REDEFINE PROPERTIES LIMITED

2022

Condensed unaudited Group

RESULTS

for the six months ended
28 February 2022

REDEFINE PROPERTIES

We're not landlords. We're people.

Highlights

Distributable income increased to

R1.5 billion (HY21: R1.4 billion)

Realised asset disposals of

R4.0 billion (further R3.7 billion local disposals in progress)

SA REIT LTV improved to

41.9% (FY21: 42.4%)

Undrawn facilities and cash on hand

R5.7 billion (FY21: R5.8 billion)

Active portfolio occupancy stable at

91.7% (FY21: 92.9%)

Solar PV capacity

26.3 MWp (an additional 19.1 MWp in progress)

S&J Industrial Estate, Germiston

1 COMMENTARY

Commentary

Profile

Redefine is a Real Estate Investment Trust (REIT), with a sectoral and geographically diversified property asset platform, as defined by the SA REIT Best Practice Recommendations (SA REIT BPR), valued at R71.0 billion (FY21: R73.0 billion). Redefine's portfolio is predominately anchored in South Africa through directly held and managed retail, office and industrial properties, which is complemented by a strong presence in retail and logistics property assets in Poland.

Redefine's purpose is to create and manage spaces in a way that changes lives, which requires more than a business-as-usual approach: it requires an integrated approach to making strategic choices that will sustain value creation for all stakeholders by putting people and purpose at the heart of what we do and focusing on what matters most.

Redefine is listed on the Johannesburg Stock Exchange (JSE) with a market capitalisation of R29.8 billion (FY21: R27.7 billion). By volume, Redefine's shares are among the most actively traded in the SA REIT sector, making it a highly liquid, single-entry point for investors to gain exposure to the domestic and Polish real estate markets.

Redefine's local property assets are valued at R59.5 billion as at 28 February 2022 (FY21: R60.4 billion). The international real estate investments are valued at R11.5 billion (FY21: R12.6 billion) representing 16.2% (FY21: 17.3%) of the Group's total property assets and providing geographic diversification to retail and logistics property assets in Poland. The decrease in the property assets in the period is primarily due to ongoing disposal activity to rightsize the asset base.

Group loan-to-value (LTV) ratio improvement plan

Redefine continued to progress with its strategic priority to reduce the Group's LTV, as defined by the SA REIT BPR, through the execution of a focused LTV improvement plan. Milestones achieved during the period included:

→ the disposal of local properties realising proceeds of R1.0 billion;

→ eliminated speculative capital expenditure;

→ halted local property acquisitions for cash;

→ the disposal of six logistics properties as well as one built-to-suit development by European Logistics Investment B.V. (ELI) during December 2021, realising total proceeds of €131.2 million (RDF: €61.0 million (R1.0 billion)); and

→ completed the disposal of the remaining Australian student accommodation property, Swanston Street, during January 2022 realising gross proceeds of R2.0 billion.

During the period, the LTV decreased by 0.5% to 41.9% (FY21: 42.4%). The FY21 dividend payment net of the dividend re-investment proceeds and operational cash flows increased the LTV by a net 1%, acquisitions and essential capex lifted the LTV by 1.6% whilst disposal activities and valuation adjustments countered the increase in LTV by 2.1% and 1.0% respectively.

Initiatives are in progress to reduce the LTV to 40%. These initiatives include further optimisation of the property asset base through the disposal of non-core local properties and the disposal of another built-to-suit logistics development in Poland.

The LTV improvement plan has accelerated Redefine's transformation of its asset platform to become one that is simplified, focused and significant in its respective geographies and sectors.

Commentary continued

Financial results

Group distributable income grew by 5.9% (HY21: 21.7% decline) to R1.5 billion (HY21: R1.4 billion) for the period.

Redefine's local property portfolio performance was driven by the easing of Covid-19 pandemic restrictions. The retail portfolio recovery continues to improve, supported by the increase in footfall at the various malls. Although the operating environment remains challenging, there are encouraging signs of recovery. Hard hit category retailers such as restaurants, health and beauty, cinemas and travel agents continue to trade below pre-Covid-19 pandemic levels as consumer spend is focused on essentials and value items. The need for innovation and collaboration as well as skills transfer is fuelling the return to offices. The oversupply of office space is however negatively impacting vacancies and rental reversions. As a consequence, the pressure on office vacancies and rental rates is expected to persist in 2022. The industrial sector continues to provide a defensive element to our asset platform.

The Group continues to develop logistics properties in Poland through its investment in joint venture ELI and continues to enjoy healthy valuation uplift from these completed projects. Redefine has expanded its exposure to the Polish retail sector through the acquisition and delisting of EPP N.V. (EPP) during March 2022. During the period, EPP continued to retain cash which would ordinarily be distributed to shareholders to provide liquidity for upcoming maturing debt facilities.

Total Group revenue (excluding straight-line rental income) decreased by 2.1% (HY21: 13.8%). The decrease in revenue from the previous comparable period was due to negative rental reversions, an increase in office vacancies and disposal activities.

The operating cost (including the expected credit losses-trade receivables) to income (contractual rental income, excluding straight-line rental income accrual) ratio increased by 0.9 % to 39.0% (HY21: 38.1%) primarily due to the negative revenue growth which continues to put pressure on operating margins. Net of electricity costs and utility recoveries, operating costs increased by 0.5% to 17.7% (HY21: 18.2%) of contractual rental income.

South African property portfolio

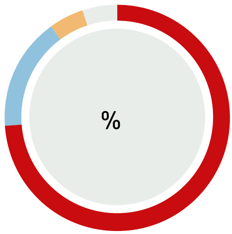
The active portfolio vacancy rate increased to 8.3% (FY21: 7.1%) primarily due to the increase in the office sector vacancies. Leases covering 267 557 m² (HY21: 212 309m²) were renewed during the period at an average negative rental reversion of 12.3% (HY21: 16.3%) while the tenant retention rate by GLA is a healthy 95.6% (HY21: 92.6%). A further 218 164 m² (HY21: 278 362m²) was let across the portfolio. Net arrears reduced by R36.0 million to R72.6 million (FY21: R108.6 million) due to lower rentals resulting from disposal initiatives.

Commentary continued

VACANCY PER SECTOR	28 February 2022 before strategic vacancies	Vacant properties under held-for-sale	28 February 2022	31 August 2021
Office	16.4%*	–	**16.4%**	12.9%
Retail	6.4%	0.5%	**5.9%**	5.2%
Industrial	5.1%	0.7%	**4.4%**	4.6%
Specialised	–	–	**–**	–
	8.7%	0.4%	**8.3%**	7.1%

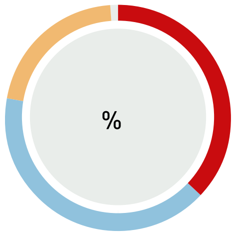
* *The increase in vacancies arose mostly in the secondary grade.*

Geographical spread by value



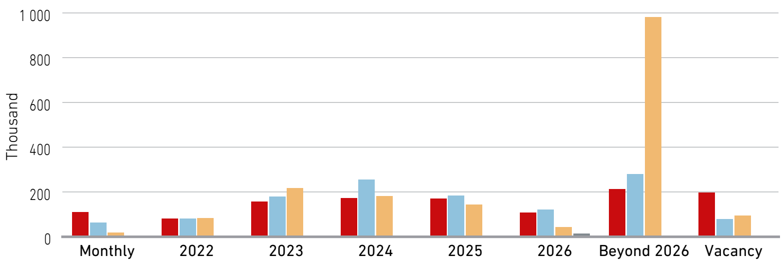
- 74% – Gauteng
- 16% – Western Cape
- 5% – KwaZulu-Natal
- 5% – Other

Sectoral spread by value



- 37% – Office
- 41% – Retail
- 21% – Industrial
- 1% – Specialised*

Lease expiry profile GLA (m^2)



* *Specialised includes a hospital, a hotel, and residential accommodation.*

Commentary continued

Acquisitions: Kyalami Retail Village Proprietary Limited settled its loan payable to Redefine in full by transferring its 20% share in Kyalami Corner and R10.0 million cash to Redefine. Redefine now owns 100% of the property.

New developments: New developments in progress are Kwena Square (a convenience retail centre) at an estimated final cost of R174.9 million as well as an industrial development in Brakengate II, Montagu Snacks, (50.1% share) with an estimated final cost of R22.3 million.

Redevelopments: During the period, Redefine completed two redevelopments at a cost of R38.3 million and four redevelopments are in progress at a combined cost of R101.2 million.

Infrastructure: Infrastructure projects with an estimated final cost of R65.6 million (of which R35.8 million has been spent to date) are in progress at S&J industrial. The infrastructure projects at Atlantic Hills (55.0% share) and Brakengate II (50.1% share) in Cape Town and S&J industrial were completed during the period at a total cost of R495.1 million.

Held-for-trading: Redefine disposed of two units in its Park Central residential development for R5.0 million in total.

Disposals: During the period, Redefine disposed of seven properties for an aggregate consideration of R766.6 million, covering GLA of 129 233m² at an average yield of 11.9%, and four portions of vacant land for a total consideration of R234.7 million. Agreements, subject to the usual conditions' precedent, have been concluded to dispose of a further eight properties and two portions of vacant land for an aggregate consideration of R976.2 million at an average yield of 9.0%. Further agreements under negotiation include the disposal of 22 properties and 15 portions of land amounting to R2.7 billion.

Sustainability: Redefine's current installed solar capacity is 26.3MWp (FY21: 26.3MWp). Additional projects subject to local council approval to the value of R205.8 million have been commissioned, which will add 19.1MWp increasing our total installed solar capacity to 45.4MWp.

International property portfolio

Redefine continues to execute its strategy to unlock value through active asset management and development opportunities in Poland to reduce risk and benefit from yield compression arising from completed development activities.

Investments in associate and joint venture

International investment	28 February 2022 Carrying value R'000	28 February 2022 Shares held %	31 August 2021 Carrying value R'000	31 August 2021 Shares held %
ELI	2 053 700	46.5	2 345 777	46.5
EPP*	6 479 549	45.4	6 489 101	45.4
	8 533 249		8 834 878	

* *Delisted from the JSE and Euro MTF market of the Luxembourg Stock Exchange (Lux SE) on 8 March 2022.*

Commentary continued

Europe – ELI: ELI meets the definition of a joint venture, with Redefine and Madison International Holdings VII LLC (Madison) being the joint venture partners in the Polish logistics assets. Redefine and Madison have contractually agreed to the sharing of control of ELI which requires unanimous consent by both parties on decisions about its relevant activities. Following the disposal of the six logistics properties and utilisation of the initial equity commitment for development projects, Redefine and Madison each agreed to a further equity commitment of €50.0 million (R856.2 million).

As at 28 February 2022, Redefine's remaining equity commitment amounts to €40.3 million (R689.9 million), with earn-out fees of €6.3 million (R107.2 million) still to be received once developments are fully let.

The carrying value of the 46.5% equity accounted investment in ELI is R2.1 billion (FY21: R2.3 billion). The investment in ELI decreased by R292.1 million during the period, as a result of the receipt of operational dividends totalling R21.2 million (HY21:R26.9 million), proceeds from the disposal of properties amounting to R967.9 million and a return of equity of R53.9 million from the refinancing of completed developments. The decrease was marginally offset by capital deployment of R305.2 million and equity accounted profits of R445.5 million. No impairment indicators were present for ELI as at 28 February 2022.

As at 28 February 2022, the income producing platform had a GLA of 574 099 m² (FY21: 689 259 m²) with a vacancy of 8.1% (FY21: 3.9%). During December 2021, ELI concluded the disposal of six assets from the original seed portfolio (GLA: 211 670 m²), and Tychy BTS (GLA: 60 776 m²), developed during the period, for €131.2 million (R2.2 billion). Developments with a total GLA of 157 286 m² were completed during the period, at a cost of €93.4 million (R1.6 billion) resulting in a capital uplift of €36.0 million (R617.8 million) of ELI of which Redefine owns 46.5%.

Developments under construction at a total estimated cost of €162.9 million (R2.8 billion) will add a further 229 107 m² of GLA to the platform.

Europe – EPP: The carrying value of the investment in EPP reduced by R9.5 million. The movement was due to the recognition of the equity accounted profits of R216.5 million, declines in reserves and other comprehensive losses of R158.6 million and foreign currency translation losses of R67.4 million. The equity accounted profit of EPP was largely driven by strong operating results offset by a decline in the property valuations as a result of the Polish government's Covid-19 pandemic response no longer requiring tenants to extend their lease term in order to qualify for relief.

The movements in other comprehensive income and the foreign currency translation losses were due to the depreciation of the Polish Zloty against the Euro and appreciation of the Rand against the Euro, respectively. The stabilisation of the impact of the Covid-19 pandemic, low Polish unemployment rate and strong economic performance of Poland were noted as indicators that the impairment loss recognised in the prior periods had decreased. This was dampened by the uncertainty caused by the geo-political tensions experienced in the eastern European economic region due to the Russian invasion of Ukraine on 24 February 2022. The carrying value of EPP was subject to impairment testing in accordance with IAS 36: Impairment of assets. The impairment/reversal of impairment is calculated by comparing the carrying amount to the recoverable amount. No further impairment/ reversal of impairment was noted.

Commentary continued

On 17 December 2021, as part of an integrated series of transactions, Redefine made a share-for-share offer to acquire all the remaining shares in EPP not already owned by Redefine (other than those EPP shares owned by I Group Consolidated Holdings Proprietary Limited and its subsidiaries (collectively "I Group")) amounting to a maximum of 420 384 090 EPP shares, as part of a composite transaction aimed at the delisting and reorganisation of EPP with the objective of significantly reducing EPP's debt and restoring EPP to a dividend paying asset.

The proposed transaction consisted of a series of integrated steps as follows:

→ EPP delisted from both the JSE and LuxSE.

→ Redefine acquired all EPP shares (excluding EPP shares held by I Group) in exchange for Redefine shares, at a swap ratio of 2.7 Redefine shares per EPP share.

→ EPP sold certain of its property assets into two newly created joint ventures (JVs) being EPP Community Properties JV and M1 Holdco S.A.R.L (M1 HoldCo JV), introducing two third-party equity investment partners (I Group and Pacific Investment Management Company LLC (PIMCO)) into the JVs.

EPP convened an extraordinary general meeting on 21 January 2022 where shareholders voted in favour of the resolutions required to implement and effect the transaction, including the acceptance of Redefine's offer to acquire all EPP shares (excluding those held by the I Group). Refer to events after the reporting period, business combination disclosures on pages 40 to 44 for further details of the transaction.

Africa-Lango Real Estate Limited: Redefine currently holds a 3.5% share in Lango Real Estate Limited (Lango). The carrying value of the investment is R171.7 million. Redefine's intention is to exit this investment in the future as it is a non-core asset.

Australia-Journal Student Accommodation Fund: Proceeds from the Swanston Street disposal were received on 31 January 2022. This concludes Redefine's exit from the Australian student accommodation sector.

Exchange rates: The Rand weakened during the period against all currencies listed below, except for the Euro. Where there was Rand weakness, it translated into a favourable impact on Redefine's proportionate share of the underlying foreign currency denominated associate and joint venture net assets. This increase was neutralised by the natural hedge created by the foreign currency denominated debt held against these assets, as it increased similarly. Where there was Rand strength, the inverse impact on assets and debt occurred.

Foreign currency	28 February 2022	31 August 2021
AUD	**11.0277**	10.7054
EUR	**17.1236**	17.2698
GBP	**20.5067**	20.1462
USD	**15.3486**	14.6030

Commentary continued

Changes in fair value

In line with the Group's accounting policy, the property portfolio was independently valued by external valuers at 28 February 2022, resulting in an increase in fair value of investment properties of R171.4 million (HY21: decrease of R617.1 million).

Property valuations remained relatively stable as a result of the recovery in the retail sector during the period and the increase in demand for space and renewal rates in the industrial portfolio. This improvement in the retail and industrial sector property valuations was offset by the decline in the office sector driven by the impact of higher vacancy rates and negative rental reversions.

The fair value of the investment in listed securities increased by R27.5 million (HY21: decreased by R12.9 million). The increase in the fair value of foreign unlisted investments amounted to R6.9 million (HY21: decrease of R13.8 million), driven by the weakening of the Rand during the period.

The Group's derivatives, which protect against adverse movements in interest and foreign exchange rates, were valued using the swap curve and forward pricing methods respectively, resulting in a decrease of R607.0 million (HY21: R1.7 billion) in the Group's liabilities.

The fair value of other financial liabilities decreased mainly due to the payment of the exit fee on the Swanston Street and Leciester disposals and EMS profit participation.

Other financial assets increased by R40.1 million due to the rental guarantee expected to be received from the Swanston Street disposal.

The insurance contract liability and derivative liability relating to Mall of the South decreased by R39.8 million and R2.0 million respectively due to the improvement in the underlying property valuation.

Interest-bearing borrowings

Redefine's interest-bearing borrowings (net of cash and cash equivalents, including the mark-to-mark of derivatives and non-current liabilities held-for-sale) represented 41.9% (FY21: 42.4%) of the value of its property asset platform at R71.0 billion at 28 February 2022. The average cost of Rand-denominated funding is 8.4% (FY21: 8.1%), and interest rates are hedged on 86.4% (FY21: 85.2%) of local borrowings for an average period of 2.2 years (FY21: 2.7 years).

Including foreign currency debt and derivatives, the average cost of debt is 6.4% (FY21: 6.2%). Interest rates are hedged on 83.3% (FY21:82.8%) of total borrowings for an average period of 2.1 years (FY21:2.5 years). The interest cover ratio (ICR) (which includes equity-accounted dividends and listed security income) is 2.7x (FY21: 2.6x).

Redefine had unutilised committed bank facilities of R4.5 billion (FY21: R4.5 billion) and cash on hand of R1.2 billion (FY21: R1.3 billion) at 28 February 2022, which provides assurance that the Group will be able to meet its short-term commitments.

Commentary continued

Moody's credit rating

Moody's has affirmed Redefine's global long-term rating Ba2 on 13 April 2022 and changed the outlook from negative to stable. The rating action follows Moody's decision on 1 April 2022 to affirm South Africa's Ba2 government rating while changing the outlook from negative to stable.

Global long term:	Ba2
Global short term:	NP
National long-term corporate family rating:	Aa2.za
National short term:	P-1.za
Outlook:	Stable

Basis of preparation

The condensed consolidated unaudited interim financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, and Financial Pronouncements as issued by the Financial Reporting Standards Council, and the requirements of the Companies Act of South Africa and the JSE Listings Requirements. The accounting policies applied in preparing these interim financial statements are in terms of IFRS and are consistent with those applied in the previous financial statements, with the exception of the Interest Rate Benchmark Reform Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 which adoption had no effect on the condensed consolidated unaudited interim financial statements.

Significant judgement, estimates and assumptions

The preparation of financial statements requires the use of accounting estimates which, by definition, may differ from 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 period are discussed below:

- Valuation of investment properties and properties under development;
- Impairment/reversal of impairment of investment in associate and joint ventures;
- Business combination versus asset acquisition;
- Expected credit losses;
- Valuation of the insurance contract liability;
- Facilities and covenants; and
- Significant influence and control assessment.

Commentary continued

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 LTV and ICR. The liquidity test considers expected cash flows in the next 12 months, including the anticipated proceeds from unconditional disposals, funding, and development activities for the next 12 months. As at 28 February 2022, the Group had a positive net asset value and a stable liquidity position, with unutilised committed access facilities and cash on hand of R5.7 billion (FY21: R5.8 billion).

Covid-19 pandemic

The Covid-19 pandemic impacted the global economy and the real estate sector significantly during the past two years. The Omicron variant during the fourth wave had a less severe impact than initially anticipated, which led to the reduced restrictions imposed by the government. As consequence, these actions resulted in an improved performance of the overall economy and with that mobility impacting favourably upon the real estate sector, notwithstanding other factors of the macroeconomic environment.

The Covid-19 pandemic impacted the Group in the 2022 period as follows:

- Stabilised investment property valuations, limiting the unfavourable impact on Group's LTV ratio.
- Decline in rental relief measures granted to tenants to support the sustainability of their businesses, which adversely affected the Group's earnings in the previous financial years.
- Stable valuations of the investment in foreign associate and joint venture driven by the roll-out of the vaccination programme in Poland and the focus on logistics properties.
- Reduction in the provision for credit losses from the high levels experienced during the previous financial years in response to the heightened risk of tenants failing to meet their rental obligations in the previous financial years.

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

Access to liquidity

There has been some recovery in the market, but property counters are still trading at high discounts to their net asset value (NAV) which makes raising equity in this environment very costly and deeply dilutive. The proceeds received from the sale of Swanston Street, logistics assets in Poland and other non-core local property assets have created healthy liquidity during the period. Other non-core local property disposals to further buffer the liquidity position are in progress.

Debt covenants

Financial covenant (LTV and ICR) reporting is required by lenders within 90 days of each reporting period. The have been no debt covenant breaches to date, with the strictest LTV and ICR covenants indicating a headroom of 7.9% and 0.7x respectively. For the reporting period ending August 2022, it is anticipated that the corporate LTV covenant will be below 50% and the ICR above 2x. All debt covenant projections are proactively monitored. At 28 February 2022, there was no breach of the covenant levels and the LTV level reduced to 41.9%.

Commentary continued

Russian and Ukraine tensions

The ongoing tension between Russia and Ukraine have affected the globe and specifically the Eastern European region to varying extents. Although Poland is part of the Eastern European region, it is a member of North Atlantic Treaty Organization (NATO) and its economy continued to expand strongly at the start of this year. Poland is Europe's sixth-largest economy by Gross Domestic Product (GDP) and a major producer of machinery, vehicles and electronics, as well as a host of minerals including coal, copper, zinc and rock salt. Given Redefine's exposure to Poland through its 46.5% investment in ELI logistics and 45.4% investment in EPP (95.45% post the EPP delisting, acceptance of the Redefine offer, EPP reorganisation and acquisition of the additional EPP shares after the reporting period), we will continue to monitor the impact of the events on the logistic and retail sector in Poland, both in the short term and longer-term consequences.

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.

Provision for credit losses

The provision for expected 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 Covid-19 pandemic, as well as potential changes in the demand for rentable space, particularly within the office sector, may impact the Group adversely.

Going concern conclusion

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 condensed consolidated interim financial statements.

Capital commitments

Capital commitments outstanding amount to R1.1 billion (FY21: R992.1 million). Future commitments will be funded by undrawn committed banking facilities, cash on hand and proceeds from capital recycling activities.

Commentary continued

Change in directorate

As announced on 10 November 2021, Daisy Naidoo resigned from the board of directors.

The Board resolved to discontinue the lead independent non-executive director function with effect from 12 May 2022. Should circumstances arise where the Chairperson of the board is conflicted on a particular matter, the independent director who chairs the relevant committee holding the requisite mandate for such matter would lead the Board. Bridgitte Mathews will remain an independent non-executive director of the Board.

Declaration of a cash dividend

The Board has declared a gross cash dividend of 23.69370 cents per share for the six months ended 28 February 2022.

In accordance with Redefine's status as a REIT, shareholders are advised that the dividend meets the requirements of a "qualifying distribution" for the purposes of section 25BB of the Income Tax Act, No. 58 of 1962 (Income Tax Act). The distribution on the shares will be deemed to be a dividend for South African tax purposes, in terms of section 25BB of the Income Tax Act.

The dividend received by or accrued to South African tax residents must be included in the gross income of such shareholders and will not be exempt from income tax (in terms of the exclusion to the general dividend exemption, contained in paragraph (aa) of section 10(1)(k)(i) of the Income Tax Act) because it is a dividend distributed by a REIT.

This dividend is, however, exempt from dividend withholding tax in the hands of South African tax resident shareholders, provided that the South African resident shareholders provided the following forms to their Central Securities Depository Participant (CSDP) or broker, as the case may be, in respect of uncertificated shares, or the company, in respect of certificated shares:

a) a declaration that the dividend is exempt from dividends tax; and

b) a written undertaking to inform the CSDP, broker or the company, as the case may be, should the circumstances affecting the exemption change or the beneficial owner cease to be the beneficial owner,

both in the form prescribed by the Commissioner for the South African Revenue Service. Shareholders are advised to contact their CSDP, broker or the company, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the dividend, if such documents have not already been submitted.

Dividends received by non-resident shareholders will not be taxable as income and instead will be treated as an ordinary dividend which is exempt from income tax in terms of the general dividend exemption in section 10(1)(k)(i) of the Income Tax Act. Assuming dividend withholding tax will be withheld at a rate of 20% (unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation (DTA) between South Africa and the country of residence of the shareholder), the net dividend amount due to non-resident shareholders is 18.95496 cents per share.

Commentary continued

A reduced dividend withholding rate in terms of the applicable DTA, may only be relied upon if the non- resident shareholder has provided the following forms to their CSDP or broker, as the case may be, in respect of uncertificated shares, or the company, in respect of certificated shares:

c) a declaration that the distribution is subject to a reduced rate as a result of the application of a DTA; and

d) a written undertaking to inform their CSDP, broker or the company, as the case may be, should the circumstances affecting the reduced rate change, or the beneficial owner cease to be the beneficial owner,

both in the form prescribed by the Commissioner for the South African Revenue Service. Non-resident shareholders are advised to contact their CSDP, broker or the company, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the distribution if such documents have not already been submitted, if applicable.

The dividend is payable to Redefine's shareholders in accordance with the timetable set out below:

Last date to trade *cum* dividend:	Tuesday, 31 May 2022
Shares trade *ex*-dividend:	Wednesday, 1 June 2022
Record date:	Friday, 3 June 2022
Payment date:	Monday, 6 June 2022

Shareholders may not dematerialise or rematerialise their shares between Wednesday, 1 June 2022 and Friday, 3 June 2022, both days inclusive. Payment of the dividend will be made to shareholders on Monday, 6 June 2022. In respect of dematerialised shareholders, the dividend will be transferred to the CSDP accounts/broker accounts on Monday, 6 June 2022. Certificated shareholders' dividend payments will be deposited on or about Monday, 6 June 2022.

Shares in issue at the date of declaration dividend: 7 052 419 865

Redefine's income tax reference number: 917/852/484/0

Commentary continued

Prospects

Fundamentals of commercial property are largely a function of economic growth and business confidence.

Even though the Covid-19 pandemic has been relegated below the fold on newspaper front pages, the war in Ukraine and the disastrous effects of climate change (evidenced by the devastating floods in KwaZulu-Natal that have claimed more than 400 lives), means that we need to continue to expect the unexpected in a low confidence and highly uncertain environment. In addition, little tangible policy action has been taken to increase the lower investment and consumption spending caused by a reaction to a number of governance challenges including ongoing policy uncertainty, corruption, aging infrastructure, continued power shortages, the absence of growth stimulating policy interventions and inadequate levels of service delivery, which means that the economy is unlikely to maintain its momentum into 2022 and beyond.

We, therefore, cannot rely on external factors to change our fortunes and need to rather remain focused on the variables under our control and continue to put our purpose and people at the heart of what we do to position Redefine for the eventual upward cycle.

Although we are operating in a highly uncertain environment, we are expecting our full year 2022 distributable income per share to be between 50.0 and 55.0 cents per share. Assuming a dividend pay-out ratio of 90% (dependent on operational capital expenditure requirements and tax considerations) the dividend per share is expected to be between 45.0 cents and 49.5 cents which represents a decrease of between 25.2% and 17.7% on the prior year dividend per share of 60.12 cents.

We responded to the challenges created by Covid-19 pandemic to reset all aspects of what we do and we must now harness this new stance with vigour to create a future-fit business to contribute to a more inclusive, sustainable and resilient operating context by extending environmental, social and governance (ESG) into all aspects of what we do, seek to be a force for good, embrace technology as an enabler rather than see it as a disruptor and look to foster innovation through diversity whilst we reposition our asset platform within the confines of scarce and costly capital in order to remain relevant to our stakeholders' evolving needs.

This will build the future fit Redefine of tomorrow.

This forecast is predicated on the assumption that current trading conditions will prevail. Forecasted rental income is based on contractual terms and anticipated market-related renewals. The forecast has not been reviewed or reported on by the Group's independent external auditors. Redefine's use of distribution per share as a relevant measure of financial performance remains unchanged.

The directors of Redefine take full responsibility for the preparation of this report and that the financial information provided has been correctly extracted from the underlying consolidated interim financial statements. Ntobeko Nyawo CA(SA), Redefine's Chief financial officer, was responsible for supervising the preparation of these condensed consolidated interim financial statements. These condensed consolidated interim financial statements for the period ended 28 February 2022 have not been reviewed or reported on by Redefine's independent external auditors.

16 May 2022

Redefine Properties Limited

2

RESULTS

Statement of profit or loss and other comprehensive income

for the six months ended 28 February 2022

Figures in R'000	Unaudited 28 February 2022	Unaudited 28 February 2021	Audited 31 August 2021
Continuing operations			
Revenue			
Property portfolio revenue	**3 528 092**	3 334 215	7 156 530
– Contractual rental income	**3 879 626**	3 967 160	7 688 209
– Straight-line rental (expense)/income accrual	**(351 534)**	(632 945)	(531 679)
Investment income	**3 675**	146	796
Total revenue	**3 531 767**	3 334 361	7 157 326
Costs			
Operating costs	**(1 541 372)**	(1 487 682)	(2 981 478)
Changes in expected credit losses – trade receivables	**28 092**	(24 987)	75 018
Administration costs	**(136 722)**	(138 443)	(326 995)
Net operating profit	**1 881 765**	1 683 249	3 923 871
Other income	**11 537**	5 060	9 606
Loss on disposal of assets	**(68)**	(213)	(21 527)
Changes in fair values of investment properties	**171 427**	(617 132)	(1 619 273)
Changes in fair values of financial instruments and other	**375 374**	1 241 994	1 943 618
Changes in fair value of the insurance contract liability	**39 834**	(45 000)	(64 272)
Changes in expected credit losses – loans receivable	**51 467**	(118 994)	(113 776)
Impairments	**(105 683)**	–	–
Reversal of impairment of investment in associate	**–**	1 067 301	922 526
Equity-accounted profit/(loss) (net of taxation)	**661 977**	(419 876)	275 040
Profit before finance costs and taxation	**3 087 630**	2 796 389	5 255 813
Net interest costs	**(850 952)**	(978 669)	(1 722 702)
– Interest income	**295 651**	309 923	660 044
– Interest expense	**(1 146 603)**	(1 288 592)	(2 382 746)
Foreign exchange (losses)/gains	**(32 007)**	120 029	129 889
Profit before taxation	**2 204 671**	1 937 749	3 663 000
Taxation	**29 469**	(505 057)	(849 130)
Profit from continuing operations for the period/year	**2 234 140**	1 432 692	2 813 870
Discontinued operations			
Profit/(loss) from discontinued operations (net of taxation)	**14 290**	–	(192 503)
Profit for the period/year	**2 248 430**	1 432 692	2 621 367
Attributable to:			
– Redefine Properties Limited shareholders	**2 132 458**	1 545 152	2 731 310
– Non-controlling interests	**115 972**	(112 460)	(109 943)
Other comprehensive loss	**(196 702)**	(1 320 602)	(1 824 467)
Items that are or may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations:			
– Subsidiaries	**26 330**	(177 557)	(331 164)
– Associate and joint venture	**(223 032)**	(1 146 322)	(1 496 580)
Reclassification of foreign currency differences on disposal of investment	**–**	3 277	3 277
Total comprehensive income for the period/year	**2 051 728**	112 090	796 900
Attributable to:			
– Redefine Properties Limited shareholders	**1 932 960**	240 607	938 608
– Non-controlling interests	**118 768**	(128 517)	(141 708)
Earnings per share (cents)			
– Basic	**38.32**	28.44	50.28
– Diluted	**38.19**	28.35	50.25

Statement of financial position

as at 28 February 2022

Figures in R'000	Unaudited 28 February 2022	Unaudited 28 February 2021	Audited 31 August 2021
ASSETS			
Non-current assets	**67 114 482**	71 433 197	69 972 528
Investment properties	**57 545 329**	61 601 639	58 186 568
– Fair value of investment properties	**54 826 894**	58 538 496	55 022 940
– Straight-line rental income accrual	**1 773 266**	2 023 852	2 124 800
– Properties under development	**835 214**	926 994	926 012
– Right-of-use assets	**109 955**	112 297	112 816
Listed securities	**97 226**	56 715	69 679
Investment in associate and joint ventures	**8 533 249**	8 293 854	8 834 878
Derivative assets	**152 975**	131 946	187 313
Loans receivable	**498 584**	982 510	2 463 436
Other financial assets	**171 692**	178 581	164 819
Property, plant and equipment	**115 427**	187 952	65 835
Current assets	**2 990 858**	2 853 932	2 913 608
Properties held-for-trading	**150 600**	173 314	186 102
Trade and other receivables	**686 544**	689 954	900 527
Loans receivable	**635 516**	1 187 448	263 426
Derivative assets	**135 280**	41 474	104 009
Other financial assets	**127 174**	261 119	103 159
Cash and cash equivalents	**1 255 744**	500 623	1 356 385
Non-current assets held-for-sale	**3 144 180**	2 595 047	2 749 073
Total assets	**73 249 520**	76 882 176	75 635 209
EQUITY AND LIABILITIES			
Equity	**39 274 244**	38 832 531	39 357 856
Shareholders' interest	**39 123 852**	38 519 831	39 218 183
Stated capital	**45 842 368**	44 593 547	44 593 547
Accumulated losses	**(7 033 383)**	(7 099 841)	(5 902 843)
Other reserves	**314 867**	1 026 125	527 479
Non-controlling interests	**150 392**	312 700	139 673
Non-current liabilities	**28 908 455**	30 116 719	30 764 305
Interest-bearing borrowings	**27 332 655**	27 458 909	28 458 297
Derivative liabilities	**856 413**	1 967 287	1 538 995
Other financial liabilities	**5 978**	17 584	62 207
Deferred taxation	**624 636**	581 025	616 008
Lease liabilities	**88 773**	91 914	88 798
Current liabilities	**4 119 980**	7 932 926	5 513 048
Trade and other payables	**1 680 730**	1 573 700	1 835 395
Interest-bearing borrowings	**1 760 046**	4 850 702	2 284 703
Interest accrual on interest-bearing borrowings	**102 613**	176 386	125 345
Derivative liabilities	**239 300**	410 597	175 429
Other financial liabilities	**159 254**	594 275	597 943
Insurance contract liability	**154 713**	175 275	194 547
Lease liabilities	**21 182**	39 070	24 018
Taxation payable	**2 142**	112 921	275 668
Non-current liabilities held-for-sale	**946 841**	–	–
Total liabilities	**33 975 276**	38 049 645	36 277 353
Total equity and liabilities	**73 249 520**	76 882 176	75 635 209

Statement of changes in equity

for the six months ended 28 February 2022

Figures in R'000	Stated capital	Accumulated (losses)/ profits	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 2020	44 593 547	(8 644 993)	2 294 018	33 110	7 284	38 282 966	548 268	38 831 264
Total comprehensive income for the period	–	1 545 152	(1 304 545)	–	–	240 607	(128 517)	112 090
Profit for the period	–	1 545 152	–	–	–	1 545 152	(112 460)	1 432 692
Other comprehensive loss for the period	–	–	(1 304 545)	–	–	(1 304 545)	(16 057)	(1 320 602)
Transactions with owners (contributions and distributions)	–	–	–	(1 563)	(2 179)	(3 742)	(107 840)	(111 582)
Dividends	–	–	–	–	–	–	(107 840)	(107 840)
Recognition of share-based payments	–	–	–	(1 563)	–	(1 563)	–	(1 563)
Share of post-acquisition change in net assets of associate	–	–	–	–	(2 179)	(2 179)	–	(2 179)
Transactions with owners (changes in ownership interests)	–	–	–	–	–	–	789	789
Disposal of subsidiary with NCI	–	–	–	–	–	–	789	789
Balance as at 28 February 2021	44 593 547	(7 099 841)	989 473	31 547	5 105	38 519 831	312 700	38 832 531
Total comprehensive income for the period	–	1 186 158	(488 157)	–	–	698 001	(13 191)	684 810
Profit for the period	–	1 186 158	–	–	–	1 186 158	2 517	1 188 675
Other comprehensive loss for the period	–	–	(488 157)	–	–	(488 157)	(15 708)	(503 865)
Transactions with owners (contributions and distributions)	–	10 840	–	(11 030)	541	351	(26 956)	(26 605)
Dividends	–	–	–	–	–	–	(26 956)	(26 956)
Recognition of share-based payments	–	10 840	–	(11 030)	–	(190)	–	(190)
Share of post-acquisition change in net assets of associate	–	–	–	–	541	541	–	541
Transactions with owners (changes in ownership interests)	–	–	–	–	–	–	(132 880)	(132 880)
Disposal of subsidiary with NCI	–	–	–	–	–	–	(132 880)	(132 880)
Balance as at 31 August 2021	**44 593 547**	**(5 902 843)**	**501 316**	**20 517**	**5 646**	**39 218 183**	**139 673**	**39 357 856**
Total comprehensive income for the period	**–**	**2 132 458**	**(199 498)**	**–**	**–**	**1 932 960**	**118 768**	**2 051 728**
Profit for the period	**–**	**2 132 458**	**–**	**–**	**–**	**2 132 458**	**115 972**	**2 248 430**
Other comprehensive loss for the period	**–**	**–**	**(199 498)**	**–**	**–**	**(199 498)**	**2 796**	**(196 702)**
Transactions with owners (contributions and distributions)	**1 248 821**	**(3 262 998)**	**–**	**(10 251)**	**(2 863)**	**(2 027 291)**	**(108 049)**	**(2 135 340)**
Issue of ordinary shares	**1 248 821**	**–**	**–**	**–**	**–**	**1 248 821**	**–**	**1 248 821**
Dividends	**–**	**(3 266 054)**	**–**	**–**	**–**	**(3 266 054)**	**(108 049)**	**(3 374 103)**
Recognition of share-based payments	**–**	**3 056**	**–**	**(10 251)**	**–**	**(7 195)**	**–**	**(7 195)**
Share of post-acquisition change in net assets of associate	**–**	**–**	**–**	**–**	**(2 863)**	**(2 863)**	**–**	**(2 863)**
Balance as at 28 February 2022	**45 842 368**	**(7 033 383)**	**301 818**	**10 266**	**2 783**	**39 123 852**	**150 392**	**39 274 244**

	Unaudited 28 February 2022	Unaudited 28 February 2021	Audited 31 August 2021
Dividend per share (cents)	**23.69**	–	60.12
Interim	**23.69**	–	–
Final	**–**	–	60.12

Statement of cash flows

as at 28 February 2022

	Unaudited 28 February 2022	Unaudited 28 February 2021	Audited 31 August 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	**2 139 036**	2 338 940	4 653 670
Interest received	**250 288**	199 047	484 340
Interest paid	**(1 214 213)**	(1 250 458)	(2 391 431)
Taxation paid	**(234 286)**	(393 492)	(532 318)
Dividends and interest received from associate and joint ventures	**21 161**	26 925	79 191
Net cash inflow from operating activities	**961 986**	920 962	2 293 452
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition and development of investment properties	**(493 093)**	(415 978)	(916 427)
Acquisition of property, plant and equipment	**(6 998)**	(2 529)	(28 550)
Acquisition of other financial assets	**–**	–	(17 946)
Acquisition of subsidiary (net of cash acquired)	**(166 299)**	–	–
Investment in joint venture	**(305 236)**	(213 156)	(606 023)
Disposal of a controlling interest in a subsidiary (net of cash disposed)	**–**	–	(44 954)
Proceeds on deemed disposal of subsidiary	**–**	–	138 752
Proceeds from the disposal of investment properties in a joint venture	**967 864**	–	–
Return of equity from joint venture	**53 922**	–	–
Proceeds on disposal of investment properties and properties classified as held-for-sale	**2 965 473**	3 995 293	4 971 310
Proceeds on the disposal of property, plant and equipment	**533**	95	100
Reclassification of subsidiary to held-for-sale	**(7 945)**	–	–
Proceeds from other financial assets	**15 422**	69 508	230 515
Other financial liabilities raised	**–**	14 457	12 350
Other financial liabilities repaid	**(798 663)**	(10 388)	(37 893)
Loans receivables repaid	**716 672**	269 809	565 965
Loans receivables advanced	**(176 766)**	(223 000)	(428 639)
Net cash inflow from investing activities	**2 764 886**	3 484 111	3 838 560
CASH FLOWS FROM FINANCING ACTIVITIES			
Shares issued	**1 248 821**	–	–
Dividends paid	**(3 266 054)**	–	–
Dividends paid to non-controlling interests	**(108 049)**	(107 840)	(134 796)
Principal elements of lease payments	**(16 154)**	(24 092)	(43 328)
Interest-bearing borrowings raised	**–**	2 700 000	6 372 000
Interest-bearing borrowings repaid	**(1 680 398)**	(6 721 222)	(11 201 975)
Net cash outflow from financing activities	**(3 821 834)**	(4 153 154)	(5 008 099)
Net (decrease)/ increase in cash and cash equivalents	**(94 962)**	251 919	1 123 913
Cash and cash equivalents at the beginning of the year	**1 356 385**	232 078	232 078
Effect of foreign currency exchange fluctuations	**(5 679)**	16 626	394
Cash and cash equivalents at end of period/ year	**1 255 744**	500 623	1 356 385
Cash flows from discontinued operations			
Net increase in cash generated from discontinued operations	**–**	–	16 313

Earnings and headline earnings

for the six months ended 28 February 2022

Figures in R'000	Unaudited 28 February 2022	Restated Unaudited 28 February 2021	Audited 31 August 2021
EARNINGS AND HEADLINE EARNINGS			
Reconciliation of basic earnings to headline earnings			
Profit for the period/year attributable to Redefine shareholders	**2 132 458**	1 545 152	2 731 310
Change in fair value of properties (net of NCI)	**(171 419)**	695 908	1 755 948
– Change in fair value of properties	**(171 427)**	617 132	1 843 389
– Non-controlling interest	**8**	78 776	(87 441)
Loss on sale of subsidiary	**–**	326	37 543
Loss on disposal of property, plant and equipment	**68**	–	1 120
Adjustment of measurements, included in equity-accounted earnings of associates (net of tax)	**(425 095)**	(847 700)	317 571
– Adjustment of measurements, included in equity-accounted earnings of associates	**(496 745)**	(786 305)	269 577
– Tax adjustment	**71 650**	(61 395)	47 994
Revaluation of property, plant and equipment	**–**	14 189	9 449
IAS 36 impairments/(reversals)	**105 683**	(1 067 301)^	(922 526)
Insurance proceeds received	**(13 208)**	(265)	(4 127)
Headline earnings attributable to Redefine shareholders	**1 628 487**	340 309^	3 926 288
– Continuing operations	**1 614 197**	340 309^	3 905 146
– Discontinued operations	**14 290**	–	21 142
Diluted earnings attributable to Redefine shareholders	**2 131 221**	1 543 976	2 734 592
Profit for the period/year attributable to Redefine shareholders	**2 132 458**	1 545 152	2 731 310
Potential dilutive effect of share incentive schemes	**(1 237)**	(1 176)	3 282
Diluted headline earnings attributable to Redefine shareholders	**1 627 250**	339 133^	3 929 570
Headline earnings attributable to Redefine shareholders	**1 628 487**	340 309^	3 926 288
Potential dilutive effect of share incentive schemes	**(1 237)**	(1 176)	3 282
Actual number of shares in issue ('000)*	**5 719 715**	5 432 630	5 432 630
Weighted average number of shares in issue ('000)*	**5 564 277**	5 432 630	5 432 630
Diluted weighted average number of shares in issue ('000)*	**5 580 942**	5 446 291	5 442 172
Weighted average number of shares in issue ('000)*	**5 564 277**	5 432 630	5 432 630
Potential dilutive effect of share incentive schemes ('000)	**16 665**	13 661	9 542

^ *Refer to the restatement note on page 23 for the prior period error disclosure.*
* *Net of 360 553 015 (HY21: 360 553 015 and FY21: 360 553 015) treasury shares.*

Earnings and headline earnings continued

for the six months ended 28 February 2022

Figures in R'000	Unaudited 28 February 2022	Restated Unaudited 28 February 2021	Audited 31 August 2021
Earnings per share (cents)			
Basic earnings per share	**38.32**	28.44	50.28
– Continuing operations	**38.06**	28.44	52.48
– Discontinued operations	**0.26**	–	(2.20)
Diluted earnings per share	**38.19**	28.35	50.25
– Continuing operations	**37.93**	28.35	52.45
– Discontinued operations	**0.26**	–	(2.20)
Headline earnings per share	**29.27**	6.26^	72.27
– Continuing operations	**29.01**	6.26	71.88
– Discontinued operations	**0.26**	–	0.39
Diluted headline earnings per share	**29.16**	6.23^	72.21
– Continuing operations	**28.90**	6.23	71.82
– Discontinued operations	**0.26**	–	0.39
Net asset value per share			
Net asset value per share (excluding deferred tax and NCI) (cents)	**694.94**	719.74	733.24
Net asset value per share (excluding NCI) (cents)	**684.02**	709.05	721.90

^ *Refer to the restatement note on page 23 for the prior period error disclosure.*

Earnings and headline earnings continued

for the six months ended 28 February 2022

Restatement of headline earnings per share and diluted headline earnings per share

The JSE proactive monitoring process identified that the impairment adjustment to basic earnings per share (EPS) amount should exclude the ECL on loans receivable. The impairment adjusting basic EPS previously disclosed an impairment of R948 307 (inclusive of ECL on loans receivables) on the February 2021 interim results. Headline earnings attributable to Redefine shareholders, headline earnings per share and diluted headline earnings per share have been restated.
This change was applied retrospectively:

	Previously reported 28 February 2021	Adjustments	Restated 28 February 2021
IAS 36 impairment/(reversals) (R'000)	**(948 307)**	(118 994)	(1 067 301)
Headline earnings attributable to Redefine shareholders (R'000)	**459 303**	(118 994)	340 309
Diluted headline earnings attributable to Redefine shareholders (R'000)	**458 127**	(118 994)	339 133
Headline earnings per share and diluted headline earnings per share			
Headline earnings per share (cents)	**8.45**	(2.19)	6.26
Diluted headline earnings per share (cents)	**8.41**	(2.18)	6.23

Segmental analysis

for the six months ended 28 February 2022

Figures in R'000	Office	Retail	Industrial	Specialised	Head office	Local	International	Total
STATEMENT OF FINANCIAL POSITION								
Investment properties (including straight-line rental income accrual)	21 559 603	23 340 590	11 334 867	365 100	–	56 600 160	–	56 600 160
Right-of-use assets	20 280	89 675	–	–	–	109 955	–	109 955
Properties under development	–	98 000	737 214	–	–	835 214	–	835 214
Listed securities	–	–	–	–	97 226	97 226	–	97 226
Investment in associate and joint ventures	–	–	–	–	–	–	8 533 249	8 533 249
Loans receivable	–	–	–	–	656 450	656 450	477 650	1 134 100
Non-current assets held-for-sale	–	810 286	165 934	–	–	976 220	2 167 960	3 144 180
Properties held-for-trading	–	–	–	150 600	–	150 600	–	150 600
Property, plant and equipment	51 585	–	–	29 000	34 826	115 411	16	115 427
Other assets	–	–	–	–	1 840 383	1 840 383	689 026	2 529 409
Total assets	21 631 468	24 338 551	12 238 015	544 700	2 628 885	61 381 619	11 867 901	73 249 520
Interest-bearing borrowings	–	–	–	–	26 713 536	26 713 536	2 379 165	29 092 701
Other liabilities	–	–	–	–	3 091 795	3 091 795	1 790 780	4 882 575
Total liabilities	–	–	–	–	29 805 331	29 805 331	4 169 945	33 975 276
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME								
Contractual rental income	1 432 327	1 675 541	739 024	32 238	–	3 879 130	496	3 879 626
Straight-line rental income/(expense) accrual	(227 007)	(215 899)	89 531	1 841	–	(351 534)	–	(351 534)
Investment income	–	–	–	–	–	–	3 675	3 675
Total revenue	1 205 320	1 459 642	828 555	34 079	–	3 527 596	4 171	3 531 767
Operating costs	(486 375)	(794 194)	(234 448)	(11 197)	–	(1 526 214)	(15 158)	(1 541 372)
Changes in expected credit losses – trade receivables	(3 780)	44 185	(14 961)	2 648	–	28 092	–	28 092
Administration costs	–	–	–	–	(124 994)	(124 994)	(11 728)	(136 722)
Net operating profit/(loss)	715 165	709 633	579 146	25 530	(124 994)	1 904 480	(22 715)	1 881 765
Other income	–	–	7 204	1 783	1 133	10 120	1 417	11 537
Loss on disposal of assets	–	–	–	–	(68)	(68)	–	(68)
Changes in fair values of investment properties	17 163	48 292	138 644	(21 665)	(11 082)	171 352	75	171 427
Changes in fair values of financial instruments and other	–	–	–	–	543 210	543 210	(167 836)	375 374
Changes in fair value of the insurance contract liability	–	–	–	–	39 834	39 834	–	39 834
Impairments (including changes in expected credit losses – loans receivable)	–	–	–	–	37 750	37 750	(91 966)	(54 216)
Equity-accounted profit (net of taxation)	–	–	–	–	–	–	661 977	661 977
Profit before finance costs and taxation	732 328	757 925	724 994	5 648	485 783	2 706 678	380 952	3 087 630
Interest income	–	–	–	–	252 501	252 501	43 150	295 651
Interest expense	(119)	(53)	(182)	–	(1 055 827)	(1 056 181)	(90 422)	(1 146 603)
Foreign exchange losses	–	–	–	–	–	–	(32 007)	(32 007)
Profit/(loss) before taxation	732 209	757 872	724 812	5 648	(317 543)	1 902 998	301 673	2 204 671
Taxation	–	–	–	–	(13 277)	(13 277)	42 746	29 469
Profit for the period from continuing operations	732 209	757 872	724 812	5 648	(330 820)	1 889 721	344 419	2 234 140
Profit from discontinued operations (net of taxation)	–	–	–	–	–		14 290	14 290
Profit for the period	732 209	757 872	724 812	5 648	(330 820)	1 889 721	358 709	2 248 430
Non-controlling interests	–	–	–	–	–	–	(115 972)	(115 972)
Profit/(loss) for the period attributable to Redefine Properties Limited shareholders	732 209	757 872	724 812	5 648	(330 820)	1 889 721	242 737	2 132 458

Segmental analysis continued

for the six months ended 28 February 2021

Figures in R'000	Office	Retail	Industrial	Specialised	Head office	Local	International	Total
STATEMENT OF FINANCIAL POSITION								
Investment properties (including straight-line rental income accrual)	22 834 249	24 336 996	11 202 453	2 188 650	–	60 562 348	–	60 562 348
Right-of-use assets	15 870	96 427	–	–	–	112 297	–	112 297
Properties under development	–	–	926 994	–	–	926 994	–	926 994
Listed securities	–	–	–	–	56 715	56 715	–	56 715
Investment in associate and joint ventures	–	–	–	–	–	–	8 293 854	8 293 854
Loans receivable	–	–	–	–	1 107 582	1 107 582	1 062 376	2 169 958
Non-current assets held-for-sale	48 400	–	99 013	–	–	147 413	2 447 634	2 595 047
Properties held-for-trading	–	–	4 514	168 800	–	173 314	–	173 314
Property, plant and equipment	106 131	–	–	28 162	53 632	187 925	27	187 952
Other assets	178 580	310 871	147 552	107 598	121 929	866 530	937 167	1 803 697
Total assets	**23 183 230**	**24 744 294**	**12 380 526**	**2 493 210**	**1 339 858**	**64 141 118**	**12 741 058**	**76 882 176**
Interest-bearing borrowings	–	–	–	561 482	28 852 686	29 414 168	2 895 443	32 309 611
Other liabilities	472 163	535 324	204 873	135 550	2 183 042	3 530 952	2 209 082	5 740 034
Total liabilities	**472 163**	**535 324**	**204 873**	**697 032**	**31 035 728**	**32 945 120**	**5 104 525**	**38 049 645**
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME								
Contractual rental income	1 437 574	1 640 252	709 554	153 322	–	3 940 702	26 458	3 967 160
Straight-line rental income/(expense) accrual	10 573	(90 520)	(538 200)	(14 798)	–	(632 945)	–	(632 945)
Investment income	–	–	–	–	–	–	146	146
Total revenue	**1 448 147**	**1 549 732**	**171 354**	**138 524**	**–**	**3 307 757**	**26 604**	**3 334 361**
Operating costs (including changes in expected credit losses – trade receivables)	(443 409)	(750 169)	(223 022)	(83 712)	–	(1 500 312)	(12 357)	(1 512 669)
Administration costs	–	–	–	–	(116 457)	(116 457)	(21 986)	(138 443)
Net operating profit/(loss)	**1 004 738**	**799 563**	**(51 668)**	**54 812**	**(116 457)**	**1 690 988**	**(7 739)**	**1 683 249**
Other income	–	–	–	1 529	1 990	3 519	1 541	5 060
Gains/(losses) on disposal of assets	5	11	2	90	5	113	(326)	(213)
Changes in fair values of investment properties	(428 557)	(420 631)	410 338	(205 633)	(14 157)	(658 640)	41 508	(617 132)
Changes in fair values of financial instruments and other	–	–	–	11 539	504 805	516 344	725 650	1 241 994
Changes in fair value of the insurance contract liability	–	–	–	–	(45 000)	(45 000)	–	(45 000)
Impairments (including changes in expected credit losses – loans receivable)	–	–	–	–	(114 545)	(114 545)	1 062 852	948 307
Equity-accounted loss (net of taxation)	–	–	–	–	–	–	(419 876)	(419 876)
Profit/(loss) before finance costs and taxation	**576 186**	**378 943**	**358 672**	**(137 663)**	**216 641**	**1 392 779**	**1 403 610**	**2 796 389**
Interest income	–	–	–	–	271 377	271 377	38 546	309 923
Interest expense	(70)	(16)	(231)	(22 129)	(1 084 720)	(1 107 166)	(181 426)	(1 288 592)
Foreign exchange gains	–	–	–	–	–	–	120 029	120 029
Profit/(loss) before taxation	**576 116**	**378 927**	**358 441**	**(159 792)**	**(596 702)**	**556 990**	**1 380 759**	**1 937 749**
Taxation	–	–	–	–	(393 375)	(393 375)	(111 682)	(505 057)
Profit/(loss) for the period	**576 116**	**378 927**	**358 441**	**(159 792)**	**(990 077)**	**163 615**	**1 269 077**	**1 432 692**
Non-controlling interests	–	–	–	72 827	–	72 827	39 633	112 460
Profit/(loss) for the period attributable to Redefine Properties Limited shareholders	**576 116**	**378 927**	**358 441**	**(86 965)**	**(990 077)**	**236 442**	**1 308 710**	**1 545 152**

Segmental analysis continued

for the year ended 31 August 2021

Figures in R'000	Office	Retail	Industrial	Specialised	Head office	Local	International	Total
STATEMENT OF FINANCIAL POSITION								
Investment properties (including straight-line rental income accrual)	21 727 633	23 846 918	11 209 889	363 300	–	57 147 740	–	57 147 740
Right-of-use assets	19 559	81 314	11 943	–	–	112 816	–	112 816
Properties under development	–	44 000	882 012	–	–	926 012	–	926 012
Listed securities	–	–	–	–	69 679	69 679	–	69 679
Investment in associates and joint ventures	–	–	–	–	–	–	8 834 878	8 834 878
Loans receivable	–	–	–	–	1 186 816	1 186 816	1 540 046	2 726 862
Property, plant and equipment	–	–	–	28 600	37 214	65 814	21	65 835
Properties held-for-trading	–	–	11 102	175 000	–	186 102	–	186 102
Non-current assets held-for-sale	128 849	524 711	187 778	–	–	841 338	1 907 735	2 749 073
Other assets	–	–	–	–	1 882 129	1 882 129	934 083	2 816 212
Total assets	**21 876 041**	**24 496 943**	**12 302 724**	**566 900**	**3 175 838**	**62 418 446**	**13 216 763**	**75 635 209**
Interest-bearing borrowings	–	–	–	–	28 393 934	28 393 934	2 349 066	30 743 000
Other liabilities	–	–	–	–	3 791 487	3 791 487	1 742 866	5 534 353
Total liabilities	**–**	**–**	**–**	**–**	**32 185 421**	**32 185 421**	**4 091 932**	**36 277 353**
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME								
Contractual rental income	2 877 031	3 286 170	1 422 327	75 384	–	7 660 912	27 297	7 688 209
Straight-line rental income/(expense) accrual	44 059	(42 176)	(511 904)	(21 658)	–	(531 679)	–	(531 679)
Investment income	–	–	–	–	–	–	796	796
Total revenue	**2 921 090**	**3 243 994**	**910 423**	**53 726**	**–**	**7 129 233**	**28 093**	**7 157 326**
Operating costs (including changes in expected credit losses – trade receivables)	(892 403)	(1 509 273)	(451 889)	(31 397)	–	(2 884 962)	(21 498)	(2 906 460)
Administration costs	–	–	–	–	(291 231)	(291 231)	(35 764)	(326 995)
Net operating profit/ (loss)	**2 028 687**	**1 734 721**	**458 534**	**22 329**	**(291 231)**	**3 953 040**	**(29 169)**	**3 923 871**
Other income	–	58	461	3 944	3 661	8 124	1 482	9 606
(Loss)/gain on disposal of assets	–	–	–	(39 918)	–	(39 918)	18 391	(21 527)
Changes in fair values of investment properties	(1 692 319)	(441 967)	483 510	12 266	(22 190)	(1 660 700)	41 427	(1 619 273)
Changes in fair values of financial and other instruments	–	–	–	–	530 661	530 661	1 412 957	1 943 618
Changes in fair value of the insurance contract liability	–	–	–	–	(64 272)	(64 272)	–	(64 272)
Changes in expected credit losses – loans receivable	–	–	–	–	(116 206)	(116 206)	2 430	(113 776)
Reversal of impairment of associate	–	–	–	–	–	–	922 526	922 526
Equity-accounted profit (net of taxation)	–	–	–	–	–	–	275 040	275 040
Profit before finance costs and taxation	**336 368**	**1 292 812**	**942 505**	**(1 379)**	**40 423**	**2 610 729**	**2 645 084**	**5 255 813**
Interest income	–	–	–	–	568 881	568 881	91 163	660 044
Interest expense	(11)	(26)	(90)	(1)	(2 100 488)	(2 100 616)	(282 130)	(2 382 746)
Foreign exchange gains	–	–	–	–	–	–	129 889	129 889
Profit before taxation	**336 357**	**1 292 786**	**942 415**	**(1 380)**	**(1 491 184)**	**1 078 994**	**2 584 006**	**3 663 000**
Taxation	–	–	–	–	(585 487)	(585 487)	(263 643)	(849 130)
Profit for the year from continuing operations	**336 357**	**1 292 786**	**942 415**	**(1 380)**	**(2 076 671)**	**493 507**	**2 320 363**	**2 813 870**
Loss from discontinued operations (net of taxation)	–	–	–	(192 503)	–	(192 503)	–	(192 503)
Profit for the year	**336 357**	**1 292 786**	**942 415**	**(193 883)**	**(2 076 671)**	**301 004**	**2 320 363**	**2 621 367**
Non-controlling interests	–	–	–	72 828	–	72 828	37 115	109 943
Profit/(loss) for the year attributable to Redefine Properties Limited shareholders	**336 357**	**1 292 786**	**942 415**	**(121 055)**	**(2 076 671)**	**373 832**	**2 357 478**	**2 731 310**

Distributable income analysis

for the six months ended 28 February 2022

Figures in R'000	South Africa	International	Total
Property portfolio revenue	3 879 130	496	**3 879 626**
Investment income	–	3 675	**3 675**
Total revenue	3 879 130	4 171	**3 883 301**
Operating costs (including changes in expected credit losses on trade receivables)	(1 497 440)	(15 158)	**(1 512 598)**
Administration costs	(136 324)	936	**(135 388)**
Net operating profit/(loss)	2 245 366	(10 051)	**2 235 315**
Other income	(3 088)	1 417	**(1 671)**
Net distributable profit/(loss) before finance costs and taxation	2 242 278	(8 634)	**2 233 644**
Net interest costs	(798 597)	(64 359)	**(862 956)**
– Interest income	252 501	26 063	**278 564**
– Interest expense	(1 051 098)	(90 422)	**(1 141 520)**
Foreign exchange gain	–	38 574	**38 574**
Net distributable profit/(loss) before taxation	1 443 681	(34 419)	**1 409 262**
Taxation	–	–	**–**
Net income/(loss) from continued operations	1 443 681	(34 419)	**1 409 262**
Distributable income from discontinued operations	–	11 958	**11 958**
Net income/(loss) from operations before non-controlling interest share	1 443 681	(22 461)	**1 421 220**
Non-controlling interest share of distributable income	–	845	**845**
Net income/(loss) before distributable adjustments	1 443 681	(21 616)	**1 422 065**
Below the line distributable income adjustments:			
– Equity–accounted investment	–	42 805	**42 805**
– Antecedent adjustment	40 921	–	**40 921**
Distributable income for the period	1 484 602	21 189	**1 505 791**

Revenue disclosure

for the six months ended 28 February 2022

Figures in R'000	Unaudited 28 February 2022	Unaudited 28 February 2021	Audited 31 August 2021
Continuing operations			
Revenue from contract with tenants	**3 825 234**	3 921 950	7 612 366
Contractual rental income	**2 593 834**	2 788 593	5 264 725
Non-Gross lettable area (GLA) Income	**42 084**	38 668	76 216
Covid-19 pandemic rental relief	**6 034**	(58 348)	(60 661)
Tenant installations	**(37 079)**	(35 324)	(72 087)
Tenant parking income	**215 271**	221 870	441 678
Operating costs recovery	**1 005 090**	966 491	1 962 495
Other revenue	**54 392**	45 210	75 843
Customer parking income	**21 993**	13 538	26 417
Other income	**32 399**	31 672	49 426
	3 879 626	3 967 160	7 688 209
Discontinued operations			
Revenue from contract with tenants	**27 017**	–	108 147
Contractual rental income	**21 780**	–	107 744
Non-GLA income	**–**	–	403
Operating costs recovery	**5 237**	–	–
Other revenue	**–**	–	1 962
Other revenue	**–**	–	1 962
	27 017	–	110 109

Financial instruments and investment property fair value disclosure

Categories of financial instruments	Unaudited 28 February 2022			Unaudited 28 February 2021			Audited 31 August 2021		
Figures in R'000	At amortised cost	At fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Total
Financial assets									
Listed securities	–	97 226	97 226	–	56 715	56 715	–	69 679	69 679
Derivative assets	–	288 255	288 255	–	173 420	173 420	–	291 322	291 322
Loans receivable	1 134 100	–	1 134 100	2 169 958	–	2 169 958	2 726 862	–	2 726 862
Other financial assets	–	298 866	298 866	–	439 700	439 700	–	267 978	267 978
Trade and other receivables	595 126	–	595 126	617 621	–	617 621	593 705	–	593 705
Cash and cash equivalents	1 255 744	–	1 255 744	500 623	–	500 623	1 356 385	–	1 356 385
	2 984 970	684 347	3 669 317	3 288 202	669 835	3 958 037	4 676 952	628 979	5 305 931
Financial liabilities									
Interest-bearing borrowings	29 092 701	–	29 092 701	32 309 611	–	32 309 611	30 743 000	–	30 743 000
Interest accrual on interest-bearing borrowings	102 613	–	102 613	176 386	–	176 386	125 345	–	125 345
Derivative liabilities	–	1 095 713	1 095 713	–	2 377 884	2 377 884	–	1 714 424	1 714 424
Other financial liabilities	144 249	20 983	165 232	529 095	82 764	611 859	559 983	100 167	660 150
Trade and other payables	1 402 750	–	1 402 750	1 306 666	–	1 306 666	1 565 060	–	1 565 060
	30 742 313	1 116 696	31 859 009	34 321 758	2 460 648	36 782 406	32 993 388	1 814 591	34 807 979

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

IFRS 13 requires that an entity discloses for each class of financial instruments and investment property measured at fair value, the level in the fair value hierarchy into which the fair value measurements are categorised in their entirety.

The fair value hierarchy reflects the significance of the inputs used in making fair value measurements.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The fair value hierarchy has the following levels:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

Financial instruments and investment property fair value disclosure continued

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

Fair value hierarchy for financial instruments and investment property

Figures in R'000	Unaudited 28 February 2022			
	Fair value	**Level 1**	**Level 2**	**Level 3**
Assets				
Investment properties*	**57 545 329**	**–**	**–**	**57 545 329**
Investment properties held-for-sale	**3 078 824**	**–**	**–**	**3 078 824**
Listed securities	**97 226**	**97 226**	**–**	**–**
Derivative assets	**288 255**	**–**	**288 255**	**–**
Other financial assets	**298 866**	**–**	**–**	**298 866**
	61 308 500	**97 226**	**288 255**	**60 923 019**
Liabilities				
Derivative liabilities	**1 095 713**	**–**	**1 095 713**	**–**
Other financial liabilities	**20 983**	**–**	**–**	**20 983**
	1 116 696	**–**	**1 095 713**	**20 983**

Figures in R'000	Unaudited 28 February 2021			
	Fair value	Level 1	Level 2	Level 3
Assets				
Investment properties*	61 601 639	–	–	61 601 639
Investment properties held-for-sale	2 595 047	–	–	2 595 047
Listed securities	56 715	56 715	–	–
Derivative assets	173 420	–	173 420	–
Other financial assets	439 700	–	–	439 700
	64 866 521	56 715	173 420	64 636 386
Liabilities				
Derivative liabilities	2 377 884	–	2 377 884	–
Other financial liabilities	82 764	–	–	82 764
	2 460 648	–	2 377 884	82 764

Figures in R'000	Audited 31 August 2021			
	Fair value	Level 1	Level 2	Level 3
Assets				
Investment properties*	58 186 568	–	–	58 186 568
Investment properties held-for-sale	2 749 073	–	–	2 749 073
Listed securities	69 679	69 679	–	–
Derivative assets	291 322	–	291 322	–
Other financial assets	267 978	–	–	267 978
	61 564 620	69 679	291 322	61 203 619
Liabilities				
Derivative liabilities	1 714 424	–	1 714 424	–
Other financial liabilities	100 167	–	–	100 167
	1 814 591	–	1 714 424	100 167

* *Including properties under development and right-of-use assets.*

Financial instruments and investment property fair value disclosure continued

Level 3 reconciliation

Figures in R'000	Balance at beginning of the year	Acquisitions/ (disposals)	Gain/(loss) in profit or loss for the period	Balance at end of the period
	Unaudited 28 February 2022			
Investment properties	**57 147 740**	**(394 487)**	**(153 093)**	**56 600 160**
Properties under development	**926 012**	**(58 461)**	**(32 337)**	**835 214**
Right-of-use assets	**112 816**	**8 210**	**(11 071)**	**109 955**
Investment properties held-for-sale	**2 749 073**	**373 612**	**(43 861)**	**3 078 824**
Other financial assets	**267 978**	**(15 421)**	**46 309**	**298 866**
Other financial liabilities	**(100 167)**	**61 537**	**17 647**	**(20 983)**
	61 103 452	**(25 010)**	**(176 406)**	**60 902 036**

Figures in R'000	Balance at beginning of the year	Acquisitions/ (disposals)	Gain/(loss) in profit or loss for the period	Balance at end of the period
	Unaudited 28 February 2021			
Investment properties	61 571 128	128 846	(1 137 626)	60 562 348
Properties under development	1 628 442	(520 857)	(180 591)	926 994
Right-of-use assets	116 329	(10)	(4 022)	112 297
Investment properties held-for-sale	5 708 480	(3 175 817)	62 384	2 595 047
Other financial assets	825 020	(407 708)	22 388	439 700
Other financial liabilities	(96 642)	13 789	89	(82 764)
	69 752 757	(3 961 757)	(1 237 378)	64 553 622

Figures in R'000	Balance at beginning of the year	Acquisitions/ (disposals)	Gain/(loss) in profit or loss for the year	Balance at end of the year
	Audited 31 August 2021			
Investment properties	61 571 128	(2 036 878)	(2 386 510)	57 147 740
Properties under development	1 628 442	(542 742)	(159 688)	926 012
Right-of-use assets	116 329	18 670	(22 183)	112 816
Investment properties held-for-sale	5 708 480	(3 013 488)	54 081	2 749 073
Other financial assets	825 020	(568 257)	11 215	267 978
Other financial liabilities	(96 642)	–	(3 525)	(100 167)
	69 752 757	(6 142 695)	(2 506 610)	61 103 452

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

Financial instruments and investment property fair value disclosure continued

Details of valuation techniques

The valuation techniques used in measuring fair values at 28 February 2022 for financial instruments and investment property measured at fair value in the statement of financial position, as well as the significant unobservable inputs used are disclosed below. There has been no significant changes in valuation techniques and inputs since 31 August 2021.

Investment property

A panel of independent external valuers are appointed to conduct the Group's February 2022 property 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 Askew	MA Property Valuations & Property Law, 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
CBRE Excellerate	C Geldenhuys	BTech, MRICS, MIV(SA), professional valuer
Spectrum Valuation and Asset Solutions	P O'Connell	NDip, MRICS, professional valuer

Financial instruments and investment property fair value disclosure continued

Unobservable inputs (% unless otherwise stated)	Unaudited 28 February 2022	Unaudited 28 February 2021	Audited 31 August 2021
Office sector			
Discount rate	**9.00 – 17.00**	10.50 – 16.50	9.00 – 17.00
Exit capitalisation rate	**8.00 – 13.00**	8.00 – 12.50	8.00–13.00
Bulk rate	**R1 500 – R3 500 p/m²**	R1 500 – R3 000 p/m²	R1 500 – R3 000 p/m²
Expected market rental growth	**1.00 – 5.00**	1.00 – 5.00	1.00 – 5.00
Expected expense growth	**5.50 – 7.00**	5.50 – 7.00	5.50 – 7.00
Occupancy rate	**86.77**	85.59	86.87
Vacancy periods	**0 – 24 months**	0 – 12 months	0 – 12 months
Rent-free periods	**0 – 9 months**	0 – 9 months	0 – 9 months
Retail sector			
Discount rate	**10.00 – 16.00**	10.50 – 16.75	10.00 –16.00
Exit capitalisation rate	**7.00 – 13.00**	7.25 – 13.50	7.00 – 13.00
Bulk rate	**R1 200 – R3 000 p/m²**	R175 – R2 500 p/m²	R1 200 – R2 500 p/m²
Expected market rental growth	**1.00 – 5.00**	1.00 – 5.00	2.00 – 5.00
Expected expense growth	**5.50 – 7.00**	5.50 – 7.00	6.00 – 7.00
Occupancy rate	**94.74**	93.79	94.61
Vacancy periods	**0 – 12 months**	0 – 12 months	0 – 12 months
Rent-free periods	**0 – 9 months**	0 – 9 months	0 – 9 months
Industrial sector			
Discount rate	**11.00 – 15.50**	13.00 – 15.50	11.00 – 15.50
Exit capitalisation rate	**8.00 – 11.50**	8.00 – 11.00	8.00 –11.50
Bulk rate	**R250 – R2 000 p/m²**	R450 – R1 700 p/m²	R250 – R1 600 p/m²
Expected market rental growth	**1.50 – 5.00**	1.00 – 5.00	1.00 – 5.00
Expected expense growth	**5.50 – 8.00**	5.50 – 7.00	5.50 – 7.00
Occupancy rate	**93.59**	91.60	92.07
Vacancy periods	**0 – 12 months**	0 – 12 months	0 – 12 months
Rent-free periods	**0 – 9 months**	0 – 9 months	0 – 9 months
Specialised sector			
Discount rate	**13.00 – 13.50**	14.50 – 15.00	13.00 – 13.50
Exit capitalisation rate	**9.00 – 9.75**	9.50 – 9.75	9.00 – 9.75
Expected market rental growth	**1.00 – 4.00**	1.00 – 5.00	1.00 – 4.50
Expected expense growth	**6.00**	5.50 – 8.00	6.00
Occupancy rate	**100.00**	100.00	100.00
Vacancy periods	**0 – 12 months**	0 – 12 months	0 – 12 months
Rent-free periods	**0 – 9 months**	0 – 9 months	0 – 9 months

Financial instruments and investment property fair value disclosure continued

Measurement of fair value

Valuation techniques

Valuations were completed using the following methods of valuation:

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 and 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.

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.

Financial instruments and investment property fair value disclosure continued

	As at 28 February 2022			Change in exit capitalisation rate				Change in discount rate			
Sector	Valuation R'000	Weighted average exit cap rate	Weighted average discount rate	Decrease 50bps R'000	%	Increase 50bps R'000	%	Decrease 50bps R'000	%	Increase 50bps R'000	%
Office	21 407 418	8.85%	12.54%	822 316	3.84%	(728 633)	(3.40%)	394 220	1.84%	(372 911)	(1.74%)
Retail	23 338 385	8.08%	12.29%	820 524	3.52%	(1 115 322)	(4.78%)	115 106	0.49%	(729 927)	(3.13%)
Industrial	11 057 578	8.97%	13.27%	476 901	4.31%	(260 199)	(2.35%)	332 448	3.01%	(70 283)	(0.64%)
	55 803 381*										

* *Excludes right-of-use assets, held-for-sale assets and land and inclusive of buildings classified as property, plant and equipment.*

Properties under development – comparable sales method

Properties under development comprise 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 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 R56.7 billion (FY21: R57.3 billion) and properties under development of R0.8 billion (FY21: R0.9 billion) has been categorised as level 3 under the fair value hierarchy based on the inputs to the valuation technique.

Properties classified as held-for-sale – contract sales price

The investment properties classified as held-for-sale are properties that the board of directors has decided will be recovered through sale rather than through continuing use. The fair value of these properties is determined based on the contract selling price with the willing buyer.

The fair value measurement for investment properties classified as held-for-sale of R3.1 billion (FY21: R2.7 billion) has been categorised as level 3 under the fair value hierarchy based on the inputs to the valuation technique.

Financial instruments and investment property fair value disclosure continued

Financial instruments

Listed securities

The fair value is determined using the closing market price on the relevant exchange.

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.

Other financial assets and liabilities

Unlisted securities

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

Profit participation liability

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

Rental guarantee

The rental guarantee entered into with the buyer, guarantees a certain level of rental income in which the rental guarantee is determined. The fair value of the rental guarantee is calculated based on unobservable inputs, i.e. occupancy levels.

Madison earn-out

The Madison earn-out arising from the sale of ELI relates to the assets in the ELI portfolio that were still under construction on transfer date. The fair value is based on unobservable inputs of the asset under construction estimated as at the expected date of completion, i.e. NOI, debt outstanding, outstanding rent reductions and working capital.

Business combinations

Bruin sp. z.o.o. (Bruin)(M1 Marki)

On 3 December 2021, Redefine acquired 100% of the equity in Bruin (housing the M1 Marki property) for an aggregate purchase price equal to R1.4 billion (€76.4 million).

The table below summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition translated at the closing spot price on 3 December 2021.

Figures in R'000	3 December 2021*
Assets	
Investment property	2 210 941
Tax receivable	592
Trade and other receivables	12 205
Cash and cash equivalents	7 945
Liabilities	
Interest-bearing borrowings	883 189
Deferred taxation	103 841
Taxation payable	4 067
Trade and other payables	8 406
Fair value of net assets acquired	1 232 180
Goodwill	142 828
Purchase consideration	1 375 008
Prepayment and fair value of financial assets ^	1 200 764
Cash consideration	174 244
Cash and cash equivalents acquired	7 945
Net cash inflow on acquisition of Bruin	7 945

Goodwill is attributable to the purchase consideration exceeding net asset value of the acquired business primarily due to the consideration driven by the value of the tangible net assets acquired (excluding deferred taxation).

In line with the Group's accounting policy, Goodwill arising on the acquisition of a business is carried at cost less accumulated impairment losses. During the current period, goodwill amounting to R142.8 million was recognised from the acquisition of Bruin. The investment in Bruin was reclassified to non-current assets held-for-sale as a subsidiary that was acquired exclusively with a view to resale. After the initial recognition, Goodwill recognised from the acquisition of Bruin was impaired by R105.7 million, the impairment of the Goodwill was as a result of the carrying value of the disposal group of R1.4 billion (€76.4 million) exceeding the sales price of the disposal group of R1.2 billion (€70.5 million) to the M1 HoldCo JV as part of the EPP reorganisation referred to on page 43.

* *The acquisition date used for accounting for the business combination in terms of IFRS 3 was 3 December 2021.*

^ *Prepayment during March 2021 for €10 million and vendor loan of €56.7 million exchange settlement.*

Business combinations continued

Bruin sp. z.o.o. (Bruin) continued

If the business had been acquired on 1 September 2021, management estimates that consolidated revenue and net profit after taxation for the Redefine Group would have been R3.6 billion and R2.3 billion respectively. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 September 2021.

The Group incurred acquisition-related costs of R2.5 million to 28 February 2022. This is disclosed as part of administration costs in the statement of profit or loss and other comprehensive income.

Key estimates and assumptions

The same valuation techniques were used as disclosed under financial instruments and investment property fair value disclosure, in this document.

The following unobservable inputs were used during the fair value determination:

Unobservable inputs across sectors (% unless otherwise stated)

Retail sector	
Discount rate	**7.5%**
Exit capitalisation rate	**6.4%**
Occupancy rate	**100.0%**
Vacancy periods	**3 months**
Rent-free periods	**n/a**

Trade and other receivables are carried at amortised cost. Due to their short-term nature, amortised cost approximates the fair value.

Cash and cash equivalents are carried at amortised cost which approximates fair value.

Interest-bearing borrowings and trade and other payables are classified as other financial liabilities which is carried at amortised cost which approximates fair value.

Discontinued operations

Bruin

On 3 December 2021, Redefine acquired 100% of the shares in Bruin, with the intention to resell the investment to M1 HoldCo JV as part of the EPP reorganisation disclosed on page 43, for a cash consideration of R351.0 million (€20.5 million) and a shareholding in the M1 HoldCo JV to the value of R856.0 million (€50 million).

The disposal of the interest in Bruin meets the definition of a discontinued operation as defined in IFRS 5: Non-current assets held-for-sale and discontinued operations, as Bruin was a subsidiary acquired exclusively with a view to resell.

The financial performance information presented are for the period ended 28 February 2022.

Summarised statements of profit or loss and other comprehensive income

Figures in R'000	
Revenue	27 017
Operating and administrative costs	(8 407)
Changes in fair values of financial and other instruments	6 069
Interest expense	(5 605)
Other	(4 783)
Profit for the period from discontinued operations	14 291

Events after the reporting period

Dividends declared

In line with IAS 10 Events after the reporting period, the declaration of the dividend occurred after the reporting period, resulting in a non-adjusting subsequent event which is not recognised in the financial statements.

Business combinations

EPP.N.V (EPP)

Background to the transaction and acquisition date

On 29 November 2021, Redefine made an offer (Redefine offer) to acquire all the remaining shares in EPP not already owned by Redefine (other than those EPP share owned by I Group Consolidated Holdings Proprietary Limited and its subsidiaries (collectively I Group)) at a fair swap ratio of 2.7 Redefine shares per EPP share. The transaction is aimed at the delisting and reorganisation of EPP, with the objective of significantly reducing EPP's debt and restoring the financial position of EPP so that EPP will be in a position to be able to declare dividends again.

Effective 8 March 2022, EPP was delisted and the Redefine offer to acquire an additional interest in EPP increased Redefine's interest from 45.44% to 87.45% (prior to the EPP reorganisation and acquisition of additional EPP shares) and 95.45% (post the EPP reorganisation and acquisition of additional EPP shares).

The overall objective of the transaction was to achieve an effective merger of the businesses of Redefine and EPP. The transaction was an exchange of NAV rather than a cash exit for existing EPP shareholders. It afforded the EPP shareholders an election to swap into Redefine shares or remain invested in an unlisted EPP with a restructured balance sheet and accelerated restoration of dividend payments. A key element of the transaction was that it avoided EPP issuing shares which would have been at a deep discount to its NAV (as dictated by the listed equity market) and would have resulted in significant value destruction for shareholders.

Refer to the circular issued by EPP on 17 December 2021 for further details.

The fair swap ratio of 2.7 was determined with reference to discounted cash flows and corroborated by net asset value (NAV) and price-to-book (P/B) ratios of Redefine and EPP. Investment properties are the most material component of NAV and are supported by independent third party valuations. The basis of these valuations is generally on a discounted cash flow basis.

The acquisition of a controlling stake in EPP is consistent with Redefine's strategy to either exit minority investments or gain strategic control of assets where Redefine already has a major stake.

Events after the reporting period continued

Business combinations continued

EPP.N.V (EPP) continued

The table below summarises the provisional amounts of assets acquired and liabilities assumed at the date of acquisition (prior to the EPP reorganisation and acquisition of additional EPP shares) translated at the closing spot price on 8 March 2022.

Figures in R'000	8 March 2022^
Assets	
Fair value of investment properties	15 515 356
Right-use-assets	328 909
Investment in joint ventures	2 801 181
Cash and cash equivalents	1 168 624
Other assets	373 607
Deferred tax asset	7 536
Non-current assets held-for-sale	22 338 885
Liabilities	
Interest-bearing borrowings	13 018 694
Deferred tax liability	1 033 821
Lease liabilities	356 054
Other liabilities	467 705
Non-current liabilities held-for-sale	12 003 884
Fair value of net assets acquired	15 653 940
Gain on bargain purchase #	(2 313 967)
Purchase consideration	11 379 215
Fair value of investment in associate disposed *	7 113 112
Settlement in 1 030 459 642 Redefine shares at an issue price of R4.14 **	4 266 103
113 726 280 shares held by non-controlling interest	1 960 758
Cash and cash equivalents acquired	1 168 624
Cash inflow on acquisition of EPP	1 168 624

^ *The acquisition date used for accounting for the business combination in terms of IFRS 3 was 8 March 2022.*

* *Fair value of previously held interest was calculated based on EPP's assets acquired and liabilities assumed at acquisition date, which resulted in a provisional equity accounted profit/loss and remeasurement gain of R633.6 million.*

** *Although the transaction was an effective Redefine NAV for EPP NAV swap, it was settled using Redefine shares, as such the consideration price was determined with referenced to a level 1, most observable market input, being the Redefine listed share price. Settlement at a fair swap ratio of 2.7 Redefine shares per EPP share.*

The gain is as a result of the difference between the fair value of EPP net assets acquired and the purchase consideration (Redefine shares issued at the Redefine share price and the fair value of the previously held interest) and NCI. On accepting the Redefine offer, EPP shareholders are swapping EPP shares for Redefine shares which trade at a similar discount to NAV. EPP shareholders are swapping EPP NAV of R17.31 as at acquisition date for Redefine NAV R17.87 (Redefine NAV as at 28 February 2022 post dividend R6.62 at a swap ratio of 2.7) obtaining a 3.3% effective premium to EPP NAV.

The Group recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in EPP, the Group elected to recognise the non-controlling interests at its proportionate share of the acquired net identifiable assets.

Events after the reporting period continued

Business combinations continued

EPP.N.V (EPP) continued

Key estimates and assumptions

The same valuation techniques were used as disclosed under financial instruments and investment property fair value disclosure, in this document. Investment properties were valued at 31 December 2021.

The following unobservable inputs were used during the fair value determination:

Unobservable inputs across sectors (% unless otherwise stated)

Retail sector

Discount rate	**7.20 – 10.05**
Exit capitalisation rate	**5.90 – 10.20**
Occupancy rate	**96.00**
Vacancy periods	**3 – 6 months**
Rent-free periods	**n/a**

Office sector

Discount rate	**8.00 – 9.60**
Exit capitalisation rate	**7.20 – 8.20**
Occupancy rate	**95.80**
Vacancy periods	**3 – 6 months**
Rent-free periods	**5 – 6 months**

Trade and other receivables are carried at amortised cost. Due to their short-term nature, amortised cost approximates the fair value. Trade and other receivables comprise provisional gross contractual amounts due of R171.7 million, net of a provision for doubtful debts of R36.5 million, which is the best estimate at the acquisition date of the contractual cash flows not expected to be collected

Interest-bearing borrowings and other liabilities are classified as other financial liabilities which is carried at amortised cost which approximates fair value.

If the business had been acquired on 1 September 2021, management estimates that the provisional consolidated revenue and provisional net profit after taxation for the Redefine Group would have been R5.3 billion and R3.7 billion respectively. In determining these amounts, management has assumed that the fair value adjustments, determined at EPP's December year-end and applied for the IFRS 3 at acquisition amounts, would have been the same if the acquisition had occurred on 1 September 2021.

The Group incurred acquisition-related costs of R3.8 million to February 2022. These cost are disclosed as part of administration costs in the statement of profit or loss and other comprehensive income.

Events after the reporting period continued

EPP reorganisation*

M1 HoldCo JV

Effective 10 March 2022, EPP incorporated M1 HoldCo JV to house the M1 portfolio of assets comprising of 11 shopping centres. EPP disposed of 10 properties to M1 HoldCo JV. Redefine Europe disposed of its investment in Bruin (housing the M1 Marki property) to M1 HoldCo JV.

PIMCO acquired 50.0% of the shares and shareholder loans in M1 HoldCo JV for a cash consideration of R1.9 billion (€111.3 million). Total cash inflows to EPP (net of PIMCO's share of M1 Marki and transaction costs) amount to R1.5 billion (€87.9 million). To date, R1.3 billion (€73.9 million) has been received by EPP with the remaining R0.2 billion (€13.8 million) expected to be settled in June 2022. EPP has utilised the cash injection to settle debt.

Post the M1 JV transaction, EPP and Redefine Europe own in aggregate 50.0% of M1 HoldCo JV and PIMCO holds the remaining 50.0% of M1 HoldCo JV.

The shareholders have contractually agreed to the sharing of control of the JVs that requires unanimous consent by EPP and PIMCO on decisions about its relevant activities, this meets the definition of a JV as defined by IFRS 11 Joint Arrangements.

EPP Community Properties JV

Effective 14 March 2022, EPP disposed of 15 properties to the newly established EPP Community Properties JV. I Group was introduced as a third-party equity investment partner into EPP Community Property JV. I Group acquired its 46.1% shareholding in EPP Community Property JV for a cash consideration of R864.6 million (€50.5 million) and by swapping its 74 993 917 (8.26%) EPP N.V shares into EPP Community Properties JV shares. EPP retained 53.9% shareholding in EPP Community Properties JV.

During March 2022, EPP Community Property JV obtained additional debt funding amounting to R1.4 billion (€82.8 million) of which R1.4 billion (€80.0 million) was distributed to its shareholders.

Total cash inflows to EPP (cash injection from I Group and distribution of additional funding net of transaction costs) amount to R1.6 billion (€91.5 million). EPP has utilised the cash injection to settle debt.

EPP and I Group have contractually agreed to the sharing of control of the JVs that requires unanimous consent by both parties on decisions about its relevant activities, this meets the definition of a JV as defined by IFRS 11 Joint Arrangements.

Disposal of Power Park Opole*

During March 2022, EPP disposed of a Power Park situated in Opole, Poland, to the German-based investment company, Gutenbery Capital, for total proceeds amounting to R347.5 million (€20.3 million) (net proceeds R196.9 million (€11.5 million)) which EPP utilised to settle debt.

* *Translated at the closing spot price on 28 February 2022.*

Events after the reporting period continued

Disposal of Towarowa*

EPP has entered into a preliminary sale of shares agreement with AFI Europe N.V (purchaser) to dispose of EPP's shares in a Polish company that holds 70.0% in a partnership that holds perpetual usufruct rights in respect of land plots of approximately 65 000 m^2 in central Warsaw, located at 22 Towarowa Street, Warsaw, for a total cash consideration that may amount to circa R2.2 billion (€126.0 million).

The purchaser will pay R1.2 billion (€72.8 million) of the purchase consideration to EPP upon completion of the transaction. Net proceeds to the EPP will be reduced by top-up of the purchase price which is due to be paid by EPP to the original owners of the plots, and other transactional costs. The remainder of the consideration will be paid according to milestones agreed between the parties.

Net disposal proceeds amounting to R588.9 million (€34.4 million) and R137.0 million (€8.0 million) are expected to flow to EPP during June 2022 and September 2022 which will be utilised by EPP to settle debt. The remaining net disposal proceeds amounting to R892.0 million (€52.1 million) are expected to flow to EPP between FY2023 and FY2028.

Investment in Mlociny*

During March 2022, EPP injected a further R916.0 million (€53.5 million) into its investment in Mlociny. Mlociny has utilised the cash injection to settle debt.

Acquisition of additional EPP shares

On 10 March 2022, Redefine extended an invitation to all EPP shareholders who had not accepted the Redefine delisting offer in terms of which EPP shareholders were invited to sell their remaining EPP shares to Redefine, at the same fair swap ratio 2.7 Redefine shares for 1 EPP share.

On 20 April 2022, Redefine acquired a further 832 418 EPP shares at a fair swap ratio of 2.7 Redefine shares for every 1 EPP share, increasing the Redefine shareholding in EPP to 95.45%.

Obtaining control of EPP and the subsequent EPP reorganisation, disposals, investments and acquisition of additional EPP shares occurred after the reporting period, resulted in a non-adjusting subsequent event which is not recognised in the financial statements.

* *Translated at the closing spot price on 28 February 2022.*

3

SA REIT RATIOS

Silverstream Office Park, Bryanston

SA REIT ratios

Figures in R'000	28 February 2022	28 February 2021	31 August 2021
SA REIT Funds from Operations (SA REIT FFO) per share			
Profit or loss per IFRS Statement of Comprehensive Income (SOCI) attributable to the parent	**2 132 458**	1 545 152	2 731 310
Adjusted for:			
Accounting/specific adjustments	**491 027**	859 648	2 006 693
Fair value adjustments to:			
– Investment properties	**(171 427)**	617 132	1 629 408
– Debt and equity instruments held at fair value through profit or loss	**233 539**	464 101	489 302
Depreciation and amortisation of intangible assets	**8 216**	7 918	43 788
Impairment of goodwill or the recognition of a bargain purchase gain	**105 683**	–	–
Asset impairments (excluding goodwill) and reversals of impairment	**(51 467)**	(948 307)	(808 750)
Gains or losses on the modification of financial instruments	**–**	56 741	57 060
Deferred tax movement recognised in profit or loss	**8 623**	29 118	64 206
Straight-lining operating lease adjustment	**351 534**	632 945	531 679
Transaction costs expensed in accounting for a business combination	**6 326**	–	–
Adjustments arising from investing activities	**(1 715)**	(1 316)	139 727
Gains or losses on disposal of:			
– Debt and equity instruments	**–**	–	105 465
– Investment properties and property, plant and equipment	**(1 715)**	(1 642)*	(3 285)
– Subsidiaries and equity-accounted entities held	**–**	326	37 547
Foreign exchange and hedging items	**(538 332)**	(1 818 092)	(2 674 928)
Fair value adjustments on derivative financial instruments employed solely for hedging purposes	**(608 913)**	(1 706 095)	(2 443 055)
Reclassified foreign currency translation reserve upon disposal of a foreign operation	**–**	3 277	3 277
Foreign exchange gains or losses relating to capital items – realised and unrealised	**70 581**	(115 274)	(235 150)
Other adjustments	**(499 526)**	450 707	192 009
Tax impact of the above adjustments	**(38 092)**	108 387*	417 371
Adjustments made for equity-accounted entities	**(619 172)**	453 489	(195 340)
Non-controlling interests in respect of the above adjustments	**116 817**	(111 169)	(30 022)
Antecedent earnings adjustment	**40 921**	–	–
SA REIT FFO:	**1 583 912**	1 036 099	2 394 811

** These amounts were reclassified between SA REIT FFO and company – specific adjustments*

SA REIT ratios continued

Figures in R'000	28 February 2022	28 February 2021	31 August 2021
SA REIT FFO:	**1 583 912**	1 036 099	2 394 811
Number of shares outstanding at end of period (net of treasury shares)	**5 719 715**	5 432 630	5 432 630
SA REIT FFO per share (cents)	**27.69**	19.07	44.08
Company-specific adjustments	**(78 121)**	386 292	482 097
Non-distributable adjustments for discontinued operation	**(2 332)**	–	134 607
Changes in insurance contract liability	**(39 834)**	45 000*	64 272
Interest received Chariot loan	**(17 087)**	(20 894)	(43 000)
Capital transaction costs expenses	**11 162**	15 645	29 019
Property held-for-trading	**1 783**	1 529	4 405
Taxation paid on FY20 distributable income retained	**–**	367 087	367 087
Depreciation (excluding owner-occupied properties)	**(7 534)**	(7 918)	(41 968)
Insurance income refund of a capital nature	**(13 208)**	–	–
Leasehold interest and expense	**(11 071)**	(14 157)	(32 325)
Distributable income	**1 505 791**	1 422 391	2 876 908
Unrealised foreign exchange gains	**–**	–	350 438
Other	**–**	–	38 708
Distribution pay-out ratio	**90%**	–	114%
Dividend declared	**1 355 212**	–	3 266 054
Distributable income per share (DIPS) (cents)	**26.33**	26.18	52.96
Dividend per share (cents)	**23.69**	–	60.12
Reconciliation of period-end and declaration date distribution			
Distributable income for period end	**1 505 791**	1 422 391	2 876 908
EPP antecedent adjustment	**271 873**	–	–
Distributable income for the declaration date	**1 777 664**	1 422 391	2 876 908
Number of shares outstanding at dividend declaration date (net of treasury shares)	**6 752 420**	5 432 630	5 432 630
Distributable income per share (DIPS) (cents) (including EPP antecedent adjustment)	**26.33**	26.18	52.96
Dividend declared (including EPP antecedent adjustment)	**23.69**	–	60.12

** These amounts were reclassified between SA REIT FFO and company – specific adjustments.*

SA REIT ratios continued

Figures in R'000	28 February 2022	28 February 2021	31 August 2021
SA REIT Net Asset Value (SA REIT NAV)			
Reported NAV attributable to the parent	**39 123 852**	38 519 831	39 218 183
Adjustments:			
Dividends declared	**(1 599 898)**	–	(3 266 054)
Fair value of certain derivative financial instruments	**388 895**	1 003 090	908 892
Goodwill and intangible assets	**–**	–	–
Deferred tax	**624 636**	581 025	616 008
SA REIT NAV	**38 537 485**	40 103 946	37 477 029
Shares outstanding			
Number of shares in issue at period-end (net of treasury shares)	**5 719 715**	5 432 630	5 432 630
Effect of dilutive instruments (options, convertibles and equity interests)	**16 665**	13 661	9 542
Dilutive number of shares in issue	**5 736 380**	5 446 291	5 442 172
SA REIT NAV per share	**6.72**	7.36	6.89
SA REIT cost-to-income ratio			
Expenses			
Operating expenses per IFRS income statement (includes municipal expenses)	**1 513 280**	1 512 669	2 906 460
Administrative expenses per IFRS income statement	**136 722**	138 443	326 995
Exclude:			
Depreciation expense in relation to property, plant and equipment of an administrative nature and amortisation expense in respect of intangible assets	**(8 216)**	(7 918)	(43 789)
Operating costs	**1 641 786**	1 643 194	3 189 666
Rental income			
Contractual rental income per IFRS income statement (excluding straight-lining)	**2 874 536**	3 000 669	5 725 714
Utility and operating recoveries per IFRS income statement	**1 005 090**	966 491	1 962 495
Gross rental income	**3 879 626**	3 967 160	7 688 209
SA REIT cost-to-income ratio	**42.3%**	41.4%	41.5%

SA REIT ratios continued

Figures in R'000	28 February 2022	28 February 2021	31 August 2021
SA REIT administrative cost-to-income ratio			
Expenses			
Administrative expenses as per IFRS income statement	**136 722**	138 443	326 995
Administrative costs	**136 722**	138 443	326 995
Rental income			
Contractual rental income per IFRS income statement (excluding straight-lining)	**2 874 536**	3 000 669	5 725 714
Utility and operating recoveries per IFRS income statement	**1 005 090**	966 491	1 962 495
Gross rental income	**3 879 626**	3 967 160	7 688 209
SA REIT administrative cost-to-income ratio	**3.5%**	3.5%	4.3%
SA REIT GLA vacancy rate			
Gross lettable area of vacant space	**361 908**	386 712	339 671
Gross lettable area of total property portfolio	**4 185 685**	4 338 742	4 315 456
SA REIT GLA vacancy rate	**8.7%**	8.9%	7.9%
SA REIT loan-to-value			
Gross debt	**29 092 701**	32 309 611	30 743 000
Less:			
Cash and cash equivalents	**(1 255 744)**	(500 623)	(1 356 385)
Add/Less:			
Derivative financial instruments (including insurance contract liability)	**962 171**	2 379 739	1 617 649
Non current liabilities classified as held-for-sale	**946 841**	–	–
Net debt	**29 745 969**	34 188 727	31 004 264
Total assets – per Statement of Financial Position	**73 249 520**	76 882 176	75 635 209
Less:			
Cash and cash equivalents	**(1 255 744)**	(500 623)	(1 356 385)
Derivative financial assets	**(288 255)**	(173 420)	(291 322)
Goodwill and intangible assets	**–**	–	–
Trade and other receivables	**(686 544)**	(689 954)	(900 527)
Carrying amount of property-related assets	**71 018 977**	75 518 179	73 086 975
SA REIT loan-to-value ("SA REIT LTV")	**41.9%**	45.3%	42.4%

SA REIT ratios continued

	ZAR	AUD	EUR	USD	GBP
Cost of debt					
28 February 2022					
Variable interest-rate borrowings					
Floating reference rate plus weighted average margin	**6.0%**	2.5%	2.7%	2.6%	–
Fixed interest-rate borrowings					
Weighted average fixed rate	**–**	–	–	–	–
Pre-adjusted weighted average cost of debt:	**6.0%**	2.5%	2.7%	2.6%	–
Adjustments:					
Impact of interest rate derivatives	**1.8%**	–	–	–	–
Impact of cross-currency interest rate swaps	**0.6%**	–	(0.9%)	–	–
Amortised transaction costs imputed into the effective interest rate	**–**	–	–	–	–
All-in weighted average cost of debt:	**8.4%**	2.5%	1.8%	2.6%	–
28 February 2021					
Variable interest-rate borrowings					
Floating reference rate plus weighted average margin	**5.4%**	2.5%	2.6%	2.6%	–
Fixed interest-rate borrowings					
Weighted average fixed rate	**–**	–	–	–	–
Pre-adjusted weighted average cost of debt:	**5.4%**	2.5%	2.6%	2.6%	–
Adjustments:					
Impact of interest rate derivatives	**2.5%**	–	–	–	–
Impact of cross-currency interest rate swaps	**0.8%**	–	(0.9%)	–	–
Amortised transaction costs imputed into the effective interest rate	**–**	–	–	–	–
All-in weighted average cost of debt:	**8.7%**	2.5%	1.7%	2.6%	–
31 August 2021					
Variable interest-rate borrowings					
Floating reference rate plus weighted average margin	**5.5%**	2.5%	2.7%	2.6%	–
Fixed interest-rate borrowings					
Weighted average fixed rate	**–**		–	–	–
Pre-adjusted weighted average cost of debt:	**5.5%**	2.5%	2.7%	2.6%	–
Adjustments:					
Impact of interest rate derivatives	**2.0%**	–	–	–	–
Impact of cross-currency interest rate swaps	**0.6%**	–	(0.9%)	–	–
Amortised transaction costs imputed into the effective interest rate	**–**	–	–	–	–
All-in weighted average cost of debt:	**8.1%**	2.5%	1.8%	2.6%	–

Corporate information

Redefine Properties Limited
(Incorporated in the Republic of South Africa)
Registration number: 1999/018591/06
JSE share code: RDF ISIN: ZAE000190252
Debt company code: BIRDF
(Redefine or the Company or the Group)
(Approved as a REIT by the JSE)

Independent non-executive directors
SM Pityana (chairperson)
ASP Dambuza
B Mathews
D Radley
LJ Sennelo
M Barkhuysen
NB Langa-Royds

Executive directors
AJ König (Chief Executive Officer)
LC Kok (Chief Operating Officer)
NG Nyawo (Chief Financial Officer)

Registered office and business address
4th floor, 155 West Street, Sandown, Sandton
Johannesburg, South Africa, 2196
PostNet Suite 264, Saxonwold, 2132

Transfer secretaries
Computershare Investor Services Proprietary Limited

Sponsor
Java Capital

Company secretary
A Matwa

Independent auditors
PricewaterhouseCoopers Inc.

Covid-19 pandemic disclaimer
Redefine Properties supports all Covid-19 pandemic 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 of 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 pandemic health protocols at all times remains.

REDEFINE
PROPERTIES

We're not landlords. We're people.

www.redefine.co.za