



redefining

2005 annual report







## redefining structure

### Redefine Income

Fund has a hybrid structure with income derived from direct property ownership and investment in listed property securities. The innovative structure provides flexibility for this unique high yielding property loan stock listed on the JSE Limited.

Unitholders benefit from annual increases in rentals paid by lessees of directly owned properties as well as from growth in distributions from the listed securities. Distribution growth is projected at rates higher than the market average.

Redefine is a relatively low-risk investment company by virtue of its diversification through the spread of premium fixed property ownership in prime locations, with quality tenants on longer leases as well as its investment in select listed property securities.

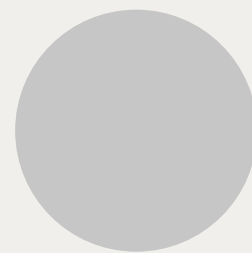


The construction of Southcoast Mall as it rapidly approaches completion in time for the opening in November this year. This will be a vibrant community shopping centre designed to meet the retail, leisure and social interaction needs of a growing and increasingly sophisticated market.

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# Highlights



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- Distribution per linked unit increased by 15%.
- Net Asset Value per linked unit grew to R4,43 in 2005 from R2,77 in 2004.
- Market capitalisation increased by R874 million to R2,203 billion.
- Gearing reduced from 52% to 39%.
- Listed securities portfolio increased by net R499 million (after net disposals of R31 million) to R1,849 billion.
- Acquisition of 14 properties for R535 million increased value of the property portfolio to R2,090 billion and the GLA to 506 998m<sup>2</sup>.
- Disposal of 14 non-core properties for R135 million.
- 32 161m<sup>2</sup> of vacant space leased.
- 97.2% of the property portfolio is leased.
- 57% of leases expire in 2009 and beyond.
- 88% of tenants by revenue are A-grade.

## Financial highlights

	31 Aug 2005	Change	31 Aug 2004
	R000	%	R000
<b>Non-current assets</b>	<b>3 938 569</b>	<b>46</b>	<b>2 694 514</b>
Property portfolio	2 089 833	55	1 345 043
Listed security portfolio	1 848 736	37	1 349 471
Distributions to linked unitholders	181 089	24	145 836
Earnings per linked unit (cents)	193.27	160	74.41
Distribution per linked unit (cents)	36.80	15	32.00
Net asset value per linked unit (cents)	442.96	60	276.99
Closing linked unit price (cents)	440.00	57	280.00
Gearing (%)	39	(25)	52
Linked unit liquidity (%)	56	56	36

# Chairman's statement



The continued buoyancy of the property sector attributable to robust property fundamentals has created substantially increased investor interest in listed property securities.

Current positive market forces are unprecedented not having existed for over 30 years and despite the sceptics talk of 'bursting bubbles' the lower interest rate economic growth and increased demand for retail and commercial property should ensure that, certainly for the foreseeable future, the stability which currently exists in the sector will continue.

All of this has resulted in the lowering of yields with corresponding increase in values of physical property and listed property securities.

## Asset Management

This context introduced a new set of objectives for the asset management of Redefine which required the re-evaluation of Redefine's listed security investments.

During the year Redefine continued with its strategy to dispose of select listed property securities weighting its investment in favour of physical property. This was achieved through the sale of certain investments and the consolidation of Redefine's investment in listed securities to eight counters. Despite the disposals the overall value of Redefine's listed property securities increased to R1,849 billion from R1,349 billion in 2004.

Coupled with this strategy Redefine enhanced and expanded its portfolio by acquiring quality commercial properties at superior yields for a total purchase consideration of R535 million.

Additionally corporate action post year-end has resulted in Redefine exchanging its units in SA Retail for units in Hyprop Investments arising from which there has been substantial unrealised increase in value and conversion to a superior quality counter. Subject to various approvals Redefine intends to exchange its large holding in Prima Property Trust into an increased holding in ApexHI Properties.

## Financial results

Redefine's distribution for the year ended 31 August 2005 increased by 15% to 36.80 cents per linked unit. Redefine's total assets grew to R4,006 billion from R2,891 billion in 2004.

## Going forward

The key objectives for Redefine are to constantly re-evaluate its investments in physical properties and listed property securities and to expand the portfolios with quality acquisitions resulting in meaningful growth in distributions to unitholders.

## Appreciation

During the year Liliane Barnard, Colin Clarke and Diana Perton were appointed as independent non-executive Directors. Between them they have a wealth of experience in listed property securities and retail and commercial property. Welcome to the Board and we look forward to your judicious guidance.

My special thanks to CEO Brian Azizollahoff for his commitment and passion in meeting Redefine's objectives during the past year.

To the entire Madison management team at Redefine I offer resounding gratitude for their ongoing dedication.

Sincere thanks to my co-Directors for their wise counsel during the year.

A handwritten signature in black ink, appearing to read 'Wolf Cesman'.

**Wolf Cesman**  
*Chairman*

10 October 2005

## In context

The listed property sector experienced its most positive period in decades during the year under review.

Growth of the listed property sector as a whole resulted in increased liquidity which fuelled Redefine's total growth of 75% (15% distribution growth and 60% capital growth) compared to 29% achieved during the previous year.

Overall performance can be attributed primarily to the stable interest rate environment which has continued to have a positive effect on the sector with yields reducing to levels not previously experienced. This has been constructive from a rating perspective but has posed certain challenges in terms of acquisitions – and driving up property prices.

The demand for industrial property increases unabated while the retail sector continues to perform exceptionally. The most notable trend during the year under review was the upswing in demand for offices which is set to continue into the foreseeable future.

## Property portfolio

During the year under review Redefine purchased properties in line with its investment criteria of quality properties with values above R20 million in prime locations with predominantly A-grade tenants on long leases. In the current highly competitive environment these investment opportunities are limited which has resulted in lower yields.

Redefine acquired and took transfer of properties at a cost of R535 million during the year taking its direct property portfolio to 53.06% of its total investment portfolio. Notably Redefine acquired a portfolio of nine properties from Collins Property Group for R252,5 million at a forward yield of 10.7%. The properties include the Accenture building in Woodmead, three Africa Glass buildings in Alrode, Centurion and Denver, three Mauff Zail and Partners buildings in Durban, Pretoria and Richmond, the Unitrans BMW Northcliff building and the Avroy Shlain building in Midrand. All the properties are in excellent condition and have triple net leases.

In addition Redefine purchased the 12 200m<sup>2</sup> Rosebank

Arena for R40 million at a forward yield of 12.0%, the fully let Riverside Value Mart in Nelspruit for R37,5 million at a forward yield of 12.3%, Alexander Forbes Place at 90 Rivonia Road Sandton for R113 million at a forward yield of 10.6% and Allcare House at 90 Grayston Drive Sandton for R34 million at a forward yield of 11.1%.

Redefine is currently developing the R192 million Southcoast Mall in Shelly Beach KwaZulu-Natal together with Hyprop Investments Limited. The 28 000m<sup>2</sup> shopping centre will open in November 2005 and will contribute positively to Redefine's future rental growth.

Property life cycle regeneration was ensured through the redevelopment of Fontainebleau Shopping Centre and improvements to Bryanston Wedge and The Posthouse have commenced.

2 Arnold Road in Rosebank was successfully converted to a multi-tenant environment and is fully let.

In line with Redefine's strategy to dispose of non-core properties Redefine disposed of 14 properties for R135 million (valuation: R132 million).

## Listed securities portfolio

Following an extensive review of Redefine's listed property securities portfolio counters which no longer represented acceptable future growth in distributions or where Redefine's exposure was not significant were sold. Redefine disposed of its entire holding in Freestone Property Fund, Growthpoint Properties Limited, Resilient Property Income Fund and Spearhead Property Group.

As a consequence Redefine has successfully refocused its holdings in eight listed property securities representing 46.94% of Redefine's investments at 31 August 2005.

Despite the disposals the value of Redefine's listed property portfolio has increased substantially due to the re-rating of the sector.



# CEO report including review of operations

(continued)

## redefining fundamentals

### Gearing

At 31 August 2005, Redefine's gearing was R1,55 billion, which equates to 39% of non-current assets. This is in line with Redefine's strategy which was to reduce gearing to below 45%.

During the year Redefine restructured its debt to take advantage of the lower interest rate environment. Effective from 1 July 2005 Redefine cancelled its rate swaps and converted debt to long-term fixed-rate mortgage loans thereby lowering finance costs. The debt restructuring has substantially decreased Redefine's cost of borrowings resulting in an annual saving of 1.5% on its fixed-rate debt. The average all-inclusive rate on total debt has decreased from 11.8% to 10.1%. Rate swap breakage costs are financed in the new debt structure.

Of Redefine's total borrowings of R1,55 billion fixed-rate loans comprise 84% secured in four tranches over three, five, seven and ten years providing opportunities to re-evaluate the debt structure at regular intervals. The remaining borrowings are financed at floating rates of interest.

### Leasing

General business confidence currently being experienced has led to a considerable increase in leasing enquiries and requests for additional space from existing tenants wishing to expand. As a result Redefine's vacancy factor has improved to a record 2.8% across the entire property portfolio of office, retail and industrial premises.

Redefine's lease expiry profile exceeds the sector benchmarks with 57% of all leases expiring in 2009 and beyond.

During the year under review Redefine secured 223 leases over 73 576m<sup>2</sup> of space accounting for annual income of more than R37,8 million. Of these, 139 leases over 32 161m<sup>2</sup> valued at R17,9 million represent new agreements with the remainder being renewals.

### Investor relations

Redefine implemented an odd-lot offer to holders of less than 100 linked units arising from a distribution of 50 million

Redefine linked units in February 2004 which increased the number of Redefine linked unitholders from 2 795 to 8 886. The odd-lot offer which decreased the number of linked unitholders by 5 420 enabled Redefine to reduce recurring costs of administration estimated at R620 000 per annum.

A performance scorecard was included in the 2004 annual report affording all unitholders the opportunity of rating Redefine's performance and investor communication standards. The results received from investors were as follows:

	Excellent %	Good %	Fair %	Poor %	No Response %
Asset management	41	36	1	0	22
Growth in distribution	25	37	12	0	26
Liquidity and tradability	41	32	3	0	24
Quality of assets	40	37	5	0	18
Lease expiry profile	37	29	4	0	30
Communications					
With you	48	29	0	1	22
In the media	30	29	14	1	26
Annual report 2004					
Content	64	26	1	0	9
Presentation	69	16	3	0	12

### Corporate social responsibility

During the year under review Redefine embarked on its inaugural Corporate Social Investment programme. As Redefine is ultimately measured by its performance, this was adopted as the ethos of the programme and music education was identified as an area where Redefine could contribute meaningfully to teaching others to perform to the best of their ability and talent.

The music education projects, teaching disadvantaged children to play classical music instruments, presented by the South African Music Education Trust (SAMET) and the Johannesburg Philharmonic Orchestra were selected as beneficiaries.

### Fitch rating

Redefine retained its 'A-minus' rating on its senior secured debt by international rating agency Fitch Ratings. This rating is based

# CEO report including review of operations

(continued)



8 on Redefine's ability to both service debt and repay capital, denoting a strong credit risk relative to other issuers or issues in the South African market.

## Going forward

The focus will be on securing suitable assets for acquisition and extracting value from Redefine's existing portfolios. Increase in distributions to linked unitholders is expected to continue with 10% minimum growth forecast for 2006. This forecast has not been reviewed or reported on by Redefine's auditors.

## Appreciation

I would like to thank the Board and the entire team at Redefine including new members Michelle Mayers (Chief Financial Officer) and Yusaf Kara (Senior Financial Manager). Your combined passion commitment and knowledge were vital in achieving our goals for the year. I would like to welcome our three new independent non-executive Directors Liliane Barnard, Colin Clarke and Diana Perton to the Board.

My thanks to all who have been associated with Redefine over the past year especially our managing agents, the broking community and our financiers for their valuable support and contributions.

**Brian Azizollahoff**

*Chief Executive Officer*

10 October 2005



redefining fundamentals

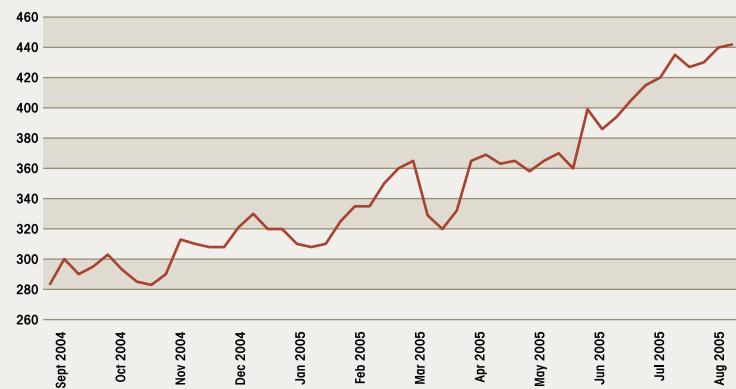
Hatfield Square  
Pretoria is a 13 500m<sup>2</sup>  
building located in a vibrant area  
surrounded by student residences  
and upmarket student apartments. It  
comprises 8 400m<sup>2</sup> office space, of  
which prestigious law firm Adams &  
Adams occupy 7 300m<sup>2</sup>. In addition  
there is 4 200m<sup>2</sup> of retail space  
focused on leisure.

# JSE performance

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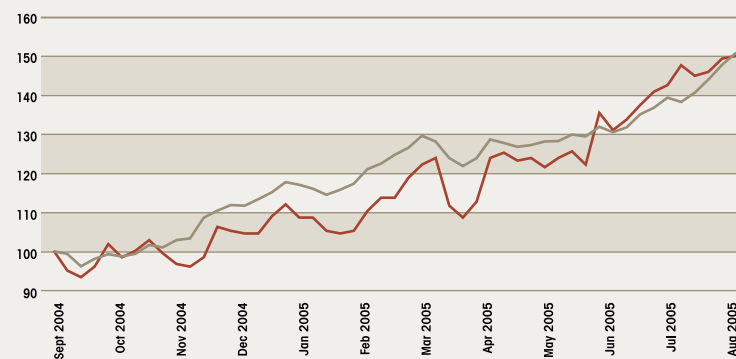
Ruling price

● Closing price (cents)



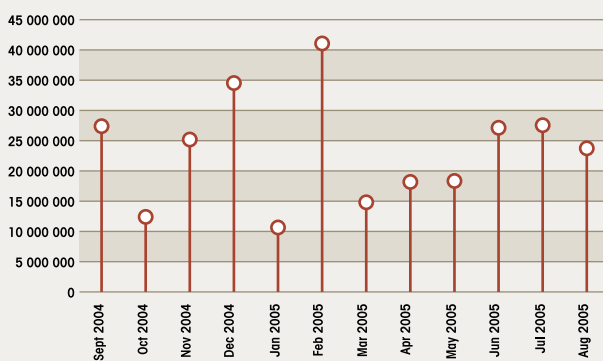
Redefine vs PLS index

● Redefine ● PLS Index



Volume traded

● Volume



## Statistics

440	Close 31 August 2005 (cents)
455	High for the year (cents)
274	Low for the year (cents)
2 228 977	Closing market capitalisation (R000)
506 586	Closing number of linked units in issue (000)
495 140	Weighted average number of linked units (000)
279 196	Volume of linked units traded (000)
958 978	Total value of transactions (R000)

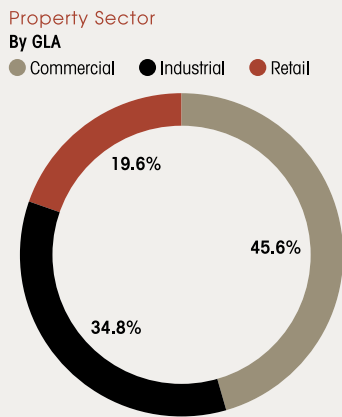
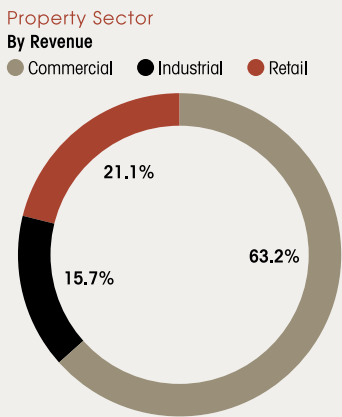
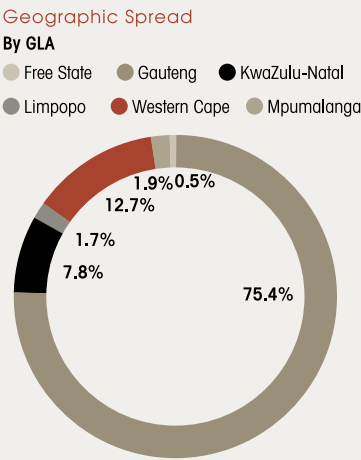
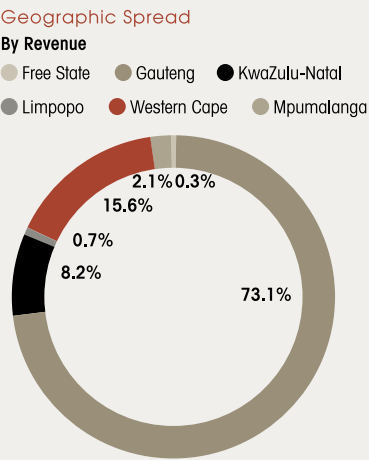
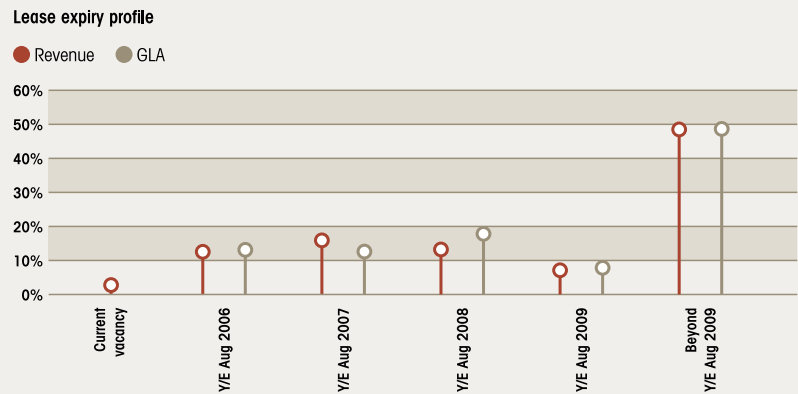
## Volume traded to weighted number of linked units

56.4 (%)



redefining performance

The Standard Bank Centre is a 53 000m<sup>2</sup> A-grade building on Cape Town's Foreshore. The Foreshore is one of Cape Town's prime commercial and tourism nodes, with superb infrastructure including the new Cape Town International Convention Centre.



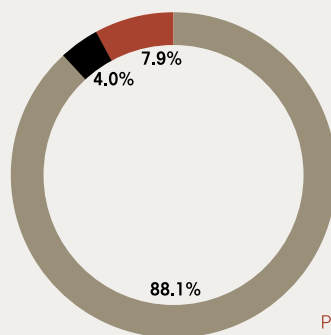
# Property portfolio analysis

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## redefining investments

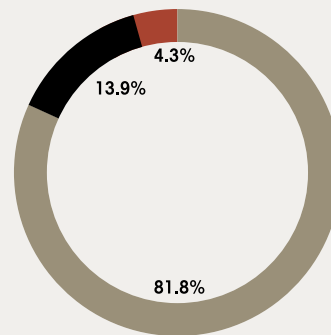
Tenant Grade  
By Revenue

● A-grade ● B-grade ● C-grade



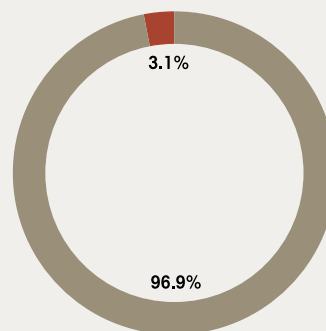
Tenant Grade  
By GLA

● A-grade ● B-grade ● C-grade



Portfolio Grade  
By GLA

● A-grade ● B-grade



### Largest 20 Tenants by Revenue and GLA

Tenant	Revenue per month R000	Revenue as % of portfolio	GLA m²	GLA as % of portfolio
Standard Bank	1 826	8.8	27 701	5.5
Absa Bank	1 235	6.0	9 876	1.9
Alexander Forbes Group	1 226	5.9	14 270	2.8
Telkom	912	4.4	14 153	2.8
Africa Glass	721	3.5	24 755	4.9
Accenture	664	3.2	6 388	1.3
Kintetsu World Express	590	2.9	13 115	2.6
Sasol	580	2.8	7 038	1.4
Mauf Zail	565	2.7	9 414	1.9
Unitrans	539	2.6	8 027	1.6
Barlow Motors	505	2.4	12 327	2.4
Avroy Shlain	479	2.3	12 448	2.5
BSW Data	408	2.0	5 625	1.1
Adams & Adams	392	1.9	7 376	1.5
Xps Services	372	1.8	15 912	3.1
Clear Channel	365	1.8	3 974	0.8
Allcare Administrators	330	1.6	3 735	0.7
Williams Hunt Delta	277	1.3	3 350	0.7
Dunlop Tyres	277	1.3	11 318	2.2
Masstores	270	1.3	4 462	0.9
<b>Total Top 20</b>	<b>12 533</b>	<b>60.5</b>	<b>215 264</b>	<b>42.6</b>
<b>Total Portfolio</b>	<b>20 638</b>		<b>506 898</b>	



## Leasing Activity: 1 September 2004 to 31 August 2005

	m <sup>2</sup>	% of GLA
Leases concluded:		
Vacant area as at 1 September 2004	(24 178)	5.3%
Leases vacated during the year ended 31 August 2005	(24 729)	
Net vacancies acquired/disposed during the year	2 765	
New leases concluded during the year ended 31 August 2005	32 161	
Vacant area as at 31 August 2005	(13 981)	2.8%

## Vacancy Exposure 2006 Financial Year

	m <sup>2</sup>	% of GLA
Leases expiring between 1 September 2005 - 31 August 2006	(62 584)	
Vacant area as at 1 September 2005	(13 981)	
<b>Total vacancy exposure as at 1 September 2005</b>	<b>(76 565)</b>	<b>15.1%</b>
Leases renewed from 1 September 2005	5 756	
Leases to be renewed (80% - 100% probability)	3 348	
Leases to be renewed (75% probability)	379	
New leases signed from 1 September 2005	3 050	
New Leases (80% - 100% probability)	2 044	
Leases vacating from 1 September 2005	(2 033)	
Balance of expiries and vacancies to be renewed and let during 2006	(64 021)	12.6%

# Investment portfolio – Capital movements

redefining assets

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## Property portfolio

Acquisitions	R000
Collins Portfolio – 9 buildings	255 489
90 Rivonia Road	113 319
Southcoast Mall (50% undivided share of development costs)	46 708
Rosebank Arena	39 541
Riverside Value Mart	37 705
90 Grayston Drive	34 720
Southcoast Mall (50% undivided share in land for development)	8 000
	535 482

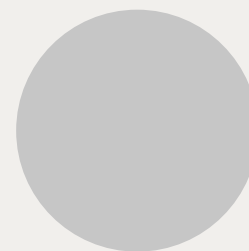
Disposals	Net Proceeds R000
Old Town Square	24 458
Western Cape Portfolio – 4 buildings	34 798
Corporate Park Shopping Centre	14 894
Fountain Place	9 027
Trimtech Walthloo	5 698
12 Rivonia Road	12 105
Lyons House	12 731
Saambou Blackheath	2 637
Sandown Motors	14 194
Boumat	3 948
Bernie Street (vacant land)	800
	135 290

## Listed portfolio

Acquisitions	Number of units	R000
SA Retail Properties Limited	15 017 750	110 240
Martprop Property Fund	23 187 966	72 315
Vukile Property Fund Limited	9 475 328	54 184
Paramount Property Fund	975 700	4 538
		241 277

Disposals	Number of units	Net Proceeds R000
Martprop Property Fund	70 751 606	169 049
Resilient Property Income Fund Limited	7 245 789	72 258
Growthpoint Properties Limited	8 353 392	51 650
ApexHi Properties Limited – “A” units	3 905 000	33 239
Spearhead Property Holdings Limited	1 475 156	33 816
Freestone Property Holdings	4 285 961	20 787
		380 799

# Management structure and fees



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## Asset management and property management

Madison Property Fund Managers (Pty) Limited ("Madison") is the asset manager and property manager of Redefine in terms of an agreement that commenced on 1 September 2005 which may be terminated by Redefine on 31 August 2010 provided notice is given by 31 August 2009. The salient terms are as follows:

1. An asset management fee of 1/12 of 0,5% of Redefine's market capitalisation plus debt is paid monthly by Redefine to Madison. No additional incentive fee is payable;
2. Madison is precluded from charging a property management fee higher than that charged by the party to which this function has been sub-contracted.

### Madison's ownership structure is as follows:

	%
Standard Bank Properties	30
M Wainer	25
W Cesman	25
S Shaw-Taylor	20

	2005 R000	2004 R000
Asset management fee paid to Madison	15 192	13 492

Madison has sub-contracted the property management function of the Redefine portfolio to Broll Property Group ("Broll").

Madison has extended the property management agreement with Broll in terms of which the rate of property management fees payable to Broll has been reduced for five years from 1 September 2005.

	2005 R000	2004 R000
Property management fees	12 701	9 929
Broll	10 019	7 960
Madison	2 682	1 969

## Operations

Madison employs a management team dedicated to the operations of Redefine. Madison is responsible for all costs associated with the management of Redefine including remuneration, office rental, travel and all other expenses save that the remuneration of the CEO is paid by Redefine to Madison.

	2005 R000	2004 R000
CEO's remuneration	2 188	1 525
Salary	1 188	1 125
Bonus	1 000	400

## Lease commissions

Redefine engages the services of property brokers and agents to assist in the leasing of vacant space in the property portfolio. Commissions are generally paid in accordance with the guidelines set out by The South African Property Owners Association.

	2005 R000	2004 R000
Lease commissions paid	2 819	3 053
Broll	2 010	1 606
Other brokers	809	1 447

# Management structure and fees

(continued)



## Western Cape Portfolio

Until 28 February 2005 Madison sub-contracted the asset management and property management of Redefine's Western Cape property portfolio to Combined Projects (Pty) Limited ("Combined"). In turn, Combined sub-contracted the property management of the Western Cape property portfolio to Broll.

	2005 R000	2004 R000
Asset management fee paid by Madison to Combined	628	1 480
Property management fee paid by Redefine to Combined	1 397	1 272
Lease commissions paid by Redefine to Combined	91	567

## Property valuations

It is the policy of the Redefine Board for the property portfolio to be valued annually by independent property valuers.

	2005 R000	2004 R000
Valuation fees paid to Motseng Marriott Property Services (Pty) Limited and Old Mutual Properties (Pty) Limited	367	360

## Auditors' remuneration and other fees

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	2005 R000	2004 R000
Auditors' remuneration	676	469
PKF (Jhb) inc. – audit fees	410	282
PKF (Jhb) Inc. – other services	–	5
Grant Thornton – internal audit fees	266	182
Other fees	412	300
Computershare Ltd – transfer secretaries	206	125
Java Capital (Pty) Ltd – corporate sponsor	65	60
Probit Business Services (Pty) Ltd – company secretary	141	115

Redefine Income Fund has committed to the development of disadvantaged children through the teaching of music with its involvement in the South African Music Education Trust (SAMET).

Redefine hopes to extend the influence of SAMET which reaches over 3 500 township children across the nation.

Through this project Redefine is making music accessible to children specifically those from disadvantaged and impoverished communities and contributing meaningfully towards developing and empowering musicians of quality to equip the most talented and committed to become professionals in their chosen fields.

SAMET provides children with quality education through a range of activities including dance movement programmes in which African and western rhythms are combined.

SAMET also promotes music literacy and critical listening, develops performing and creative skills and enables all individuals to achieve their potential.

Through its national programme SAMET supports many children in their quest to become a part of the music industry ultimately facilitating their progression towards a classical music profession.

Acknowledging Redefine's contribution to its initiatives SAMET's Western Cape programme has now been named the Redefine Music Education Trust.

Complementing the SAMET initiative Redefine is also a corporate sponsor of the Johannesburg Philharmonic Orchestra (JPO). Many of the orchestra's members mentor and teach aspiring musicians in the local Alexandra teaching programme and other SAMET ventures.

Through striving to provide "world-class music for a world-class city" the JPO has been established as Johannesburg's leading symphony orchestra.

For the first time in the history of South Africa there is a multi-racial orchestra that is owned and managed by its musicians.

Entering its fifth year of existence with approximately 65 musicians, board members of the JPO provide their time freely sharing their passion for symphonic music and successfully steering the innovative and dynamic orchestra.

Forming the foundation of classical music in the region the JPO presents four five-week symphony seasons each year. These comprise 40 symphony concerts which feature programmes containing popular, interesting and innovative works.

Acclaimed international and respected South African soloists and conductors enthusiastically take up invitations to perform with the orchestra as a result of its accomplished performances and further elevate the orchestra to the highest international standards.

Through this initiative Redefine promotes an understanding and appreciation for the various cultures and music genres in our country. Music becomes a medium to unite people from diverse cultural and language backgrounds and improves their quality of life thereby making a meaningful contribution towards nation-building.





redefining lives

A  
talented  
young musician of  
SAMET's Alexandra project  
is tutored by members  
of the Johannesburg  
Philharmonic  
Orchestra.

## Corporate governance

The Directors of Redefine are committed to the principles of openness, honesty, integrity and accountability to all stakeholders. The Directors endorse the objective of conducting the affairs of the company in accordance with the highest standards of corporate governance and accept responsibility in achieving these standards. The company complies with the significant principles incorporated in the Code of Corporate Practices and Conduct as set out in the Second King Report and the JSE Limited ("JSE") Listings Requirements. Attention is being given to improving corporate governance throughout the company.

## Board of Directors

Redefine has a unitary board structure comprising eight Directors four of whom are independent non-executive, two non-executive, a non-executive Chairman and an executive CEO. The Board convenes at least quarterly. The Board is responsible to unitholders for the proper management of the company and is involved in all decisions that are material to the company. The Board itself decides on the appointment of additional Directors. All Directors have access to the advice and services of the company secretary who acts as an advisor to the Board on relevant issues including compliance with company rules and procedures, statutory regulations and corporate governance issues. Any Board member in appropriate circumstances is entitled at the company's expense to seek professional advice about the affairs of the company. Details of Directors' remuneration are contained on page 41.

## Audit committee

The audit committee comprises two non-executive Directors and one independent non-executive Director. The audit committee convenes at least four times a year with the internal auditors (Grant Thornton), invited attendees and the external auditors (PKF (Jhb) Inc.) to review accounting, auditing, financial reporting and internal control matters.

## Management reporting

The company has established comprehensive management reporting disciplines which include the preparation of monthly

management accounts, detailed budgets and forecasts. Monthly results, the financial position and cash flows of operating units are reported against approved budgets and compared to the prior period. Profit and cash flow forecasts are reviewed regularly and working capital levels are monitored on an ongoing basis.

## Internal audit and controls

The company maintains internal controls and systems designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard and maintain accountability for assets. The internal, financial and operating controls are designed to provide assurance regarding:

- the safeguarding of assets against unauthorised disposition or use;
- compliance with statutory laws and regulations; and
- the maintenance of proper accounting records and the adequacy and reliability of financial information.

The Board of Directors acknowledges its ultimate responsibility for the systems of internal, financial and operating controls and the monitoring of their effectiveness.

Grant Thornton is the appointed internal auditor of the company. Its function is to appraise the company's activities and the appropriateness of the systems of internal control, including those of the company's external property managers and resultant business risks. The internal auditor reports directly to the audit committee.

## Dealings in securities

The company has a practice prohibiting dealings in units by Directors, officers and staff for a designated period (as prescribed by the JSE Listings Requirements) preceding the announcement of its annual and interim financial results, quarterly distributions or any other period considered sensitive. Dealings in units by Directors are monitored strictly in accordance with the JSE Listings Requirements.



# Corporate governance

(continued)

## redefining governance

### Stakeholder communication

The company subscribes to the principle of timeous and relevant communication to all relevant parties including unitholders and employees.

### Code of conduct

Directors and employees are required to maintain the highest ethical standards to ensure that business practices are conducted in a manner that is beyond reproach.

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### Equal opportunities

Redefine Income Fund Limited is committed to the principle of equal opportunity employment.

#### Directors attendance at board meetings:

	09/09/04	28/09/04	14/12/04	10/03/05	14/04/05	05/07/05
B Azizollahoff	✓	✓	✓	✓	✓	✓
* W Cesman	✓	✓	✓	✓	✓	apol
E Ellerine	apol	✓	✓	✓	✓	✓
J Kron (resigned 05/10/04)	✓	✓	n/a	n/a	n/a	n/a
S Shaw-Taylor	✓	✓	✓	✓	✓	✓
C Clarke (appointed 14/10/04)	n/a	n/a	✓	✓	✓	✓
D Perton (appointed 26/10/04)	n/a	n/a	✓	✓	✓	✓
L Barnard (appointed 21/10/04)	n/a	n/a	✓	✓	✓	✓
M Wainer	✓	✓	✓	✓	✓	✓

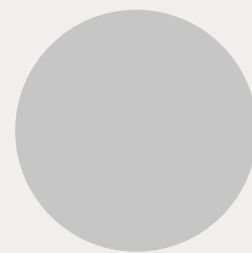
\* Chairman

#### Member attendance at audit committee meetings:

	28/09/04	14/12/04	31/03/05	14/04/05	05/07/05
W Cesman	✓	✓	✓	✓	apol
J Kron (resigned 05/10/04)	✓	n/a	n/a	n/a	n/a
* S Shaw-Taylor	✓	✓	✓	✓	✓
C Clarke (appointed 14/12/04)	n/a	n/a	✓	✓	✓

\* Chairman

# Directors' responsibility and approval



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## Statement of responsibility by the Board of Directors

The Directors are responsible for the preparation, integrity and fair presentation of the financial statements and other financial information included in this report.

The financial statements presented on pages 24 to 45, have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice and include amounts based on judgements and estimates made by management.

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the company or the group will not be going concerns in the foreseeable future based on forecasts and available cash resources. The financial statements support the viability of the company and the group.

The financial statements have been audited by the independent accounting firm PKF (Jhb) Inc. which was given unrestricted access to all financial records and related data including minutes of all meetings of shareholders, the Board of Directors and committees of the Board. The Directors believe that all representations made to the independent auditors during the audit were valid and appropriate. PKF (Jhb) Inc.'s audit report is presented on page 23.

## Approval of annual financial statements

The annual financial statements as set out on pages 24 to 45 for the year ended 31 August 2005 were approved by the Board of Directors on 10 October 2005 and are signed on its behalf by:

**Wolf Cesman**  
*Chairman*

**Brian Azizozollahoff**  
*Chief Executive Officer*

## Declaration by the company secretary

We declare that to the best of our knowledge, the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Companies Act, 1973 (as amended) and that all such returns are true, correct and up to date.

**Probity Business Services (Pty) Limited**  
*Company Secretary*

10 October 2005

# Report of the independent auditors



## To the members of Redefine Income Fund Limited

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We have audited the annual financial statements and group annual financial statements of Redefine Income Fund Limited set out on pages 24 to 45 for the financial year ended 31 August 2005. These financial statements are the responsibility of the company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

### Scope

We conducted our audit in accordance with Statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

### Audit opinion

In our opinion, the financial statements fairly present, in all material respects, the financial position of the company and the group at 31 August 2005 and the results of their operations and cash flows for the financial year then ended in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Companies Act in South Africa.



**PKF (Jhb) Inc.**

Registration number 1994/001166/21

*Chartered Accountants (SA)*

*Registered Accountants and Auditors*

Johannesburg

10 October 2005

# Report of the directors

Year ended 31 August 2005



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## To the members of Redefine Income Fund Limited

As Directors of Redefine we take pleasure in submitting our report for the year ended 31 August 2005.

### Corporate overview

Redefine is a listed property loan stock company which derives revenue from its subsidiaries. The subsidiaries are property investment companies that derive rental revenue from investments in commercial, industrial and retail properties and distributions from listed security investments.

### Review of activities

The group's trading performance for the year is fully set out in the annual financial statements.

### Interest distributions

The following quarterly interest distributions per linked unit were declared for the financial year:

- distribution number 19 of 8.25 cents in respect of the first quarter ended 30 November 2004 paid on 31 January 2005;
- distribution number 20 of 9.00 cents in respect of the second quarter ended 28 February 2005 paid on 16 May 2005;

- distribution number 21 of 9.25 cents in respect of the third quarter ended 31 May 2005 paid on 1 August 2005;
- distribution number 22 of 10.30 cents in respect of the fourth quarter ended 31 August 2005 payable to linked unit holders on 31 October 2005.

### Capital structure

The company's authorised linked unit capital consists of 1 billion ordinary shares of 0.1 cent each linked to a debenture of 180 cents. Linked units comprise one ordinary share and one debenture and may only be traded on the JSE Limited. There were no changes to the authorised number of linked units.

### Special resolution

The following special resolutions were passed by unitholders and registered during the year:

- 14 October 2004
  - amendment of Articles of Association (to permit odd-lot offers by the company);
  - specific approval for acquisition of linked units by the company as an odd-lot offer.
- 7 February 2005
  - general authority to effect buy-back of linked units.
- 24 June 2005
  - amendment of Articles of Association (to permit usage of electronic media for delivery of company information).

### Movement in issued linked unit capital:

	Number of linked units 000	Shares R000	Linked debentures R000	Share premium R000
Linked units in issue at 31 August 2004	474 705 *	475	854 470	183 691
Odd-lot offer	117	– **	210	62
Acquisition of properties	8 565	9	15 418	5 730
Acquisition of listed securities	17 332	17	31 197	23 901
Share issue expenses written off	–	–	–	(1 124)
Linked units in issue at 31 August 2005	500 719 *	501	901 295	212 260

\* Excludes 5 866 500 treasury units

\*\* Below R1 000

# Report of the directors

Year ended 31 August 2005 (continued)

## redefining reporting

### Property portfolio

During the financial year Redefine acquired 14 properties for an aggregate purchase consideration of R535,5 million and disposed of 14 properties for an aggregate net selling price of R135,3 million at a net profit on valuation of R2,9 million.

### Listed security portfolio

Redefine acquired R241,3 million of listed securities. Proceeds from listed securities disposed of amounted to R380,8 million (cost R272,1 million).

The movement in the property portfolio and listed security portfolio during the year appear in notes 2 and 3 to the financial statements. A list of investment properties is set out on pages 50 to 52 and a list of investments in listed securities is tabled on page 48.

### Post-balance sheet events

Agreements have been concluded for the sale of 18 Hurlingham Road, 22 Hurlingham Road, 24 Hurlingham Road, 44 Wierda Road, Alcom House, ERP.com, Stand 36 Kyalami Park and Woodmead 4 and 5, for a total consideration of R57,3 million. Transfer of these properties is expected by end October 2005. Redefine has acquired an additional 1,5 million units in Martprop Property Fund for an aggregate consideration of R4,8 million.

Redefine undertook to support a transaction in terms of which Hyprop Investments Limited made an offer to acquire SA Retail Properties Limited linked units from unitholders holding SA Retail units. Hyprop has issued 1 Hyprop linked unit for every 2,7 SA Retail linked units. Redefine has received an additional 20,7 million Hyprop linked units.

Redefine supported a transaction between ApexHi Properties Limited and Prima Property Trust in terms of which holders of Prima units will receive 5,9 ApexHi "A" and 5,9 ApexHi "B" units for every 100 Prima units held. As a result Redefine will receive an additional 12,3 million ApexHi "A" and 12,3 million ApexHi "B" units.

### Borrowing powers

The Directors are authorised to borrow funds without limit subject to loan covenant restrictions in place with Redefine's bankers.

### Subsidiaries

Redefine's interest in subsidiaries is set out on page 46.

### Management contract and administration

Redefine's asset and property management functions are contracted to Madison Property Fund Managers (Proprietary) Limited ("Madison") on market-related terms. The CEO of Redefine is employed by Madison and his remuneration is recovered from Redefine. Management of the property portfolio has been outsourced by Madison to Broll Property Group (Proprietary) Limited, an independent property management company.

### Directorate

The Directors of the company during the year were:

- B Azizollahoff (British) (Chief Executive Officer) \*
- L Barnard † ◇  
Appointed 21 October 2004
- W Cesman (Chairman) †
- C Clarke † ◇  
Appointed 14 October 2004
- E Ellerine † ◇
- D Perton † ◇  
Appointed 26 October 2004
- S Shaw-Taylor †
- M Wainer †
  
- J Kron †  
Resigned 4 October 2004

\* Executive

† Non-executive

◇ Independant

# Report of the directors

Year ended 31 August 2005 (continued)



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## Directors' shareholdings

The interest of the Directors in the linked units of the company as at 31 August 2005 were as follows:

	Beneficial direct	Beneficial indirect	Non- beneficial direct	Non- beneficial indirect	% of linked units in issue
W Cesman	135 706	–	–	1 087 500	0.24
S Shaw Taylor					
– linked units	21 000	–	–	870 000	0.18
– warrants	9 000	–	–	–	0.00
M Wainer	–	–	–	1 087 500	0.21

Save for the unitholdings detailed, no other Director held any interest in the issued share capital of the company.

There have been no changes in the Directors' holdings since the financial year-end.

## Directors' interest in contracts

W Cesman, M Wainer and S Shaw-Taylor are Directors of and shareholders in the company's asset managers Madison. Full details of fees paid to Madison are disclosed in note 23 of the financial statements.

There were no other material contracts involving Directors' interest during the year.

## Auditors

The auditors of the company PKF (Jhb) Inc. will continue in office in accordance with section 270(2) of the Companies Act, 1973 (as amended).

## Secretary

Probit Business Services (Proprietary) Limited.

Business address:

Suite 204, 2nd Floor, 20 Baker Street, Rosebank.

Postal address:

PO Box 85392, Emmerentia, 2029.



redefining reporting

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# Balance sheets

31 August 2005

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		GROUP		COMPANY	
	Notes	31 Aug 2005 R 000	31 Aug 2004 R 000	31 Aug 2005 R 000	31 Aug 2004 R 000
<b>ASSETS</b>					
<b>Non-current assets</b>		3 938 569	2 694 514	1 130 423	1 054 488
Property portfolio at valuation	2	2 035 961	1 345 043	-	-
Property under development at cost	2	53 872	-	-	-
Straight-line rental income adjustment		-	-	-	-
Straight-lining of rental income		42 378	15 817	-	-
Provision against straight-lining of rental income		(42 378)	(15 817)	-	-
Listed security portfolio	3	1 848 736	1 349 471	-	-
Investment in subsidiaries	4	-	-	1 130 423	1 054 488
<b>Current assets</b>		67 432	196 936	52 178	39 442
Trading securities	5	492	492	-	-
Straight-line rental income adjustment		-	-	-	-
Straight-lining of rental income		29 156	27 859	-	-
Provision against straight-lining of rental income		(29 156)	(27 859)	-	-
Trade and other receivables	6	31 844	54 429	52 178	39 442
Debtors for listed security sales		-	74 041	-	-
Cash and cash equivalents		35 096	67 974	-	-
<b>Total assets</b>		4 006 001	2 891 450	1 182 601	1 093 930
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>		2 217 993	1 314 901	1 128 981	1 053 562
Linked unit capital	7	1 114 056	1 038 636	1 128 981	1 053 562
Non-distributable reserve	8	1 103 937	339 429	-	-
Deferred interest rate hedging loss		-	(63 164)	-	-
<b>Non-current liabilities</b>		1 685 563	1 508 084	-	-
Interest-bearing liabilities	9	1 554 875	1 410 477	-	-
Interest rate swaps	10	-	63 164	-	-
Deferred taxation	11	130 688	34 443	-	-
<b>Current liabilities</b>		102 445	68 465	53 620	40 368
Interest-bearing liabilities		-	5 587	-	-
Trade and other payables		50 896	23 959	1 442	965
Unitholders for distribution		51 549	38 919	52 178	39 403
<b>Total equity and liabilities</b>		4 006 001	2 891 450	1 182 601	1 093 930

# Income statements

Year ended 31 August 2005

	Notes	GROUP		COMPANY	
		31 Aug 2005 R 000	31 Aug 2004 R 000	31 Aug 2005 R 000	31 Aug 2004 R 000
<b>Revenue</b>					
Property portfolio		290 616	259 840	-	-
Conventional rental income	1.1	262 757	238 953	-	-
Straight-line rental income adjustment	1.1	27 859	20 887	-	-
Listed security portfolio	1.2	147 983	181 705	-	-
Investment income	12	-	-	185 036	149 080
		438 599	441 545	185 036	149 080
Operating costs - property portfolio		61 320	78 342	-	-
Administration costs		22 827	18 069	1 764	1 367
<b>Operating profit</b>	13	354 452	345 134	183 272	147 713
Capital gain on non-current assets	14	833 935	192 936	-	-
Provision against straight-lining of rental income		(27 859)	(20 887)	-	-
Interest rate swap termination costs		(97 784)	-	-	-
<b>Profit from operations</b>		1 062 744	517 183	183 272	147 713
Interest received		4 693	3 572	-	-
<b>Profit before finance charges</b>		1 067 437	520 755	183 272	147 713
Finance charges	15	150 197	181 983	-	-
<b>Profit before taxation</b>		917 240	338 772	183 272	147 713
Taxation	16	28 357	-	-	-
<b>Profit attributable to linked unitholders</b>		945 597	338 772	183 272	147 713
Actual number of linked units in issue (000's)		500 719	474 705	506 586	480 572
Weighted number of linked units in issue (000's)		489 274	455 262	495 140	461 129
<b>Earnings per linked unit (cents)</b>	17	192.37	74.41	37.01	32.03
<b>Headline earnings per linked unit (cents)</b>	17	22.82	32.03	37.01	32.03
<b>Distribution per linked unit (cents)</b>		36.80	32.00	36.80	32.00
• Distribution first quarter		8.25	7.50	8.25	7.50
• Distribution second quarter		9.00	8.00	9.00	8.00
• Distribution third quarter		9.25	8.25	9.25	8.25
• Distribution fourth quarter		10.30	8.25	10.30	8.25

# Statements of changes in equity

Year ended 31 August 2005

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	GROUP		COMPANY	
	31 Aug 2005 R 000	31 Aug 2004 R 000	31 Aug 2005 R 000	31 Aug 2004 R 000
<b>Share Capital</b>				
Balance at beginning of period	475	413	481	419
Acquisition of properties	9	62	9	62
Acquisition of listed security portfolios	17	-	17	-
Odd-lot offer	- *	-	- *	-
Balance at end of period	501	475	507	481
* below R1000				
<b>Share premium</b>				
Balance at beginning of period	183 691	139 634	188 053	143 995
Acquisition of properties	5 730	44 599	5 730	44 599
Acquisition of listed security portfolios	23 901	-	23 901	-
Odd-lot offer	62	-	62	-
Issue and preliminary expenses written off	(1 124)	(542)	(1 126)	(541)
Balance at end of period	212 260	183 691	216 620	188 053
<b>Debentures</b>				
Balance at beginning of period	854 470	743 431	865 027	753 989
Acquisition of properties	15 418	111 039	15 418	111 038
Acquisition of listed security portfolios	31 197	-	31 197	-
Odd-lot offer	210	-	212	-
Balance at end of period	901 295	854 470	911 854	865 027
<b>Non-distributable reserve</b>				
Balance at beginning of period	339 429	146 493	-	-
Transfer from retained earnings	764 508	192 936	-	-
Balance at end of period	1 103 937	339 429	-	-
<b>Deferred interest rate hedging loss</b>				
Balance at beginning of period	(63 164)	(35 468)	-	-
Revaluation of interest rate swaps	(34 620)	(27 696)	-	-
Deferred interest rate hedging loss removed from equity and reported in net profit	97 784	-	-	-
Balance at end of period	-	(63 164)	-	-
<b>Retained earnings</b>				
Balance at beginning of period	-	-	-	-
Profit attributable to linked unitholders	945 597	338 772	183 272	147 713
Distribution to linked unitholders	(181 089)	(145 836)	(183 272)	(147 713)
Transfer to non-distributable reserve	(764 508)	(192 936)	-	-
<b>Balance at end of period</b>	-	-	-	-

# Cash flow statements

Year ended 31 August 2005

		GROUP		COMPANY	
		31 Aug 2005 R 000	31 Aug 2004 R 000	31 Aug 2005 R 000	31 Aug 2004 R 000
<b>Cash effects from operating activities</b>		53 739	43 315	517	865
Cash receipts from tenants and investments		416 559	442 442	172 301	137 103
Cash paid to suppliers		(48 857)	(87 072)	(1 287)	(1 201)
Cash generated from operations	18	367 702	355 370	171 014	135 902
Interest received		4 693	3 572	-	-
Finance charges		(150 197)	(181 983)	-	-
Distributions paid	19	(168 459)	(133 644)	(170 497)	(135 037)
<b>Cash effects of investing activities</b>		(203 064)	(93 732)	(76 046)	(156 023)
Acquisition of properties		(551 319)	(347 974)	-	-
Acquisition of listed securities		(241 277)	(382 988)	-	-
Purchase of non-current assets		(792 596)	(730 962)	-	-
Proceeds on disposal of properties		134 692	166 740	-	-
Proceeds on disposal of listed securities		454 840	470 490	-	-
Loans advanced to subsidiaries		-	-	(76 046)	(156 023)
<b>Cash effects from financing activities</b>		116 447	121 532	75 529	155 158
Linked units issued		75 420	155 158	75 529	155 158
Long-term borrowings raised (repaid)		46 614	(22 127)	-	-
Short-term borrowings repaid		(5 587)	(11 499)	-	-
<b>Net movement in cash and cash equivalents</b>		(32 878)	71 115	-	-
Opening cash and cash equivalents		67 974	(3 141)	-	-
<b>Closing cash and cash equivalents</b>		35 096	67 974	-	-

# Notes to the financial statements

Year ended 31 August 2005

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## 1. Accounting policies

The financial statements are prepared on the historical cost basis, except for investment properties and listed securities which are carried at fair value and incorporate the principal accounting policies set out below which conform with South African Statements of Generally Accepted Accounting Practice and the Companies Act of South Africa, 1973.

The accounting policies are consistent with those applied in the prior year, except as stated in 1.1.

### 1.1 Fixed property revenue

Fixed property revenue comprises gross rent and operating expense recoveries from the letting of property. In line with the latest interpretation of AC105-Leases, property revenue reflects income recognised on a straight-line basis. Provision has been made against the resultant asset as the value of the asset is effectively included in the fair value of the property portfolio.

The comparative figures have been restated accordingly.

The change in accounting policy does not have a material effect on the financial statements.

### 1.2 Listed security revenue

Distributions from listed securities are recognised when the right to receive income has been established and accounted for on a time apportionment basis aimed at reflecting revenue relative to the effective holding period.

### 1.3 Investment properties

Fixed properties are held as investment properties and are stated at fair value. Fair values are determined annually at year-end by independent valuers and on an open market basis by the Directors at interim reporting date.

Property values are adjusted to fair value on an interim and annual basis. Surpluses and deficits are transferred to or from a non-distributable revaluation reserve.

Profits arising from the disposal of fixed properties are transferred to the non-distributable reserve. Losses arising from the disposal of fixed properties are charged against the non-distributable reserve to the extent possible and the balance thereafter against distributable reserves.

### 1.4 Property under development

Property under development comprises the cost of the land

plus development. On completion, this property is transferred to investment property.

### 1.5 Investment in listed securities

Listed securities are restated to fair value on an interim basis and annually. Fair values are based on market values as represented by the closing price of the listed security at the financial year-end. The net surplus or deficit on revaluation is transferred to or from a non-distributable reserve.

Profits arising from the disposal of listed securities are transferred to a non-distributable reserve. Losses arising from the disposal of listed securities are charged against the non-distributable reserve to the extent possible, and thereafter against distributable reserves.

### 1.6 Basis of consolidation

The financial statements incorporate those of the company and its subsidiaries. All material inter-company transactions and balances have been eliminated.

### 1.7 Tenant installations and lease commissions

Material tenant installations and lease commissions are capitalised and amortised over the period of the lease. The deferred portion is included in accounts receivable.

### 1.8 Deferred taxation

Deferred taxation is provided for on the comprehensive basis. Deferred tax assets are raised only to the extent that their recovery is probable.

### 1.9 Financial instruments

Financial instruments carried on the balance sheet include cash and cash equivalents, receivables, trade and other payables, equity and borrowings. Subsequent to initial recognition, which is at cost, these instruments are measured as follows:

- cash and cash equivalents are measured at fair value;
- receivables are stated at cost less provision for doubtful debts;
- trade and other payables are stated at nominal value;
- equity instruments are recorded at the proceeds received less direct issue costs;
- the debenture components of linked unit capital are considered to be held to maturity financial instruments and are reflected at amortised cost as part of linked unit capital and
- borrowings are stated at amortised cost.

# Notes to the financial statements

Year ended 31 August 2005 (continued)

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	GROUP		COMPANY	
	31 Aug 2005	31 Aug 2004	31 Aug 2005	31 Aug 2004
	R 000	R 000	R 000	R 000
<b>2. Property portfolio</b>				
Balance at beginning of year	1 341 179	1 136 410	-	-
Acquisitions	535 482	334 670	-	-
Improvements	14 785	11 152	-	-
Disposals	(188 223)	(170 131)	-	-
Revaluation	383 708	29 078	-	-
	2 086 931	1 341 179	-	-
Improvements capitalised	2 902	3 864	-	-
• Improvements	7 419	6 366	-	-
• Accumulated amortisation	(4 517)	(2 502)	-	-
	2 089 833	1 345 043	-	-
<p>The valuations were performed by Old Mutual Properties (Pty) Ltd and Motseng Marriott Property Services (Pty) Ltd registered valuers in terms of Section 19 of the Property Valuers Profession Act (Act No. 47 of 2000).</p> <p>The valuation basis applied reflects fair value utilising the discounted cash flow method of valuation, where future cash flow is discounted using an appropriate rate.</p> <p>A schedule of investment properties is set out on pages 50 to 52. A register of investment properties is available for inspection at the registered office of the company.</p> <p>The properties are encumbered as set out in note 9.</p>				

# Notes to the financial statements

Year ended 31 August 2005 (continued)

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	GROUP		COMPANY	
	31 Aug 2005	31 Aug 2004	31 Aug 2005	31 Aug 2004
	R 000	R 000	R 000	R 000
<b>3. Listed security portfolio</b>				
Balance at beginning of year	1 349 471	1 309 322	-	-
Additions	241 277	382 988	-	-
Disposals	(354 900)	(518 638)	-	-
Revaluation	612 888	175 799	-	-
	1 848 736	1 349 471	-	-
A schedule of listed securities is set out on page 48. The listed securities are encumbered as set out in note 9.				
<b>4. Investment in subsidiaries</b>				
Shares at cost	-	-	- *	- *
Loan to subsidiary	-	-	1 130 423	1 054 488
	-	-	1 130 423	1 054 488
A schedule of subsidiaries is set out on page 46. * Below R1 000				
<b>5. Trading securities</b>				
Bonafila - 9 679 595 units (2004: 9 679 595 units)	492	5 392		
- units sold - Nil (2004: 105 000)	-	(41)	-	-
- return of capital	-	(3 919)	-	-
- revaluation	-	(940)	-	-
	492	492	-	-
<b>6. Trade and other receivables</b>				
Tenant and trade debtors	4 041	9 896	52 178	39 442
Unamortised tenant installations and lease commissions	17 962	15 639	-	-
Listed security distributions receivable	1 410	20 140	-	-
Deposits and prepayments	8 431	8 754	-	-
	31 844	54 429	52 178	39 442

# Notes to the financial statements

Year ended 31 August 2005 (continued)

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	GROUP		COMPANY	
	31 Aug 2005 R 000	31 Aug 2004 R 000	31 Aug 2005 R 000	31 Aug 2004 R 000
<b>7. Linked unit capital</b>				
<b>7.1 Share capital</b>				
<b>7.1.1 Authorised</b>				
1 000 000 000 ordinary shares of 0.1 cent	1 000	1 000	1 000	1 000
<b>7.1.2 Issued</b>	501	475	507	481
506 585 582 (2004: 480 571 597) ordinary shares of 0.1 cent	507	481	507	481
Less: Treasury scrip (5 866 500 (2004: 5 866 500) ordinary shares)	(6)	(6)	-	-
The unissued shares are under the control of the Directors. This authority remains in force until the next Annual General Meeting. The issue of each share is irrevocably linked to one debenture, together comprising one linked unit.				
<b>7.2 Debenture capital</b>				
<b>7.2.1 Issued</b>	901 295	854 470	911 854	865 029
506 585 582 (2004: 480 571 597) debentures of 180 cents	911 854	865 029	911 854	865 029
Less: Treasury scrip (5 866 500 (2004: 5 866 500) debentures)	(10 559)	(10 559)	-	-
Debentures bear interest at a variable rate equating to net operating income dividend by the average weighted number of debentures in issue. The debentures are unsecured and are subordinated in favour of the company's other creditors. The debentures are redeemable 25 years from date of allotment subject to one year's notice, if so elected by debenture holders by way of a special resolution.				
<b>7.3 Share premium</b>	212 260	183 691	216 620	188 052
Premium arising on the issue of linked units	225 693	196 001	225 693	196 001
Issue and preliminary expenses written off	(9 072)	(7 949)	(9 073)	(7 949)
Treasury scrip	(4 365)	(4 365)	-	-
Gain on disposal of treasury scrip	4	4	-	-
	1 114 056	1 038 636	1 128 981	1 053 562

# Notes to the financial statements

Year ended 31 August 2005 (continued)

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	GROUP		COMPANY	
	31 Aug 2005	31 Aug 2004	31 Aug 2005	31 Aug 2004
	R 000	R 000	R 000	R 000
<b>8. Non-distributable reserve</b>				
Loss on disposal of properties	(65 649)	(12 118)	-	-
Gain (Loss) on revaluation of properties	353 013	(30 695)	-	-
Gain on disposal of listed securities	207 885	99 182	-	-
Gain on revaluation of listed securities	837 160	317 503	-	-
Capital gains taxation	(159 045)	(34 443)	-	-
Interest rate swap termination costs	(69 427)	-	-	-
	1 103 937	339 429	-	-
<b>9. Interest bearing liabilities</b>				
<b>9.1 ABSA Trust</b>				
Total liability	56 104	68 359	-	-
Short-term portion	-	-	-	-
Long-term portion	56 104	68 359	-	-
Secured by first mortgage bonds over fixed properties with a carrying value of R87,2 million. Interest accrues at prime less 1%.				
<b>9.2 Nedbank Corporate (a division of Nedbank Limited)</b>				
Total liability	8 660	466 791	-	-
Short-term portion	-	(111)	-	-
Long-term portion	8 660	466 680	-	-
Secured by first mortgage bonds over fixed properties with a carrying value of R68 million. Interest accrues at rates linked to the ruling BA rate or at prime less 1.65% and is payable in arrears.				

# Notes to the financial statements

Year ended 31 August 2005 (continued)

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	GROUP		COMPANY	
	31 Aug 2005	31 Aug 2004	31 Aug 2005	31 Aug 2004
	R 000	R 000	R 000	R 000
<b>9. Interest bearing liabilities (cont.)</b>				
<b>9.3 Standard Bank Properties (a division of The Standard Bank of South Africa Limited)</b>				
Total liability	1 490 112	804 285	-	-
Short-term portion	-	-	-	-
Long-term portion	1 490 112	804 285	-	-
Secured by first mortgage bonds over fixed properties with a carrying value of R1,938 billion and pledge of listed securities with a carrying value of R1,820 billion. The loan period is 10 years terminating on 31 August 2015. Only interest is payable for the first four years to 31 August 2009, thereafter capital and interest. In order to hedge against fluctuations in interest rates, fixed rate agreements have been entered into as follows:				
Maturity:	All in rate (NACM):			
1 July 2008	9.58%	200 000	-	-
1 July 2010	9.99%	200 000	-	-
1 July 2012	10.33%	400 000	-	-
1 July 2015	10.47%	500 000	-	-
Average all in rate	10.22%	1 300 000	-	-
In addition to the fixed rate agreements set out above, further borrowings are subject to a floating interest rate which is based on the prime lending rate less 1.5% in respect of direct properties and prime less 1.2% in respect of listed property securities.				
	190 111	-	-	-

# Notes to the financial statements

Year ended 31 August 2005 (continued)

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	GROUP		COMPANY	
	31 Aug 2005 R 000	31 Aug 2004 R 000	31 Aug 2005 R 000	31 Aug 2004 R 000
<b>9. Interest bearing liabilities (cont.)</b>				
<b>9.4 Bank Overdraft</b>				
Standard Bank of South Africa Limited				
The group has a R40-million overdraft facility secured on the same terms as the loan in 9.3 above.				
<b>9.5 Direct vendor liabilities</b>				
Total liability	-	76 629	-	-
Short-term portion	-	(5 476)	-	-
Long term portion	-	71 153	-	-
<b>Total interest-bearing liabilities</b>	1 554 875	1 410 477	-	-
The average interest rate in respect of borrowings subject to the floating rate is 9.12%				
The average all in interest rate in respect of total borrowings is 10.08%				
Total borrowings represent 39% of the value of the assets (2004: 52%).				
<b>10. Interest rate swaps</b>				
Nominal amount and termination date	Fixed rate (%)			
R232 000 000 terminating on 13 December 2007	10.84	-	17 104	-
R175 000 000 terminating on 20 December 2009	10.89	-	14 567	-
R175 000 000 terminating on 13 January 2010	10.57	-	11 740	-
R200 000 000 terminating on 31 August 2007	11.29	-	18 121	-
R130 000 000 terminating on 30 September 2010	9.32	-	944	-
R150 000 000 terminating on 3 November 2010	9.28	-	470	-
R68 000 000 terminating on 16 December 2010	9.25	-	218	-
Fair value of contracted rate swap agreements	-	63 164	-	-
Prior to 1 July 2005, the group hedged its interest rate exposure by means of interest rate swaps. These swaps were terminated as of 30 June 2005 at a cost of R97,8 million and the group entered into fixed rate loan agreements as detailed in note 9. The hedging loss previously deferred in equity was removed from equity and reported in net profit on termination of the swaps.				

# Notes to the financial statements

Year ended 31 August 2005 (continued)

	GROUP		COMPANY	
	31 Aug 2005	31 Aug 2004	31 Aug 2005	31 Aug 2004
	R 000	R 000	R 000	R 000
<b>11. Deferred taxation</b>				
Capital gains tax on revaluation and disposal of property and listed security investments	159 045	34 443	-	-
Tax loss	(28 357)	-	-	-
	130 688	34 443	-	-
<b>12. Investment income</b>				
Interest received from subsidiaries	-	-	185 036	149 080
<b>13 . Operating profit</b>				
Operating profit includes				
Expenses:				
Amortisation of capitalised lease costs	6 338	4 297	-	-
Auditors' remunerations	410	287	-	-
• External auditor - current year audit	320	282	-	-
• External auditor - other services	90	5	-	-
Internal audit	266	182	-	-
Asset management fees (Madison Property Fund Managers)	15 192	13 492	-	-
Fee in respect of CEO's remuneration (Madison Property Fund Managers)	2 188	1 125	-	-
Property management fees	14 098	11 201	-	-
• Madison Property Fund Managers	2 682	1 969	-	-
• Independent property managers	10 019	7 960	-	-
• Combined Projects (Pty) Ltd	1 397	1 272	-	-
Valuation fees paid to third parties	367	360	-	-
Directors remuneration				
• For services as Directors	574	231	537	231
• B Azizollahoff (Paid to Madison Property Fund Managers)	50	30	50	30
• L Barnard	100	-	100	-
• W Cesman (Paid to Madison Property Fund Managers)	65	30	65	30
• C Clarke	104	-	100	-
• E Ellering	50	30	50	30
• J Kron (Paid to Deneys Reitz Inc.)	-	75	-	75
• D Perlton	100	-	100	-
• S Shaw-Taylor (Paid to The Standard Bank of SA)	55	22	22	22
• D Solomon (Paid to Combined Projects (Pty) Ltd)	-	7	-	7
• J Solomon (Paid to Combined Projects (Pty) Ltd)	-	7	-	7
• M Wainer (Paid to Madison Property Fund Managers)	50	30	50	30

# Notes to the financial statements

Year ended 31 August 2005 (continued)

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	GROUP		COMPANY	
	31 Aug 2005	31 Aug 2004	31 Aug 2005	31 Aug 2004
	R 000	R 000	R 000	R 000
<b>14. Capital gain on non-current assets</b>				
Property portfolio				
• Realised loss on sale - at cost	(53 531)	(3 391)	-	-
• Unrealised gain on revaluation	383 708	29 078	-	-
Listed security portfolio				
• Realised gain on sale - at cost	108 703	25 893	-	-
• Unrealised gain on revaluation	519 657	175 799	-	-
Capital gains taxation - deferred	(124 602)	(34 443)	-	-
	833 935	192 936	-	-
<b>15. Finance charges</b>				
Interest paid on non-current liabilities	130 602	158 399	-	-
Net cost of interest rate swaps	19 454	23 328	-	-
Interest paid on overdraft	141	256	-	-
	150 197	181 983	-	-
<b>16. Taxation</b>				
<b>16.1 Normal tax</b>				
SA normal tax				
• Deferred	28 357	-	-	-
<b>16.2 Reconciliation between applicable tax rate and effective tax rate</b>				
SA normal tax applied to profit before tax	266 000	101 631	53 149	44 314
Tax effect of				
• Capital loss on sale of fixed properties	15 524	1 017	-	-
• Capital profit on sale of listed securities	(31 524)	(7 768)	-	-
• Capital gain on revaluation of properties	(111 275)	(8 723)	-	-
• Capital gain on revaluation of listed securities	(150 700)	(52 739)	-	-
• Capital gains taxation	36 134	10 333	-	-
• Interest distributions to linked unitholders	(52 516)	(43 751)	(53 149)	(44 314)
Effective tax	(28 357)	-	-	-

# Notes to the financial statements

Year ended 31 August 2005 (continued)

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	GROUP		COMPANY	
	31 Aug 2005	31 Aug 2004	31 Aug 2005	31 Aug 2004
	R 000	R 000	R 000	R 000
<b>17. Earnings and distribution per linked unit</b>				
Earnings per linked unit are calculated on the weighted average number of units ranking for distribution of 489 273 875 (2004: 455 262 393) and net income before interest distributions to linked unitholders but after tax of R945 597 057 (2004: R338 772 907) and headline earnings of R111 661 562 (2004: R145 835 931).				
<b>Reconciliation of headline earnings and distributions</b>				
Profit attributable to linked unitholders	945 597	338 772	183 272	147 713
Capital gain on non-current assets	(833 935)	(192 936)	-	-
Headline earnings	111 662	145 836	183 723	147 713
Interest rate swap termination costs	69 427	-	-	-
• Gross	97 784	-	-	-
• Taxation	(28 357)	-	-	-
Distributions	181 089	145 836	183 272	147 713
<b>18. Cash generated from operations</b>				
Reconciliation of profit before taxation to cash generated from operations				
Profit before taxation	945 597	338 772	183 272	147 713
Adjusted for:				
Revaluation of trading securities	-	940	-	-
Loss on disposal of fixed properties	53 531	3 391	-	-
Profit on disposal of listed securities	(108 703)	(25 893)	-	-
Gain on revaluation of fixed properties	(383 708)	(29 078)	-	-
Gain on revaluation of listed securities	(519 656)	(175 799)	-	-
Non-cash portion of investment income	(10 428)	-	-	-
Deferred taxation	96 244	34 443	-	-
Interest income	(4 693)	(3 572)	-	-
Lease commissions amortised	2 372	1 611	-	-
Tenant installations amortised	3 966	2 687	-	-
Improvement amortisation	2 015	1 134	-	-
Finance charges paid	150 197	181 983	-	-
Interest rate swap termination costs	97 784	-	-	-
Operating profit before working capital changes	324 518	330 619	183 272	147 713

# Notes to the financial statements

Year ended 31 August 2005 (continued)

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	GROUP		COMPANY	
	31 Aug 2005	31 Aug 2004	31 Aug 2005	31 Aug 2004
	R 000	R 000	R 000	R 000
<b>18. Cash generated from operations (cont.)</b>				
Working capital changes				
Decrease (Increase) in trade and other receivables	16 247	16 546	(12 736)	(11 978)
Increase (decrease) in trade and other payables	26 937	8 205	477	166
	367 702	355 370	171 013	135 901
<b>19. Distributions paid</b>				
Opening balance payable	38 919	26 727	39 403	26 727
Distribution declared	181 089	145 836	183 272	147 713
Closing balance payable	(51 549)	(38 919)	(52 178)	(39 403)
	168 459	133 644	170 497	135 037

## 20. Contingent liabilities

Guarantees totalling R2 893 756 have been issued on the group's behalf, by Standard Bank of South Africa Limited, to various municipal councils in lieu of deposits for services. There are no other material guarantees or contingent liabilities at the date of this report

## 21. Financial risk management

Financial instruments consist of deposits with banks, overdraft facilities, accounts receivable and accounts payable. The carrying book value of the financial instruments above approximates fair value.

### Credit risk management

Credit risk consists mainly of tenant debtors, which are widespread with no dependence on any single tenant. Continuous attention is paid to the financial strength of the tenants. At the year-end management did not consider there to be any material risk exposure. Provision is made for specific bad debts and general bad debts.

### Interest rate risk management

Interest rate risk is managed by the use of fixed rate agreements and financing linked to the prime interest rate. The fixed rate agreements on R1 300 billion are detailed in note 11. Risk is

also minimised by monitoring cash flows and where possible applying surplus cash against long-term interest bearing liabilities.

### Liquidity risk management

Adequate cash resources to meet working capital requirements are maintained at all times and where possible surplus cash is applied on an access basis against long-term interest-bearing liabilities.

## 22. Post balance sheet events

### 22.1 Fixed property disposals

22.1.1 Sale of 18 Hurlingham Road, for a consideration of R7 750 000.

22.1.2 Sale of 22 Hurlingham Road, for a consideration of R8 000 000.

22.1.3 Sale of 24 Hurlingham Road, for a consideration of R8 400 000.

22.1.4 Sale of 44 Wierda Road, for a consideration of R6 300 000.

22.1.5 Sale of Alcom House, for a consideration of R9 595 000

22.1.6 Sale of ERP.com, for a consideration of R4 242 000

22.1.7 Sale of Kyalami Park - Stand 36, for a consideration of R3 150 000

# Notes to the financial statements

Year ended 31 August 2005 (continued)

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22.1.8 Sale of Woodmead 4 & 5, for a consideration of R9 898 000

## 22.2 Listed security acquisitions

22.2.1 Martprop Property Fund - 1,5 million units - purchase consideration R4 776 630.

## 23. Related party disclosure

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

### 23.1 Identity of the related party with whom material transactions have occurred

Madison Property Fund Managers (Pty) Ltd - Asset manager, Board representation and common Directors

The Standard Bank of South Africa Limited - Unitholder, Board representation and 30% ownership of asset manager

### 23.2 Type of related party transactions

Madison Property Fund Managers (Pty) Ltd - Asset management, property management and Directors fees in the normal course of business.

The Standard Bank of South Africa Limited - Bond administration fees, interest, bank charges, Directors fees and lease revenue in the normal course of business.

### 23.3 Material related party transactions

Transactions with Madison Property Fund Managers (Pty) Ltd:

- Asset management fee - R15 192 000 (2004: R13 492 000)
- Deal fees - R Nil (2004: R Nil)
- Directors fees - R160 000 (2004: R90 000)
- Fee paid for services of CEO - R2 188 000 (2004: R1 125 000)
- Incentive fee based on growth in market capitalisation - R Nil (2004: R Nil)
- Property management fees - R2 682 000 (2004: R1 969 000)

Transactions with The Standard Bank of South Africa Limited:

- Bond administration fee - R2 321 289 (2004: R1 251 250)
- Bank charges - R96 069 (2004: R41 588)
- Directors fees - R55 000 (2004: R22 500)
- Interest on finance facilities - R106 999 509 (2004: R88 258 193)
- Interest on overdraft - R140 864 (2004: R255 922)
- Lease revenue - R37 284 642 (2004: R31 536 057)
- Interest rate swaps - R19 454 072 (2004: R19 412 222)

## Interest in Subsidiaries

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Interest in wholly-owned subsidiaries at 31 August 2005			
	Issued share capital	Indebtedness R000	Shares at cost R000
Outward Investments (Pty) Ltd (trading)	100	1 130 423	¥
Portion 65 Rivonia Ext 3 (Pty) Ltd (non-trading)	100	*	*
Portion 68 Rivonia Ext 3 (Pty) Ltd (non-trading)	100	*	*
Terminus Klerksdorp (Pty) Ltd (non-trading)	4	*	*
		1 130 423	¥

¥ Below R1 000

\* Held by Outward Investments (Pty) Ltd

## Segmental analysis


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	At value			Revenue		
	Amount	% of	% of	Amount	% of	% of
	R000	sector	total	R000	sector	total
Investment assets						
Properties	2 035 961		52	262 757		64
Listed securities	1 848 736		48	147 983		38
	3 884 697		100	410 740		100
Property portfolio						
Industrial	326 660	16	8	52 551	20	12
Offices	1 307 384	64	34	147 144	56	35
Retail	401 917	20	10	63 062	24	15
	2 035 961	100	52	262 757	100	62
Listed security portfolio						
PLSs	1 493 437	81	39	117 478	79	30
PUTs	355 299	19	9	30 505	21	8
	1 848 736	100	48	147 983	100	38

## Listed security portfolio

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Property fund	Fund type	Number of units	Total units in issue	% held	% of portfolio	At value (R)
ApexHi "A"	PLS	11 159 382	189 830 990	5.9	7.2	132 238 678
ApexHi "B"	PLS	25 767 273	189 830 990	13.6	17.1	315 649 094
Hyprop	PLS	12 420 674	116 630 923	10.6	17.8	328 526 827
Martprop	PUT	23 187 966	725 183 770	3.2	3.9	72 114 574
Paramount	PLS	19 466 960	116 270 030	16.7	6.4	118 748 456
Prima	PUT	208 224 145	649 502 900	32.1	15.3	283 184 837
SA Retail	PLS	55 904 550	225 873 830	24.8	29.0	536 683 680
Vukile	PLS	9 475 328	268 189 490	3.5	3.3	61 589 632
					<b>100.0</b>	<b>1 848 735 778</b>



90 Rivonia  
Road, Sandton is a  
14 270m<sup>2</sup> A-grade  
building. It was recently  
refurbished for the  
Alexander Forbes  
Group.

# Property portfolio

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Property	Province	Location	Description	GLA m <sup>2</sup>	Value (R)
<b>Commercial</b>					
Standard Bank Centre	Western Cape	Foreshore	High-rise office with retail	58 268	270 000 000
90 Rivonia Rd	Gauteng	Sandton	Low-rise office	14 270	140 000 000
ABSA Park Ridge	Gauteng	Parktown	Office park	10 255	82 000 000
Accenture	Gauteng	Woodmead	Office park	6 388	70 673 280
Hatfield Square	Gauteng	Hatfield	Low-rise office with retail	15 054	62 300 000
Rosebank Arena	Gauteng	Rosebank	Low-rise office	12 273	50 000 000
Stonewedge	Gauteng	Bryanston	Low-rise office	6 016	41 000 000
90 Grayston Drive	Gauteng	Sandton	Low-rise office	4 400	38 600 000
Clear Channel	Gauteng	Hurlingham	Low-rise office	3 974	38 000 000
15 Baker Street	Gauteng	Rosebank	Low-rise office	7 094	35 000 000
Finance House	Gauteng	Bruma	Low-rise office	7 572	30 500 000
BSW Data	Gauteng	Midrand	Low-rise office	5 680	27 500 000
Essex Gardens	KwaZulu-Natal	Berea	Low-rise office	6 634	26 800 000
Mauff Zail	Gauteng	Richmond	Low-rise office	4 586	24 650 000
The Avenues	Gauteng	Rivonia	Office park	6 221	23 600 000
Wedgfield	Gauteng	Bryanston	Office park	3 608	23 000 000
Allhart Park	Gauteng	Woodmead	Office park	4 212	22 598 090
2 Arnold Road	Gauteng	Rosebank	Low-rise office	4 056	22 000 000
Agency I	Gauteng	Sunninghill	Low-rise office	2 162	21 600 000
Homestead	Gauteng	Bryanston	Low-rise office	3 173	21 500 000
Agency II	Gauteng	Sunninghill	Low-rise office	2 598	20 900 000
Bruma Boulevard	Gauteng	Bruma	Office park	4 160	17 200 000
Mauff Zail	KwaZulu-Natal	Durban	Low-rise office	4 671	16 800 000
Monitor House	Gauteng	Houghton	Low-rise office	1 700	15 050 000
Pentagraph Building	Gauteng	Sunninghill	Low-rise office	2 388	14 100 000
Howick Mews	Gauteng	Midrand	Low-rise office	3 645	13 600 000
TBWA Benmore	Gauteng	Benmore	Low-rise office	1 793	12 400 000
Montrose Place	Gauteng	Midrand	Low-rise office	3 942	12 150 000

# Property portfolio

Property	Province	Location	Description	GLA m <sup>2</sup>	Value (R)
36 Morsim Road	Gauteng	Hyde Park	Low-rise office	1 984	11 650 000
Pareto House	Gauteng	Sunninghill	Low-rise office	2 870	11 100 000
College House	Gauteng	Bryanston	Low-rise office	1 850	10 400 000
Woodmead 4 & 5	Gauteng	Woodmead	Low-rise office	1 527	9 898 000
Alcom House	Gauteng	Rivonia	Low-rise office	1 678	9 595 000
24 Hurlingham Road	Gauteng	Illovo	Low-rise office	1 127	8 484 000
22 Hurlingham Road	Gauteng	Illovo	Low-rise office	1 205	8 080 000
Mauff Zail	Gauteng	Pretoria	Low-rise office	1 304	7 923 032
Proudfoot	Gauteng	Bryanston	Low-rise office	1 304	7 800 000
18 Hurlingham Road	Gauteng	Illovo	Low-rise office	1 189	7 750 000
44 Wierda Road	Gauteng	Wierda Valley	Low-rise office	1 044	6 300 000
Sandhavon Office Park	Gauteng	Sandton	Low-rise office	1 948	5 200 000
ERP. Com	Gauteng	Sunninghill	Low-rise office	775	4 242 000
Mellis Park 1	Gauteng	Rivonia	Low-rise office	634	1 700 000
<b>Retail</b>					
Motown Central	KwaZulu-Natal	Durban	Speciality motor retail	17 869	54 900 000
Riverside Value Mart	Mpumalanga	Nelspruit	Community retail centre	9 569	43 200 000
Monument Commercial	Gauteng	Rodepoort	Speciality motor retail	11 979	43 000 000
Scott Street Mall	KwaZulu-Natal	Newcastle	Community retail centre	8 902	43 000 000
BMW Northcliff	Gauteng	Northcliff	Speciality motor retail	3 784	30 316 586
Capital Park Motor City	Gauteng	Pretoria	Speciality motor retail	7 595	28 000 000
Bryanston Carvenience	Gauteng	Bryanston	Speciality motor retail	3 899	27 000 000
The Pro Shop	Gauteng	Woodmead	Speciality retail	5 045	24 300 000
Williams Hunt	Gauteng	Randburg	Speciality motor retail	3 351	21 000 000
Checkers Centre	Limpopo	Pietersburg	Community retail centre	8 412	19 000 000
Fontainebleau Village	Gauteng	Randburg	Neighbourhood retail centre	3 915	16 200 000
Bryanston Wedge Shopping Centre	Gauteng	Bryanston	Neighbourhood retail centre	4 811	14 500 000
First National Bank	Gauteng	Centurion	Low-rise office with retail	1 920	13 000 000
Standard Bank	Gauteng	Rosebank	Retail and office	4 191	12 200 000

# Property portfolio

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Property	Province	Location	Description	GLA m <sup>2</sup>	Value (R)
The Posthouse	Gauteng	Bryanston	Neighbourhood retail centre	2 845	9 900 000
Bears	KwaZulu-Natal	Amanzimtoti	Retail	1 312	2 400 000
<b>Industrial</b>					
Wingfield Park	Gauteng	Jet Park	Maxi units, warehousing	55 927	79 300 000
Avroy Schlain	Gauteng	Midrand	Warehousing	12 448	46 261 528
21 Wrench Road	Gauteng	Isando	Warehousing	32 090	45 200 000
Africa Glass	Gauteng	Denver	Light industrial	7 594	33 650 000
Africa Glass	Gauteng	Alrode	Light industrial	15 053	31 500 000
Amalgamated Appliances	Gauteng	Reuven	Warehousing	21 313	15 400 000
Crosscape	Western Cape	Epping	Warehousing	6 157	15 000 000
Virgin Active Benoni	Gauteng	Benoni	Gym	3 154	14 300 000
Africa Glass	Gauteng	Centurion	Light industrial	3 901	10 904 128
Bernie Street	Gauteng	Kya Sands	Light industrial	9 725	10 600 000
Stevens & Co	Gauteng	Midrand	Warehousing	3 460	9 800 000
Morkels Warehouse	Free State	Bloemfontein	Warehousing	2 867	6 500 000
Kyalami Park - Stand 37/38	Gauteng	Kyalami	Light industrial	1 741	5 093 863
Kyalami Park - Stand 36	Gauteng	Kyalami	Light industrial	837	3 150 000
				<b>506 898</b>	<b>2 032 219 507</b>

Sectors	Number of properties	GLA m <sup>2</sup>	% vacant	Value (R)
Commercial	42	231 232	4.9	1 303 643 402
Retail	16	99 399	2.7	401 916 586
Industrial	14	176 267	0.0	326 659 519
<b>Total</b>	<b>72</b>	<b>506 898</b>	<b>2.8</b>	<b>2 032 219 507</b>
<b>Geographic</b>				
Gauteng	62	382 237	2.8	1 534 619 507
Western Cape	2	64 425	4.1	285 000 000
KwaZulu-Natal	5	39 388	1.1	143 900 000
Other	3	20 848	0.3	68 700 000
<b>Total</b>	<b>72</b>	<b>506 898</b>	<b>2.8</b>	<b>2 032 219 507</b>

## Analysis of unitholders

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	Unitholders	%	Number of units held	%
1 - 999	1 262	23.5	376 688	0.1
1 000 - 9 999	2 101	39.2	7 101 196	1.4
10 000 - 99 999	1 654	30.8	44 301 230	8.7
100 000 - 999 999	283	5.3	78 503 871	15.5
1 000 000 and over	63	1.2	376 302 597	74.3
<b>Total</b>	<b>5 363</b>	<b>100.0</b>	<b>506 585 582</b>	<b>100.0</b>

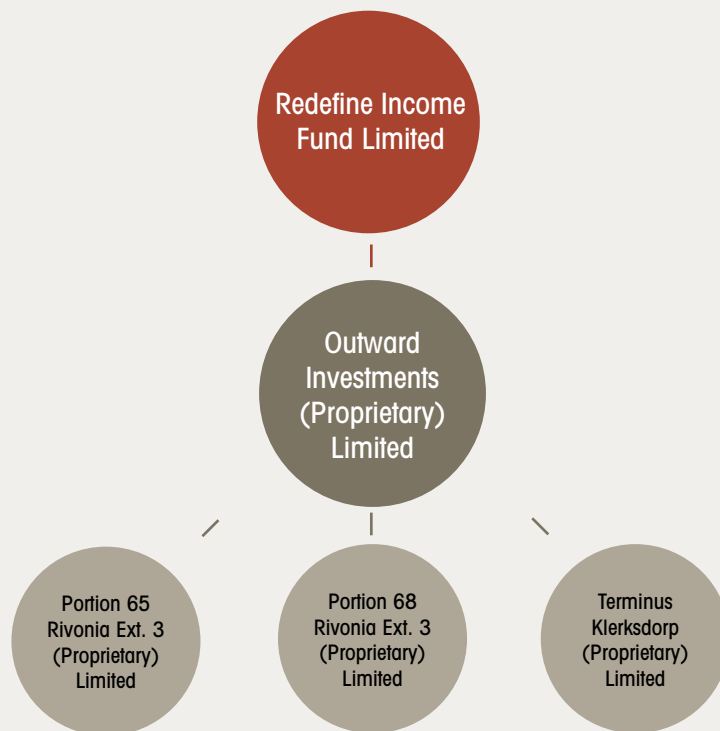
	Unitholders	%	Number of units held	%
<b>Non-public</b>				
Directors	3	0.1	3 201 706	0.6
Unitholders holding 10% or more of the issued linked units	3	0.1	175 430 443	34.6
<b>Public</b>	5 357	99.8	327 953 433	64.8
<b>Total</b>	<b>5 363</b>	<b>100.0</b>	<b>506 585 582</b>	<b>100.0</b>

### Holders in excess of 5% of the total linked units in issue

	Number of units	% of total units
Stanlib Funds	62 786 933	12.4
The Standard Bank Group	58 128 021	11.5
Old Mutual	54 515 489	10.8
Marriott Funds	44 416 974	8.8
Prudential	30 542 873	6.0

Event	Date
Annual General Meeting	28 November 2005
Financial year-end	31 August
Announcement of interim results	April
Announcement of annual results	October
Annual report posted	October
Quarterly income distributions	Payable two months after the end of the quarter:
• Quarter 1 (September – November)	January
• Quarter 2 (December – February)	April
• Quarter 3 (March – May)	July
• Quarter 4 (June – August)	October

## Group structure



All subsidiaries are wholly owned

\* The fixed properties (other than those owned directly by the property-owning subsidiaries) and the listed securities are owned by Outward Investments (Proprietary) Limited.

# Notice of Annual General Meeting of Shareholders

## REDEFINE INCOME FUND LIMITED

Registration number: 1999/018591/06

JSE code: RDF

ISIN number: ZAE000023503

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Notice is hereby given that the Annual General Meeting of shareholders ("unitholders") of Redefine Income Fund Limited ("the company") will be held at the offices of the company at 2 Arnold Road, Rosebank, Gauteng on Monday, 28 November 2005 at 10h00 for the following purposes:

1. To consider the financial statements for the year ended 31 August 2005;
2. To transact such other business as may be transacted at an Annual General Meeting of shareholders of a company including the re-appointment of the auditors and re-election of retiring Directors (refer attached schedule of CV's); and
3. To consider and, if deemed fit, passing, with or without modification, the special and ordinary resolutions set out below, in the manner required by the South African Companies Act, 1973 (Act 61 of 1973), as amended ("the Act"):

### 3.1 Special Resolution Number 1: Linked unit purchases

"Resolved that the Directors be authorised pursuant inter alia to the company's Articles of Association, until this authority lapses at the next Annual General Meeting of the company, unless it is then renewed at the next Annual General Meeting of the company and provided that this authority shall not extend beyond 15 (fifteen) months, for the company or any subsidiary of the company to acquire linked units of the company, subject to the Listings Requirements of the JSE Limited ("JSE") on the following bases:

- 3.1.1. the acquisition of linked units must be effected through the order book operated by the JSE trading system and done without any prior arrangement between the company and the counter – party;
- 3.1.2. the company may only appoint one agent to effect repurchases on its behalf;
- 3.1.3. the number of linked units which may be acquired pursuant to this authority in any financial year (which commenced 1 September 2005) may not in the aggregate exceed 20% (twenty percent) of

the company's share capital, as at the date of this notice of general meeting;

- 3.1.4. repurchases of linked units may not be made at a price more than 10% (ten percent) above the weighted average of the market value on the JSE of the linked units in question for the five business days immediately preceding the repurchase;
- 3.1.5. repurchases may not take place during a prohibited period (as defined in the JSE Listings Requirements);
- 3.1.6. repurchases may only take place if, after such repurchase, the unitholder spread of the company still complies with the JSE Listings Requirements;
- 3.1.7. after the company has acquired linked units which constitute, on a cumulative basis, 3% (three percent) of the number of linked units in issue (at the time that authority from unitholders for the repurchase is granted), the company shall publish an announcement to such effect, or any other announcements that may be required in such regard in terms of the JSE Listings Requirements which may be applicable from time to time; and
- 3.1.8. the company's sponsor shall, prior to the company entering the market to proceed with a re-purchase of units, confirm in writing to the JSE, the adequacy of the company's working capital for the purposes of undertaking the re-purchase of linked units."

In accordance with the JSE Listings Requirements, the Directors record that:

Although there is no immediate intention to effect a repurchase of securities of the company, the directors would utilise the general authority to repurchase securities as and when suitable opportunities present themselves which opportunities may require expeditious and immediate action;

The Directors, after considering the maximum number of securities which may be purchased and the price at which the

# Notice of Annual General Meeting of Shareholders

(continued)

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repurchases may take place pursuant to the buyback general authority, are of the opinion that for a period of 12 (twelve) months after the date of notice of this annual general meeting:

- the company will be able to pay its debts in the ordinary course of business;
- the consolidated assets of the company fairly valued in accordance with generally accepted accounting practice, will be in excess of the consolidated liabilities of the company after the buyback;
- the share capital and reserves of the company will be adequate for the purposes of the business of the company and its subsidiaries; and
- the working capital available to the company and its subsidiaries will be adequate for the purposes of the business of the company and its subsidiaries.

The following additional information, some of which may appear elsewhere in the annual report of which this notice forms part, is provided in terms of the JSE Listings Requirements for purposes of this general authority:

- Directors – page 25
- Major beneficial shareholders – page 53
- Directors' interests in ordinary shares – page 26
- Share capital of the company – page 24

## Litigation

The Directors, whose names appear on page 25 of the annual report of which this notice forms part, are not aware of any legal or arbitration proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 (twelve) months, a material effect on the group's financial position.

## Directors' responsibility statement

The Directors, whose names appear on page 25 of the annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the

special resolution contains all information required in terms of the JSE Listings Requirements.

## Material changes

Other than the facts and developments reported on in the annual report, there have been no material changes in the affairs or financial position of the company and its subsidiaries since the date of signature of the audit report for the year ended 31 August 2005 and up to the date of this notice.

## Reasons for and effects of Special Resolution Number 1

The reason for Special Resolution Number 1 is to afford Directors of the company a general authority to effect a buyback of the company's linked units on the JSE. The effect of the resolution will be that the Directors will have the authority, subject to the Rules and Requirements of the JSE, to effect acquisitions of the company's linked units on the JSE.

## 3.2 Ordinary Resolution Number 1: Issue of linked units for cash

"Resolved that the Directors be authorised pursuant inter alia to the company's Articles of Association, until this authority lapses at the next Annual General Meeting of the company, unless it is then renewed at the next Annual General Meeting of the company provided that it shall not extend beyond 15 (fifteen) months, to allot and issue any linked units for cash subject to the rules and requirements of the JSE Limited ("JSE") on the following bases:

- 3.2.1. the allotment and issue of the linked units must be of a class of securities already in issue and must be made to persons qualifying as public shareholders as defined in the JSE Listings Requirements;
- 3.2.2. the number of linked units issued for cash shall not in the aggregate in any one financial year exceed 15% (fifteen percent) of the company's issued share capital of linked units. The number of linked units which may be issued shall be based on the number of linked units in issue at the date of such application less any linked units issued during the current financial year, provided that any linked units to be issued pursuant to a rights issue (announced, irrevocable and fully underwritten) or acquisition

# Notice of Annual General Meeting of Shareholders

(continued)

- (concluded up to the date of application including announcement of the final terms) may be included as though they were linked units in issue at the date of application;
- 3.2.3. the maximum discount at which linked units may be issued is 10% (ten percent) of the weighted average traded price on the JSE of those linked units over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed by the Directors of the company; and
- 3.2.4. after the company has issued linked units for cash which represent, on a cumulative basis within a financial year, 5% (five percent) or more of the number of linked units in issue prior to that issue, the company shall publish an announcement containing full details of the issue (including the number of linked units issued, the average discount to the weighted average traded price of the linked units over the 30 (thirty) days prior to the date that the price of the issue is determined or agreed by the directors, the effect of the issue on net asset value and earnings per linked unit), or any other announcements that may be required in such regard in terms of the JSE Listings Requirement which may be applicable from time to time."

In terms of the Listings Requirements of the JSE, a 75% (seventy-five percent) majority of the votes cast by unitholders present or represented by proxy at the general meeting must be cast in favour of Ordinary Resolution Number 1 for it to be approved.

- 3.3 Ordinary Resolution Number 2: Unissued linked units
- "Resolved that the authorised and unissued ordinary share capital of the company be and is hereby placed under the control of the Directors of the company which Directors are, subject to the rules and regulations of the JSE Limited ("JSE") and the provisions of section 221 and section 222 of the Companies Act (Act 61 of 1973) as amended, authorised to allot and issue any of such linked units at such time or times, to such person or persons, company or companies and upon such terms and conditions as they may determine, such authority to remain in force until the

next Annual General Meeting of the company."

- 3.4 Ordinary Resolution Number 3: Re-election of Director
- "Resolved that C. Clarke be and is hereby re-elected as a Director of the company."
- 3.5 Ordinary Resolution Number 4: Re-election of Director
- "Resolved that D. Perton be and is hereby re-elected as a Director of the company."
- 3.6 Ordinary Resolution Number 5: Re-election of Director
- "Resolved that L. Barnard be and is hereby re-elected as a Director of the company."
- 3.7 Ordinary Resolution Number 6: Confirmation of Directors' remuneration
- "Resolved that the remuneration and fees payable to directors for the year, as set out in the annual financial statements and annual report of which this notice forms part, be and is confirmed."
- 3.8 Ordinary Resolution Number 7: Signature of documentation
- "Resolved that any director or the company secretary of the company be and is hereby authorised to sign all such documentation and do all such things as may be necessary for or incidental to the implementation of Special Resolution Number 1 and Ordinary Resolution Numbers 1, 2, 3, 4, 5 and 6 which are passed by the unitholders in accordance with and subject to the terms thereof."
4. Re-appointing PKF(Jhb) Inc. as auditors of the company.

## Voting and proxies

A unitholder of the company entitled to attend and vote at the general meeting is entitled to appoint one or more proxies (who need not be a unitholder of the company) to attend, vote and speak in his/her stead.

On a show of hands, every unitholder of the company present in person or represented by proxy shall have one vote only. On a poll, every unitholder of the company present in person or represented by proxy shall have one vote for every linked unit held in the company by such unitholder.

# Notice of Annual General Meeting of Shareholders

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A form of proxy is attached for the convenience of any unitholder holding linked units in the company who cannot attend the Annual General Meeting. Forms of proxy may also be obtained on request from the company's registered office. The completed forms of proxy must be deposited at or posted to the office of the transfer secretaries of the company, Computershare Investor Services 2004 (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) to be received at least 48 (forty eight) hours prior to the meeting. Any unitholder who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the general meeting should the unitholder subsequently decide to do so.

Unitholders who have already dematerialised their linked units through a CSDP or broker rather than own-name registration and who wish to attend the Annual General Meeting must instruct their CSDP or broker to issue them with the necessary authority to attend.

Dematerialised unitholders, who have elected own-name registration in the sub-register through a CSDP and who are unable but wish to vote at the Annual General Meeting should complete and return the attached form of proxy and lodge it with the transfer secretaries of the company (to be received at least 48 (forty eight) hours prior to the meeting).

Dematerialised unitholders, who have not elected own-name registration in the sub-register through a CSDP and who are unable to attend but wish to vote at the Annual General Meeting should timeously provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between the unitholder and his CSDP or broker in the manner and by the cut-off time stipulated herein.

By order of the Board

## Probity Business Services (Proprietary) Limited

Company Secretary  
10 October 2005

## Registered address

2 Arnold Road  
Rosebank  
Johannesburg  
PO Box 1731, Parklands, 2121

## Transfer Secretaries

Computershare Investor Services 2004 (Pty) Ltd  
70 Marshall Street  
Johannesburg  
2001  
PO Box 61051, Marshalltown, 2107

## Information on directors for re-election

Director	Age	Qualification	Address	Occupation and experience
Colin Clarke (Independent non-executive Director)	63	CA(SA)	39 Avenue de Mist, Rondebosch, Cape Town	Colin was appointed to the Management Board of Pick 'n Pay – Group Enterprises Division in 1995 and in addition to his group property responsibilities participated in the strategic management of a number of subsidiaries and new ventures until his retirement in February 2004. Colin is currently active as a property consultant and broker.
Diana Perton (Independent non-executive Director)	58	LLB	271 Perspicua Road, Rooiels, Cape Town	Diana recently retired as Head of Legal at Liberty Properties (Pty) Ltd in Johannesburg and was head of Manco a panel of executives whose responsibility it is to drive and implement company policy, direct company finance and manage the human capital of the company.
Liliane Barnard (Independent non-executive Director)	41		319 Neptunes Isle, Lagoon Beach, Clifton, Cape Town	Liliane serves on the Board of the management company of Emira Property Fund. Liliane is an independent consultant to the property sector and its investors.

# Form of proxy – Shareholders

## REDEFINE INCOME FUND LIMITED

Registration number: 1999/018591/06

JSE code: RDF

ISIN number: ZAE000023503

Unitholders are advised that separate forms of proxy must be completed by shareholders and debenture holders in order for their vote/s to be valid

For use by the holders of the company's certificated linked units ("certified unitholders") and/or dematerialised linked units held through a Central Securities Depository Participant (CSDP) or broker, who have selected "own name" registration ("own-name dematerialised unitholders") at the Annual General Meeting of shareholders of the company to be held at 2 Arnold Road, Rosebank, Gauteng on Monday, 28 November 2005 at 10h00, or at any adjournment thereof if required. Additional forms of proxy are available from the transfer secretaries of the company.

Not for use by holders of the company's dematerialised linked units who have not selected "own-name" registration. Such unitholders must contact their CSDP or broker timeously if they wish to attend and vote at the Annual General Meeting and request that they be issued with the necessary authorisation to do so or provide the CSDP or broker timeously with their voting instructions should they not wish to attend the Annual General Meeting in order for the CSDP or broker to vote in accordance with their instructions at the Annual General Meeting.

I/We

Of

being the registered holder of linked units in the capital of the company hereby appoint

1. or failing him/her

2. or failing him/her

3. the chairman of the meeting

as my/our proxy to act for me/us on my/our behalf at the Annual General Meeting, or any adjournment thereof, which will be held for the purpose of considering and, if deemed fit, passing with or without modification, the ordinary and special resolutions as detailed in the Notice of Annual General Meeting, and to vote for and/or against such resolutions and/or abstain from voting in respect of the linked units registered in my/our name/s, in accordance with the following instructions:

	In favour of	Against	Abstain
<b>To pass special resolution:</b>			
1. To effect linked unit purchases			
<b>To pass ordinary resolutions:</b>			
1. To issue for cash the authorised but unissued linked units			
2. To place the unissued linked units under the control of the directors			
3. To re-elect C Clarke a director of the company			
4. To re-elect D Perton a director of the company			
5. To re-elect L Barnard a director of the company			
6. To confirm directors' remuneration			
7. To authorize the signature of documentation			
<b>To re-appoint PKF (Jhb) Inc. as auditors of the company</b>			

Indicate instruction to proxy in the spaces provided above.

Signed this day of

2005

Signature

# Form of proxy – Shareholders *(continued)*

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## Notes

1. Each unitholder is entitled to appoint one or more proxies (none of whom need be a unitholder of the company) to attend, speak and vote in place of that unitholder at the Annual General Meeting.
2. Unitholder/s that are certificated or own-name dematerialised unitholders may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space/s provided, with or without deleting "the chairperson of the general meeting", but any such deletion must be initialled by the unitholder/s. The person whose name stands first on the form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow. If no proxy is named on a lodged form of proxy the chairperson shall be deemed to be appointed as the proxy.
3. A unitholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the unitholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy, in the case of any proxy other than the chairperson, to vote or abstain from voting as deemed fit and in the case of the chairperson to vote in favour of the resolution.
4. A unitholder or his/her proxy is not obliged to use all the votes exercisable by the unitholder, but the total of the votes cast or abstained may not exceed the total of the votes exercisable in respect of the linked units held by the unitholder.
5. Forms of proxy must be lodged at or posted to Computershare Investor Services 2004 (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) to be received not less than 48 (forty eight) hours prior to the meeting.
6. The completion and lodging of this form of proxy will not preclude the relevant unitholder from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such unitholder wish to do so. Where there are joint holders of linked units, the vote of the first joint holder who tenders a vote, as determined by the order in which the names stand in the register of unitholders, will be accepted.
7. The chairperson of the general meeting may reject or accept any form of proxy which is completed and/or received otherwise than in accordance with these notes, provided that, in respect of acceptances, the chairperson is satisfied as to the manner in which the unitholder concerned wishes to vote.
8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company or Computershare Investor Services 2004 (Pty) Limited or waived by the chairperson of the general meeting.
9. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
10. A minor must be assisted by his/her parent/guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by Computershare Investor Services 2004 (Pty) Limited.
11. Where there are joint holders of any linked units, only that unitholder whose name appears first in the register in respect of such linked units need sign this form of proxy.

# Notice of Annual General Meeting of Debenture Holders

## REDEFINE INCOME FUND LIMITED

Registration number: 1999/018591/06

JSE code: RDF

ISIN number: ZAE000023503

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Notice is hereby given that the Annual General Meeting of debenture holders ("unitholders") of Redefine Income Fund Limited ("the company") will be held at the offices of the company at 2 Arnold Road, Rosebank, Gauteng on Monday, 28 November 2005 at 10h30 (or immediately after the shareholder meeting) for the following purposes:

1. To consider the financial statements for the year ended 31 August 2005;
  2. To transact such other business as may be transacted at an Annual General Meeting of debenture holders of a company including the re-appointment of the auditors; and
  3. To consider and, if deemed fit, passing, with or without modification, the debenture special and ordinary resolutions set out below, in the manner required by the provision of the Redefine Debenture Trust Deed:
- 3.1 Debenture Special Resolution Number 1: Linked unit purchases
- "Resolved that the Directors be authorised pursuant inter alia to the provisions of Article 7.3 of the Redefine Debenture Trust Deed, until this authority lapses at the next Annual General Meeting of the company, unless it is then renewed at the next Annual General Meeting of the company and provided that this authority shall not extend beyond 15 (fifteen) months, for the company or any subsidiary of the company to acquire linked units of the company, subject to the Listings Requirements of the JSE Limited ("JSE") on the following bases:
- 3.1.1. the acquisition of linked units must be effected through the order book operated by the JSE trading system and done without any prior arrangement between the company and the counter – party;
  - 3.1.2. the company may only appoint one agent to effect repurchases on its behalf;
  - 3.1.3. the number of linked units which may be acquired pursuant to this authority in any financial year (which commenced 1 September 2005) may not in the aggregate exceed 20% (twenty percent) of the company's share capital, as at the date of this notice of general meeting;
  - 3.1.4. repurchases of linked units may not be made at a price more than 10% (ten percent) above the weighted average of the market value on the JSE of the linked units in question for the five business days immediately preceding the repurchase;
  - 3.1.5. repurchases may not take place during a prohibited period (as defined in the JSE Listings Requirements);
  - 3.1.6. repurchases may only take place if, after such repurchase, the unitholder spread of the company still complies with the JSE Listings Requirements;
  - 3.1.7. after the company has acquired linked units which constitute, on a cumulative basis, 3% (three percent) of the number of linked units in issue (at the time that authority from unitholders for the repurchase is granted), the company shall publish an announcement to such effect, or any other announcements that may be required in such regard in terms of the JSE Listings Requirements which may be applicable from time to time; and
  - 3.1.8. the company's sponsor shall, prior to the company entering the market to proceed with a re-purchase of units, confirm in writing to the JSE, the adequacy of the company's working capital for the purposes of undertaking the re-purchase of linked units."

# Notice of Annual General Meeting of Debenture Holders

(continued)

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In accordance with the JSE Listings Requirements, the Directors record that:

Although there is no immediate intention to effect a repurchase of securities of the company, the directors would utilise the general authority to repurchase securities as and when suitable opportunities present themselves which opportunities may require expeditious and immediate action;

The Directors, after considering the maximum number of securities which may be purchased and the price at which the repurchases may take place pursuant to the buyback general authority, are of the opinion that for a period of 12 (twelve) months after the date of notice of this annual general meeting:

- the company will be able to pay its debts in the ordinary course of business;
- the consolidated assets of the company fairly valued in accordance with generally accepted accounting practice, will be in excess of the consolidated liabilities of the company after the buyback;
- the share capital and reserves of the company will be adequate for the purposes of the business of the company and its subsidiaries; and
- the working capital available to the company and its subsidiaries will be adequate for the purposes of the business of the company and its subsidiaries.

The following additional information, some of which may appear elsewhere in the annual report of which this notice forms part, is provided in terms of the JSE Listings Requirements for purposes of this general authority:

- Directors – page 25
- Major beneficial shareholders – page 53
- Directors' interests in ordinary shares – page 26
- Share capital of the company – page 24

## Litigation

The Directors, whose names appear on page 25 of the annual report of which this notice forms part, are not aware of any legal or arbitration proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 (twelve) months, a material effect on the group's financial position.

## Directors' responsibility statement

The Directors, whose names appear on page 25 of the annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information required in terms of the JSE Listings Requirements.

## Material changes

Other than the facts and developments reported on in the annual report, there have been no material changes in the affairs or financial position of the company and its subsidiaries since the date of signature of the audit report for the year ended 31 August 2005 and up to the date of this notice.

## Reasons for and effects of Debenture Special Resolution Number 1

The reason for Debenture Special Resolution Number 1 is to afford Directors of the company a general authority to effect a buyback of the company's linked units on the JSE. The effect of the resolution will be that the Directors will have the authority, subject to the Rules and Requirements of the JSE, to effect acquisitions of the company's linked units on the JSE.

## 3.2 Debenture Special Resolution Number 2: Ratification of Fourth Supplemental Debenture Trust Deed

# Notice of Annual General Meeting of Debenture Holders

(continued)

"Resolved that the conclusion of the Fourth Supplemental Debenture Trust Deed to Redefine's principal debenture trust deed between the company and Webber Wentzel Bowens Inc (in its capacity as debenture trustee), on the terms of the Fourth Supplemental Debenture Trust Deed executed between the company and Webber Wentzel Bowens Inc dated 3 October 2005, be and is hereby ratified and approved."

## Reasons for and effects of Debenture Special Resolution Number 2

Consequent upon the issue of Circular 7/2005 by the South African Institute of Chartered Accountants, the debenture trust deed has, with the requisite approval of the JSE, been amended so as to amend the formula utilised for the calculation of the interest entitlement on each debenture issued by the company to exclude any non-cash revenue arising from the interpretation of lease income recognition as contemplated by Circular 7/2005. That amendment is subject to the ratification by debenture holders of the company. The effect of the resolution will be that the debenture trust deed will be amended accordingly.

### 3.3 Debenture Special Resolution Number 3: Unissued linked units

"Resolved that the authorised and unissued ordinary share capital of the company be and is hereby placed under the control of the Directors of the company which Directors are, subject to the rules and regulations of the JSE Limited ("JSE") and the provisions of the Redefine Debenture Trust Deed, authorised to allot and issue any of such linked units at such time or times, to such person or persons, company or companies and upon such terms and conditions as they may determine, such authority to remain in force until the next Annual General Meeting of the company."

### 3.4 Debenture Ordinary Resolution Number 1: Signature of documentation

"Resolved that any Director or the company secretary of the company be and is hereby authorised to sign all such

documentation and do all such things as may be necessary for or incidental to the implementation of Debenture Special Resolution Numbers 1, 2, and 3 which are passed by the debenture holders in accordance with and subject to the terms thereof."

4. Re-appointing PKF(Jhb) Inc. as auditors of the company.

## Voting and proxies

A unitholder of the company entitled to attend and vote at the general meeting is entitled to appoint one or more proxies (who need not be a unitholder of the company) to attend, vote and speak in his/her stead.

On a show of hands, every unitholder of the company present in person or represented by proxy shall have one vote only. On a poll, every unitholder of the company present in person or represented by proxy shall have one vote for every linked unit held in the company by such unitholder.

A form of proxy is attached for the convenience of any unitholder holding linked units in the company who cannot attend the Annual General Meeting. Forms of proxy may also be obtained on request from the company's registered office. The completed forms of proxy must be deposited at or posted to the office of the transfer secretaries of the company, Computershare Investor Services 2004 (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) to be received at least 48 (forty eight) hours prior to the meeting. Any unitholder who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the general meeting should the unitholder subsequently decide to do so.

Unitholders who have already dematerialised their linked units through a CSDP or broker rather than own-name registration and who wish to attend the Annual General Meeting must instruct their CSDP or broker to issue them with the necessary authority to attend.

# Notice of Annual General Meeting of Debenture Holders

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Dematerialised unitholders, who have elected own-name registration in the sub-register through a CSDP and who are unable but wish to vote at the Annual General Meeting should complete and return the attached form of proxy and lodge it with the transfer secretaries of the company (to be received at least 48 (forty eight) hours prior to the meeting).

Dematerialised unitholders, who have not elected own-name registration in the sub-register through a CSDP and who are unable to attend but wish to vote at the Annual General Meeting should timeously provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between the unitholder and his CSDP or broker in the manner and by the cut-off time stipulated herein.

By order of the Board

**Probity Business Services (Proprietary) Limited**

Company Secretary

10 October 2005

**Registered address**

2 Arnold Road

Rosebank

Johannesburg

PO Box 1731, Parklands, 2121

**Transfer Secretaries**

Computershare Investor Services 2004 (Pty) Ltd

70 Marshall Street

Johannesburg

2001

PO Box 61051, Marshalltown, 2107

# Form of proxy – Debenture Holders

## REDEFINE INCOME FUND LIMITED

Registration number: 1999/018591/06

JSE code: RDF

ISIN number: ZAE000023503

Unitholders are advised that separate forms of proxy must be completed by shareholders and debenture holders in order for their vote/s to be valid

For use by the holders of the company's certificated linked units ("certified unitholders") and/or dematerialised linked units held through a Central Securities Depository Participant (CSDP) or broker, who have selected "own name" registration ("own-name dematerialised unitholders") at the Annual General Meeting of debenture holders of the company to be held at 2 Arnold Road, Rosebank, Gauteng on Monday, 28 November 2005 at 10h30 (or immediately after the shareholder meeting), or at any adjournment thereof if required. Additional forms of proxy are available from the transfer secretaries of the company.

Not for use by holders of the company's dematerialised linked units who have not selected "own-name" registration. Such unitholders must contact their CSDP or broker timeously if they wish to attend and vote at the Annual General Meeting and request that they be issued with the necessary authorisation to do so or provide the CSDP or broker timeously with their voting instructions should they not wish to attend the Annual General Meeting in order for the CSDP or broker to vote in accordance with their instructions at the Annual General Meeting.

I/We

Of

being the registered holder of linked units in the capital of the company hereby appoint

1. or failing him/her

2. or failing him/her

3. the chairman of the meeting

as my/our proxy to act for me/us on my/our behalf at the Annual General Meeting, or any adjournment thereof, which will be held for the purpose of considering and, if deemed fit, passing with or without modification, the ordinary and special resolutions as detailed in the Notice of Annual General Meeting, and to vote for and/or against such resolutions and/or abstain from voting in respect of the linked units registered in my/our name/s, in accordance with the following instructions:

	In favour of	Against	Abstain
<b>To pass debenture special resolutions:</b>			
1. To effect linked unit purchases			
2. To place the unissued linked units under the control of the directors			
3. To ratify the Fourth Supplemental Debenture Trust Deed			
<b>To pass debenture ordinary resolution:</b>			
1. To authorize the signature of documentation			
<b>To re-appoint PKF (Jhb) Inc. as auditors of the company</b>			

Indicate instruction to proxy in the spaces provided above.

Signed this day of

2005

Signature

# Form of proxy – Debenture Holders

(continued)

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## Notes

1. Each unitholder is entitled to appoint one or more proxies (none of whom need be a unitholder of the company) to attend, speak and vote in place of that unitholder at the Annual General Meeting.
2. Unitholder/s that are certificated or own-name dematerialised unitholders may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space/s provided, with or without deleting "the chairperson of the general meeting", but any such deletion must be initialled by the unitholder/s. The person whose name stands first on the form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow. If no proxy is named on a lodged form of proxy the chairperson shall be deemed to be appointed as the proxy.
3. A unitholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the unitholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy, in the case of any proxy other than the chairperson, to vote or abstain from voting as deemed fit and in the case of the chairperson to vote in favour of the resolution.
4. A unitholder or his/her proxy is not obliged to use all the votes exercisable by the unitholder, but the total of the votes cast or abstained may not exceed the total of the votes exercisable in respect of the linked units held by the unitholder.
5. Forms of proxy must be lodged at or posted to Computershare Investor Services 2004 (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) to be received not less than 48 (forty eight) hours prior to the meeting.
6. The completion and lodging of this form of proxy will not preclude the relevant unitholder from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such unitholder wish to do so. Where there are joint holders of linked units, the vote of the first joint holder who tenders a vote, as determined by the order in which the names stand in the register of unitholders, will be accepted.
7. The chairperson of the general meeting may reject or accept any form of proxy which is completed and/or received otherwise than in accordance with these notes, provided that, in respect of acceptances, the chairperson is satisfied as to the manner in which the unitholder concerned wishes to vote.
8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company or Computershare Investor Services 2004 (Pty) Limited or waived by the chairperson of the general meeting.
9. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
10. A minor must be assisted by his/her parent/guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by Computershare Investor Services 2004 (Pty) Limited.
11. Where there are joint holders of any linked units, only that unitholder whose name appears first in the register in respect of such linked units need sign this form of proxy.



Fontainebleau  
Shopping Centre in  
Randburg was recently  
upgraded and now includes  
a Woolworths Foods, adding  
considerable value to  
this neighbourhood  
centre.

<b>Company registration number</b>	1999/018591/06
<b>Registered office and business address</b>	2 Arnold Road, Rosebank, Johannesburg, 2196 PO Box 1731, Parklands, 2121
<b>Telephone</b>	+27 11 283 0110
<b>Fax</b>	+27 11 283 0055
<b>E-mail</b>	mail@redefine.co.za
<b>Internet address</b>	www.redefine.co.za
<b>Commercial bankers</b>	The Standard Bank of South Africa Limited
<b>Independent auditors</b>	PKF (Jhb) Inc. PKF House, 15 Girtton Road, Parktown, 2193 Telephone: +27 11 480 2300
<b>Company secretary</b>	Probity Business Services (Pty) Limited Suite 204, 20 Baker Street, Rosebank, 2196 Telephone: +27 11 327 7146
<b>Transfer secretaries</b>	Computershare Investor Services 2004 (Pty) Limited 70 Marshall Street, Johannesburg, 2001 Telephone: +27 11 370 5000
<b>Corporate advisor and sponsor</b>	Java Capital (Pty) Limited 2 Arnold Road, Rosebank, 2196 Telephone: +27 11 283 0190
<b>Asset managers</b>	Madison Property Fund Managers (Pty) Limited 2 Arnold Road, Rosebank, 2196 Telephone: +27 11 283 0000
<b>Property managers</b>	Broll Property Managers Broll House, 27 Fricker Road, Illovo, 2196 Telephone: +27 11 441 4000
<b>Trustee for debenture holders</b>	Webber Wentzel Bowens 10 Fricker Road, Illovo Boulevard, Johannesburg Telephone: +27 11 530 500



Disadvantaged youth are empowered through the South African Music Education Trust which enables individuals to achieve their potential for a classical music profession.

