
0	2 Hendrik van Eck Road	Northern Cape	25 100	6 822	276 497	40.53	–
No tenants	6 Goodenough Avenue	Western Cape	21 500	6 319	–	–	6 319
Single	66 Mimetes Road	Gauteng	27 300	5 903	336 058	56.93	–
Single	Macsteel VRN Rustenburg	North West	22 000	4 724	218 855	46.33	–
Single	Macsteel VRN Vaal	Gauteng	12 800	6 943	216 056	31.12	–
No tenants	64 Mimetes Road	Gauteng	20 800	5 136	–	–	5 136
Single	Macsteel Trading Welkom	Free State	20 100	5 550	122 225	22.02	–
Single	Aviz Labs	Gauteng	22 300	2 871	215 830	75.18	–
Single	Aristocrat Tech	Gauteng	20 100	2 158	176 156	81.63	–
No tenants	Golf Air Park III	Western Cape	18 000	–	–	–	–
Single	Macsteel Hudson Road	KwaZulu-Natal	14 200	2 346	–	–	–
Single	Macsteel Roofing Queenstown	Eastern Cape	9 700	4 674	137 451	29.41	–
Single	Trentyre Spartan 2	Gauteng	15 600	3 138	166 913	53.19	–
Single	Macsteel VRN Klerksdorp	North West	10 200	2 370	99 667	42.05	–
Multi	Denver Industrial Park	Gauteng	–	–	–	–	–
Single	Macsteel Trading Newcastle	KwaZulu-Natal	4 500	2 060	46 253	22.45	–
Single	Precision House	Gauteng	2 600	604	31 248	51.74	–
			10 875 164	1 794 490			73 286

* *Single-tenanted industrial properties weighted average rental rate of R58.10/m².*

Properties under development – Industrial

Property	Province	Valuation R'000	GLA m²	GMR R	GMR R/m²	Vacancy m²
S&J Industrial	Gauteng	757 460	–	–	–	–
Brackengate 2 Mainland	Western Cape	171 788	–	–	–	–
Atlantic Hills	Western Cape	175 760	–	–	–	–
Cornubia	KwaZulu-Natal	55 664	–	–	–	–
BGM 2 – Roche Pharmaceutical	Western Cape	47 600	–	–	–	–
BGM 5 – Massmart	Western Cape	181 760	–	–	–	–
		1 390 032	–			–

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	4 260	–	–	–	–
			4 260	–			–

Non-current assets held-for-sale – Industrial

Multi-/ single-tenanted	Property	Province	Valuation R'000	GLA m²	GMR R	GMR R/m²	Vacancy m²
Single	BGM 3 – Brackengate 2	Western Cape	24 682	3 063	237 297	77.48	–
Multi	Denver Industrial Park	Gauteng	6 700	10 476	317 568	30.31	603
Single	Tetford Circle	KwaZulu-Natal	126 874	9 515	960 474	100.94	–
			158 256	23 054			603

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	632 800	2 815	165 943	58.95	1 949	2 331	–
No tenants	Pearsons and Princeton House	Gauteng	434 190	–	–	–	–	1 846	–
Single	Bedford Gardens Hospital	Gauteng	347 900	12 817	3 653 210	285.03	–	–	–
No tenants	Saratoga Village	Gauteng	229 094	–	–	–	–	1 078	–
No tenants	Roscommon House	Western Cape	244 190	–	–	–	–	582	–
No tenants	West City	Gauteng	132 120	–	–	–	–	1 334	–
No tenants	Lincoln House	Free State	97 077	–	–	–	–	469	–
No tenants	Yale Village	Gauteng	100 460	–	–	–	–	330	–
No tenants	Urban Nest	Gauteng	57 214	–	–	–	–	300	–
No tenants	The Fields	Gauteng	51 137	–	–	–	–	308	–
Single	Southern Sun OR Thambo International Airport	Gauteng	11 840	14 153	2 037 584	143.97	–	–	–
No tenants	55 Empire Road	Gauteng	35 807	–	–	–	–	–	–
Multi	Park Central	Gauteng	47 500	–	–	–	–	–	–
No tenants	Loftus Park Hotel	Gauteng	26 660	–	–	–	–	–	–
No tenants	Paton House	KwaZulu-Natal	12 667	–	–	–	–	–	–
			2 460 656	29 785			1 949	8 578	

* *Single-tenanted specialised properties weighted average rental rate of R211/m².*

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

Property **information** continued

for the year ended 31 August 2020

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	170 820	–	–	–	–
			170 820	–			–

Non-current assets held-for-sale – International

Multi-/ single-tenanted	Property	Province	Valuation R'000	GLA m²	GMR R	GMR R/m²	Vacancy m²	Beds	Vacant beds
Multi	16-32 Leicester Street	Carlton VIC Australia	2 994 781	804	–	–	–	804	296
Multi	500 Swanston Street	Carlton VIC Australia	2 172 294	587	–	–	–	587	587
			5 167 075	1 391			–	1 391	883

%	Office	Retail	Industrial	Specialised	Total
Local weighted average portfolio escalation	6.6	6.1	6.7	9.4	6.4
Local average annualised property yield	7.3	6.0	6.8	10.5	6.7

Centurion Mall, *Centurion*

Property portfolio

Geographical profile

Province	Number of properties	GLA m²	GLA %	GMR R'000	GMR %
Gauteng	204	3 141 179	71	363 480 287	72
Western Cape	45	639 385	14	82 546 167	16
KwaZulu-Natal	20	286 752	7	27 326 038	5
Other	27	365 588	8	31 519 015	7
International	2	–	–	–	–
	298	4 432 904	100	504 871 507	100

Tenant profile

Sector	Grade	GLA m²*	GLA %
South African investment property			
Office		1 049 767	
	A Grade	730 690	70
	B Grade	183 189	17
	C Grade	135 888	13
Retail		1 276 021	
	A Grade	907 264	71
	B Grade	154 976	12
	C Grade	213 781	17
Industrial		1 743 654	
	A Grade	1 386 757	80
	B Grade	182 899	10
	C Grade	174 000	10
Specialised		27 836	
	A Grade	27 446	99
	B Grade	–	–
	C Grade	390	1
		4 097 278	

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

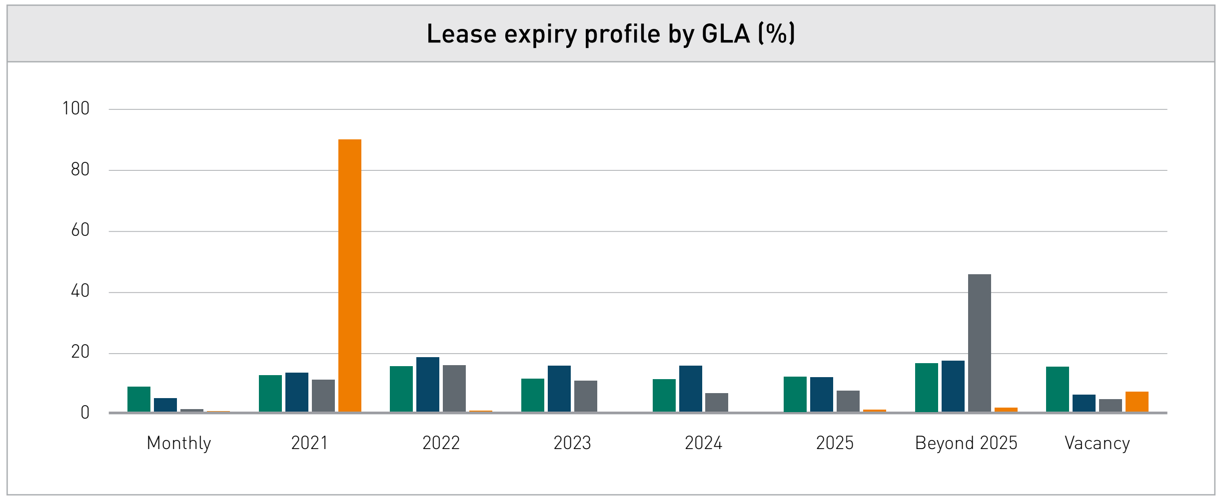
Grade A: Major corporates, JSE listed companies, national retailers, local and international government (including all departments, embassies, consulates and parastatals) and local subsidiaries of international businesses.

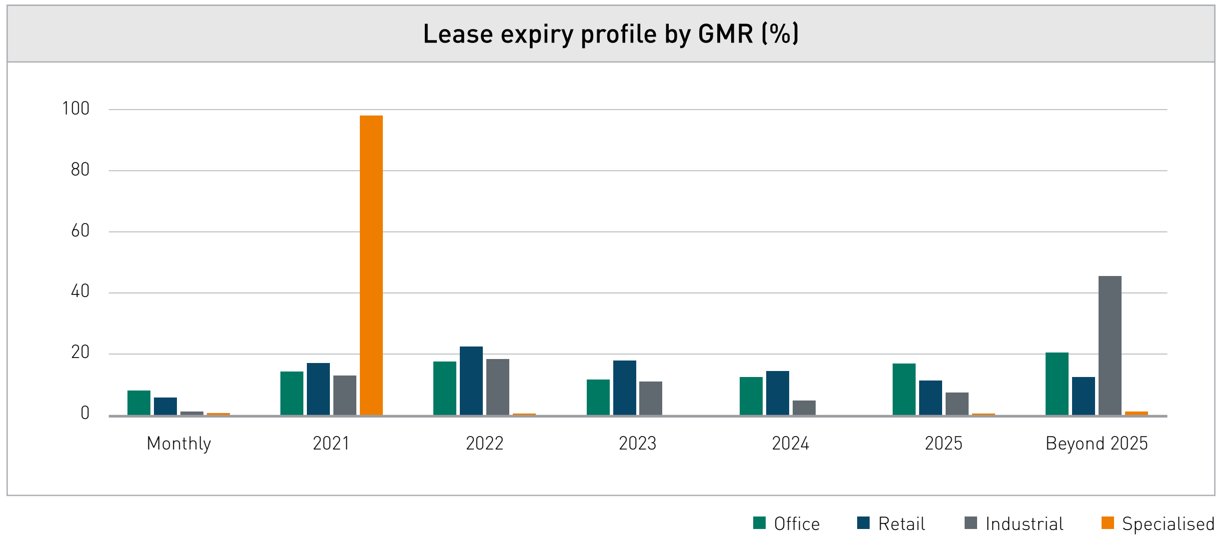
Grade B: Medium- to large-sized corporates and franchisees (with no lease surety or where no substitution is in place).

Grade C: Comprises 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 C grade.

Property **information** continued

for the year ended 31 August 2020





Shareholders' **analysis**

for the year ended 31 August 2020

Shareholder spread	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
1 – 1 000	11 459	36.02	2 748 072	0.05
1 001 – 10 000	10 909	34.29	48 911 674	0.84
10 001 – 100 000	7 586	23.85	235 662 500	4.07
100 001 – 1 000 000	1 393	4.38	418 307 713	7.22
Over 1 000 000	464	1.46	5 087 553 248	87.82
Total	31 811	100	5 793 183 207	100

Distribution of shareholders	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Assurance companies	13	0.04	107 102 336	1.85
Close corporations	239	0.75	14 355 294	0.25
Collective investment schemes	497	1.56	2 162 924 251	37.34
Company share incentive plan	2	0.01	7 615 931	0.13
Custodians	99	0.31	475 511 636	8.21
Empowerment	2	0.01	300 005 723	5.18
Foundations & charitable funds	181	0.57	45 224 435	0.78
Hedge funds	2	0.01	86 600	0.00
Insurance companies	51	0.16	66 109 952	1.14
Investment companies	64	0.20	16 863 921	0.29
Medical aid funds	23	0.07	12 560 535	0.22
Organs of state	7	0.02	860 370 522	14.85
Other companies	40	0.13	5 370 448	0.09
Private companies	672	2.11	226 183 354	3.90
Public companies	14	0.04	74 909 309	1.29
Retail shareholders	26 696	83.92	332 135 760	5.73
Retirement benefit funds	432	1.36	770 032 450	13.29
Scrip lending	15	0.05	9 536 253	0.16
Stockbrokers & nominees	40	0.13	152 786 847	2.64
Trusts	2 722	8.56	153 497 650	2.65
Total	31 811	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	10	0.03	1 081 620 273	18.67
Directors and associates (including share schemes)	3	0.01	4 053 960	0.07
Empowerment	1	0.00	300 000 000	5.18
Company share incentive plan	2	0.01	7 615 931	0.13
Strategic holder (more than 10%)	4	0.01	769 950 382	13.29
Public shareholders	31 801	99.97	4 711 562 934	81.33
Total	31 811	100.00	5 793 183 207	100.00

Shareholders' **analysis** continued

for the year ended 31 August 2020

Beneficial shareholders with a holding greater than 3% of the issued shares	Number of shares	% of issued capital
Government Employees Pension Fund	769 950 382	13.29
Redefine Empowerment Trust	380 298 753	6.56
Coronation Fund Managers	300 000 000	5.18
Vanguard	260 565 998	4.50
MMI	222 604 833	3.84
Old Mutual Group	210 740 875	3.64
Total	2 144 160 841	37.01

Fund managers with a holding greater than 3% of the issued shares	Number of shares	% of issued capital
Public Investment Corporation (SOC) Limited	774 990 261	13.38
Coronation Fund Managers Limited	539 907 085	9.32
Ninety One Group	507 935 675	8.77
Sesfikile Capital (Pty) Ltd	288 969 712	4.99
The Vanguard Group Inc.	223 241 725	3.85
Meago Asset Managers (Pty) Ltd	212 981 833	3.68
Liberty Holdings Ltd	202 681 289	3.50
Old Mutual Limited	176 645 795	3.05
Total	2 927 353 375	50.53

Shares in issue	2020	2019
Total number of shares in issue	5 793 183 210	5 793 183 210
Shares in issue (net of treasury shares)	5 432 630 195	5 431 786 314
Weighted average number of shares in issue (net of treasury shares)	5 419 061 600	5 411 530 000

Trading volumes	2020	2019
Volume traded during period	7 471 933 667	3 468 379 630
Ratio of volume traded to shares issued	128.98%	59.87%
Ratio of volume traded to weighted number of shares issued	137.88%	64.09%
Rand value traded during the year	R29 377 416 658	R33 149 487 829
Market capitalisation at 31 August	R14 309 162 521	R45 476 488 175
Number of shareholders	31 811	27 461
Opening price 1 September 2019/2018	R7.85	R10.35
Closing price 31 August	R2.47	R7.85
Closing high for year	R8.40	R10.55
Closing low for year	R1.59	R7.73

Notes

Notes

COVID-19 disclaimer

Redefine Properties supports all COVID-19 health protocols, including the wearing of masks, sanitising of hands, and social distancing practices. Should, in any example of our marketing/advertising material, a person be depicted without a mask or touching another person's hands, this should be considered in light of the fact that the person is simply portraying a scenario which may not necessarily be during a state of lockdown, and that Redefine's support of, and adherence to, all COVID-19 health protocols at all times remains.

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(Incorporated in the Republic of South Africa)
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(Approved as a REIT by the JSE)

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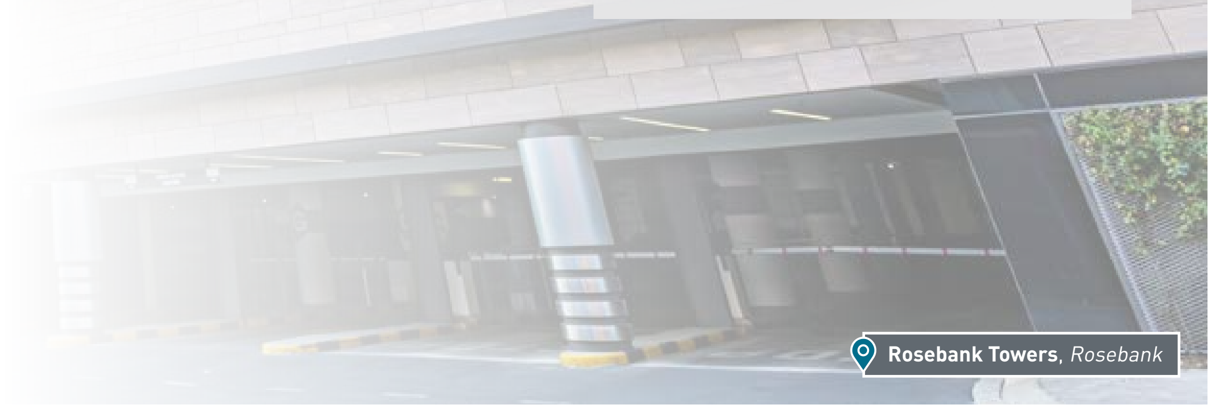

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