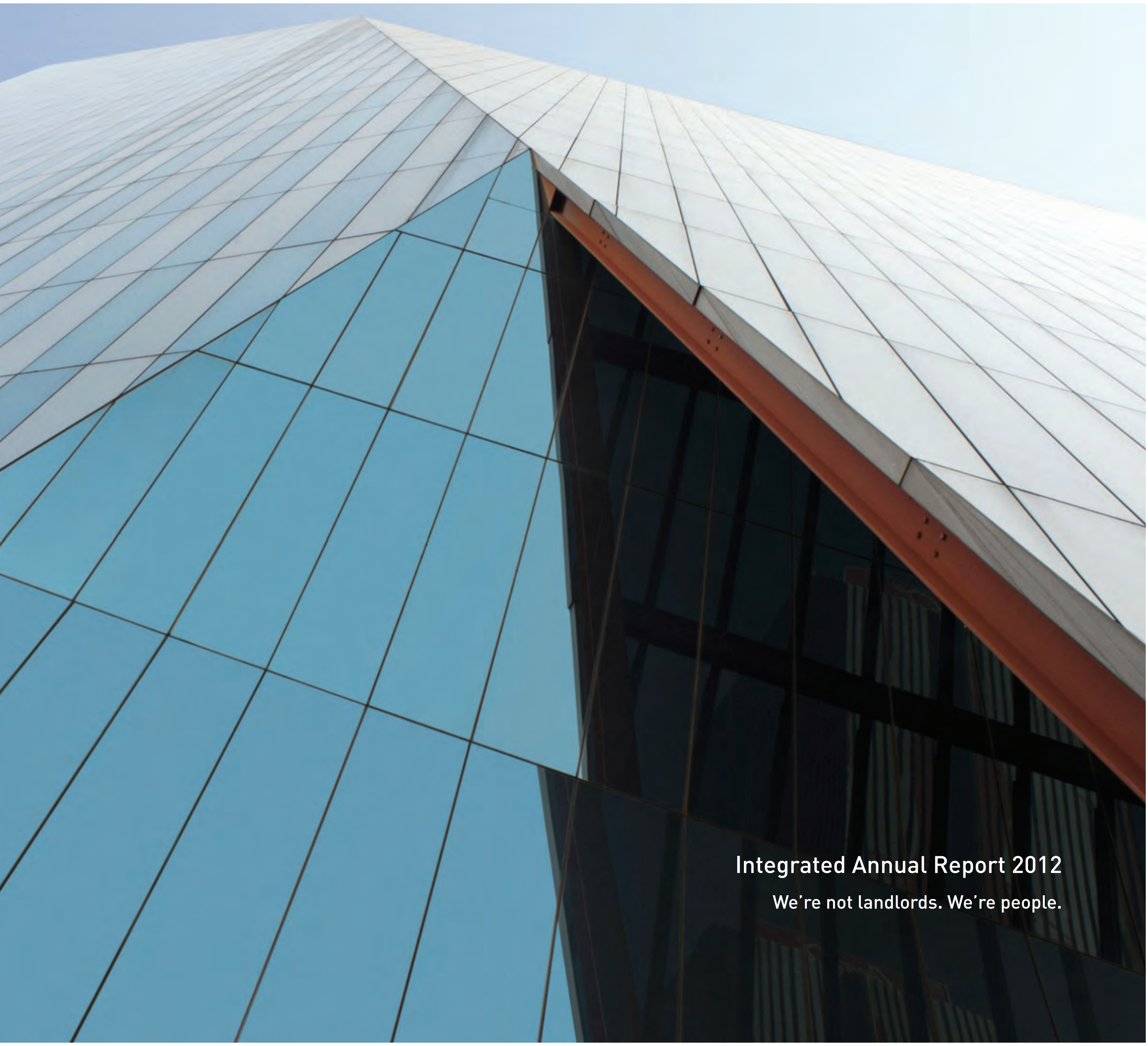


Integrated Annual Report 2012

We're not landlords. We're people.

REDEFINE
PROPERTIES

We're not landlords. We're people.

Founded in 1999, Redefine is a property loan stock (PLS) company listed on the JSE. Redefine is the second-largest listed PLS in South Africa, with a market capitalisation in excess of R26 billion.

For its unitholders, Redefine offers participation in a focused and increasingly 'blue-chip' local portfolio of investment property assets, as well as international diversification through holdings in London listed Redefine International P.L.C. (RI) and Australian listed Cromwell Property Group (Cromwell).

In this financial year, Redefine set a new benchmark for how property companies in South Africa engage with stakeholders. While taking over direct management of our properties in the prior year, we were true to our name by taking visionary decisions to transform our corporate culture, to revitalise our working relations with our customers and stakeholders, to deliver on our business strategies, and redefine our relationships.

The result is a refreshed and respectful approach to everything Redefine does, setting the foundation for the next phase of growth and rewards for all associated with Redefine.

We believe:

Property is our commodity, but people are our business. Our unique approach to relationships allows us to create and sustain meaningful value for our business partners

We value:

Professionalism with personality, delivered through:

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

How we do it:

- Challenging the norm
- Openness and honesty
- Involvement
- Approachability
- Refreshingly different

How you benefit:

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

Contents

For abbreviations that have been used throughout this report, please refer to page 203.

Report scope and boundary

This integrated annual report covers the activities of Redefine for the period 1 September 2011 to 31 August 2012 and follows the report published for the previous financial year ended 31 August 2011.

In line with King III and global trends, this integrated annual report was prepared to offer a concise commentary on Redefine's economic, social and environmental performance during this period, within the broader context of macro-economic and market realities. It further discusses Redefine's business strategy, risks and opportunities, as well as forward planning for growth and sustainability.

From stakeholder feedback and our planning, we have identified and prioritised Redefine's material issues and have sought to report on these in an accurate, transparent and balanced manner.

The source data for this report is gathered from our various properties and operations, then integrated to provide analogous performance data. Where possible in terms of the integrated reporting format, information provided is similarly laid out and comparable to previous financial years.

This report covers Redefine's activities in South Africa conducted by the holding company, subsidiaries and joint ventures where we have direct management control.

RIN is a separately listed and managed entity which Redefine manages as part of its listed security portfolio. Detailed information on RIN's financial and operational activities is covered in their annual report.

Reporting approach

Redefine welcomes South African and global initiatives for transparent and unambiguous reporting. This report was therefore compiled to accord with IFRS, King III, the Companies Act and the GRI guidelines. We also took into account the discussion papers on integrated reporting. The group financial statements were audited by PKF (Jhb) and have been prepared under the supervision of AJ Konig CA(SA), Redefine's financial director.

Materiality

The information presented in this integrated annual report is selected by the board and executive committee as, in our view; it offers the most value or 'materiality' to those who will read this report. Supporting information is available on Redefine's website and in other company publications.

Our definition of 'materiality' is derived from international and South African guidelines such as IFRS, King III, GRI and two key discussion papers on integrated reporting.

In preparing this integrated report Redefine strived to "bring together the material information about its organisation's strategy, governance, performance and prospects in a way that reflects the commercial, social and environmental context within which it operates".

Information is material if its omission or misstatement could influence the economic decisions of users.

In deciding on the materiality of the information provided in this report, Redefine's board and management considered the following questions:

- What are Redefine's key focus areas?
- What are Redefine's most significant opportunities and risks?
- How do our primary business drivers interact with economic, social and environmental systems?
- How did our products and services perform in light of broad economic and market factors?
- What feedback did we receive from stakeholders, and how did we assimilate this?
- What organisational competencies does Redefine need to sustainably achieve our strategic objectives?

Although getting to fully integrated reporting is described in King III as "a journey", Redefine's board and management are confident that we have sought to present the information of most material value to our stakeholders.

External and combined assurance

Redefine is evaluating a combined assurance model as recommended in King III. Bearing in mind that official integrated reporting frameworks are expected to only be published in 2013, we decided not to assure the non-financial information for this period. We recognise combined assurance as a next step, and will consider how to phase in non-financial assurance by independent assessors as our corporate journey into integrated reporting continues. For this period we have self-assessed our application of the GRI 3.1 framework at Level C.

Our financial statements for the period were independently audited by PFK (Jhb) Inc.

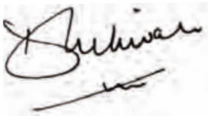
Restatements

There was no need for financial or any other restatements of information to be made by Redefine during the period.

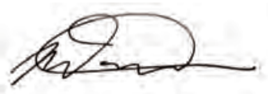
Statement of the board of directors of Redefine Properties Limited

The board of directors acknowledges its responsibility to ensure the integrity of the annual report and believes the report presents fairly the performance of the group and its material issues. The annual report has been prepared in line with best practice following the recommendations of King III.

Duly authorised by the board and signed by



Dines Gihwala
Chairman



Marc Wainer
Chief executive officer

Andrew Konig
Financial director

Forward-looking statements

The report may contain forward-looking statements. Words such as 'believe', 'anticipate', 'intend', 'seek', 'will', 'plan', 'could', 'may', 'endeavour' and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements.

While these forward-looking statements represent our judgements and future expectations, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations. These include factors that could adversely affect our businesses and financial performance.

We are not under any obligation to (and expressly disclaim any such obligation to) update or alter our forward-looking statements, whether as a result of new information, future events or otherwise. Investors are cautioned not to place undue reliance on any forward-looking statements contained herein, as they have not been reviewed or reported on by Redefine's independent external auditors.

"This has been a very busy year for Redefine. We have made significant strides in delivering on key aspects of our strategic priorities."

Chief executive
Marc Wainer

Some of our major achievements this year which have added value to our stakeholders are:

- The quality of our property portfolio has improved, the average value per property increased from R54 million to R81 million;
- Funding costs have been lowered through participation in the debt capital markets;
- Fountainhead ManCo has been acquired; and
- RI successfully restructured most of its legacy debt and raised capital.

Download our application for use on electronic devices
www.redefine.co.za/annualreports.php

Navigation

You can find more information on
www.redefine.co.za

Key stakeholder information

Introduction | Highlights for the year

Group at a glance

	2012	2011
Total distribution per linked unit (cents)	**64,0**	68,0
Total return per linked unit (cents)*	**245,3**	99,0
Total annual return (%)*	**29,9**	12,4
Closing unit price (cents)	**960**	830
Trading volume (%)	**36,8**	36,4
Market capitalisation (R billion)	**26,6**	22,3
Total property assets under management (R billion)	**39,2**	37,4
Property portfolio value (R billion)	**31,9**	31,5
Listed security portfolio (R billion)**	**7,3**	5,9
Borrowings (R billion)	**20,7**	18,3
Borrowings as a percentage of the value of properties and listed security portfolio (%)	**49,3**	49,0
Weighted average cost of borrowings (%)	**6,9**	6,9

* *Includes a return of 11,3 cents relating to the Arrowhead unbundling comprising a price increase of 9,5 cents and distribution of 1,8 cents.*
** *Includes R1,6 billion (2011: R1,2 billion) relating to Cromwell classified as an associate.*

Financial highlights

Recurring core income
Like-for-like distributable income, after excluding from 2011 the contribution from the properties unbundled with Arrowhead as well as eliminating non-recurring fee income from both years, shows pleasing growth.

2012 62,7 cents
2011 58,5 cents
+7,2%

Property income from core property portfolio
Strict cost containment combined with solid revenue growth of properties owned for 12 months in both periods (core properties) resulted in a robust underlying core performance.

2012 R1 584 million
2011 R1 463 million
+8,3%

Trading and fee income
Reliance on non-recurring trading and fee income has been significantly reduced, with trading and fee income reducing from 6,9% to 2,9% of total revenue.

2012 R116 million
2011 R242 million
-52,1%

Average cost of local debt
Broadening funding sources to the debt capital market and renegotiating expensive bank debt has resulted in the reduction of the average cost of debt.

2012 8,9%
2011 9,6%
-0,7%

Total tangible assets
Acquisition of higher grade properties has more than replaced the secondary grade properties disposed of and substantial capital appreciation of listed securities has generated the uplift in total tangible assets.

2012 R42 billion
2011 R40 billion
+5,0%

Net asset value
Local capital appreciation offset the dilutive impacts of unbundling Arrowhead, increasing the number of units in issue and the overall decline of RI's net asset value.

2012 801,4 cents
2011 783,9 cents
+2,2%

Highlights

30% total unitholder return for the year

Distribution in line with forecast

Recurring core income up 7,2%

Substantial value uplift from redeveloping existing properties

Unbundling of 98 non-core properties

Acquisitions over R3 billion concluded

Fountainhead ManCo acquired

Quality of property portfolio improved

Average value per property increased to R81 million

RI restructures legacy debt and raises capital

Expanded offshore exposure through direct investment in Cromwell

R650 million capital raised at a tight discount

Strengthened tenant relations through new CRM department

Significantly increased brand awareness

Internal values and behaviours assimilated into corporate culture

R821 million raised from the debt capital market

Funding costs decreased by 70 basis points

Reliance on lumpy non-recurring fee income significantly reduced

Local vacancies decreased by 1,1% to 5,8%

Agreement to acquire 50% of East Rand Mall concluded

Foreign unitholding increased by 2,7% to 14,9%

Our vision is not to be the biggest but the best, in all aspects of what we do, so that we are the property owner of choice.

R39 billion

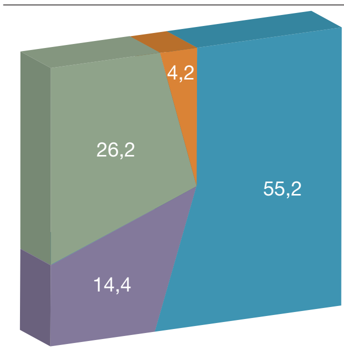
Property asset portfolio under management

Redefine is committed to being the property owner of choice and the company's primary objective is to provide sustained and growing income for investors. Underscoring this is Redefine's pursuit of revenue enhancing opportunities that translate into increasing distributions and the prospect of long-term capital appreciation for unitholders.

Investment proposition

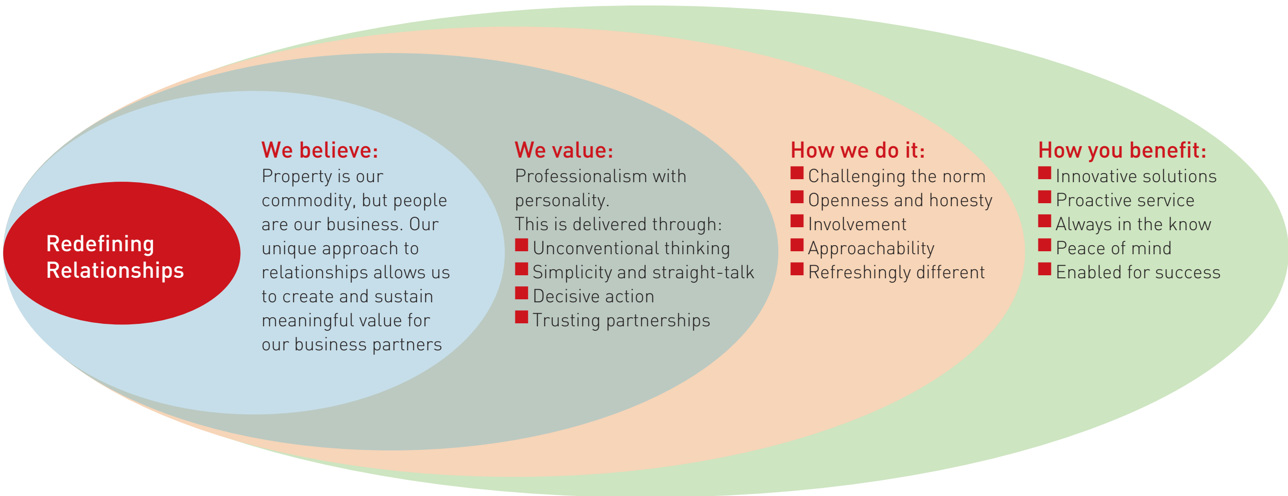
- Attractive real yields
- Prospect of capital appreciation
- High visibility of earnings
- Diversified portfolio
- Improved property portfolio quality
- Limited speculative development
- Geographically diversified
- Element of Rand hedge through the investment in RIN
- Proven management team
- No longer reliant on fee and trading income

Property asset portfolio (%)



- Local properties
- Local listed securities
- International properties
- International listed securities

Tenant proposition



Corporate structure

* *Redefine as a group holds 27% in Cromwell, of which 4% is directly held. Redefine increased its direct holding to 5% subsequent to year-end and RI's holding declined to 22% due to additional units issued by Cromwell for an acquisition*

** *As a result of the capital raise held during September, RIN reduced its holding in RI to 66% and Redefine reduced its holding in RIN to 49%*

*** *Subsequent to year-end, agreement has been reached to increase this holding to 90%, subject to SARB approval*

- Local
- International

Redefine's key milestones

1999	Redefine founded
2000	Listed on the JSE
2006	The first South African listed property company to invest in the UK, when it acquired a stake in RI
	Formed an enterprise development initiative with black owned partners
2007	Acquired Spearhead
2009	Acquired all the units of ApexHi and Madison to effect a merger of the three companies
2010	Name changed from Redefine Income Fund Limited to Redefine Properties Limited
	RIN listed on the JSE
2011	Property management internalised
	Listing of Dipula – a Redefine funded enterprise development initiative
	Reverse acquisition of RI by RIHL resulting in LSE main board listing
	The company made its debut in the local bond market under a R5 billion DMTN Programme
2012	Successfully listed and unbundled Arrowhead
	Acquired the Fountainhead ManCo

Who we are and what we do | Top 10 local properties

Golden Walk

Region: Germiston
Sector: Retail
GLA (m²): 44 942
Property Valuation (R'm): 718

Golden Walk is a commuter retail centre located in the centre of the Germiston CBD. It is in close proximity to the taxi rank and train station. The design and layout is on a single level that caters for easy access to all stores. More than 80% of the tenants are national tenants, and has a good tenant mix. The average foot count per month is 1,3 million.

Major anchor tenants are OK, Pick n Pay, and Woolworths.

Pepkor Isando

Region: Isando
Sector: Industrial
GLA (m²): 107 017
Property Valuation (R'm): 581

This is the largest industrial property in the Redefine portfolio, which was recently developed to accommodate the tenant's growth plans. It is located in the heart of Isando, near OR Tambo International Airport. The building is Pepkor Retail's biggest distribution centre which they occupy under a 10-year lease.

155 West Street

Region: Sandton
Sector: Office
GLA (m²): 24 501
Property Valuation (R'm): 518

A 2012, high-quality acquisition which is an A+ grade property occupied by the head office of Discovery Health situated in the heart of Sandton CBD. As part of the exclusive Discovery campus this building is a prominent asset in the improved Redefine portfolio.

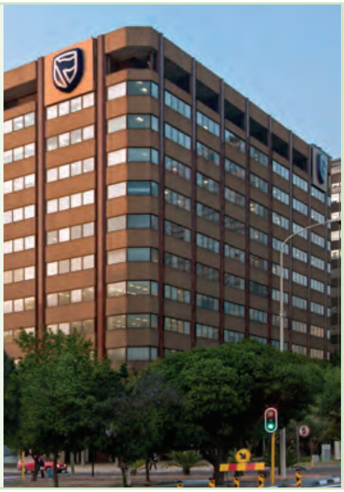
Standard Bank Centre

Region: Cape Town CBD
Sector: Office
GLA (m²): 59 778
Property Valuation (R'm): 593

This property is ideally located to interface with the public transport network within the Cape Town CBD and is situated close to the railway station, the main stream taxi rank and in recent months boasts a newly constructed bus station adjacent to the property.

The building is 'home' to several foreign delegate offices, as well as Standard Bank, Telkom and The City of Cape Town.

A major upgrade of the property is anticipated over the next 24 months.



Sammy Marks Square

Region: Pretoria CBD
Sector: Retail
GLA (m²): 34 124
Property Valuation (R'm): 471

Sammy Marks Square is located in the heart of the Pretoria CBD, neighbouring the Pretoria State Theatre. The architecture is that of neo-Dutch design and was strategically built around the high foot traffic in the area, with foot count of approximately 1,4 million per month.

Major tenants are Woolworths, Jet Stores and Mr Price.

Park Meadows

Region: Kensington
Sector: Retail
GLA (m²): 27 208
Property Valuation (R'm): 403

A popular community and lifestyle centre situated in the heart of the productive retail precinct of Bedfordview. Park Meadows offers an aspect of convenience and peacefulness to the hustle and bustle of everyday Johannesburg life. A refurbishment, tenant reshuffle and extension was completed during 2012.

Major tenants include Pick n Pay, Dis-Chem, Furniture City, Hi Fi Corporation, Mr Price Weekend, Sportsmans Warehouse and the Food Lover's Market.

Cleary Park Shopping Centre

Region: Port Elizabeth
Sector: Retail
GLA (m²): 36 290
Property Valuation (R'm): 394

Cleary Park Shopping Centre is a commuter-based retail centre, located in the heart of Port Elizabeth. The recent expansion of the centre secured tenancy with some of the larger national retailers. As part of the expansion, a soccer pitch was laid and made available to the local community.

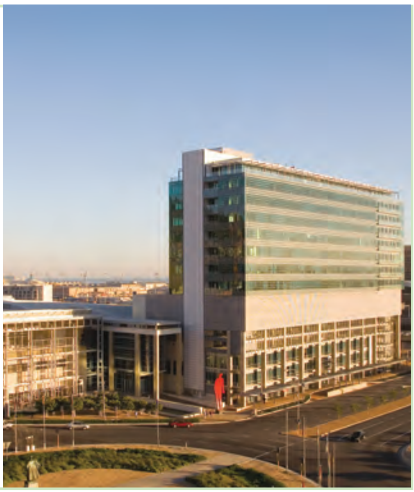
Major tenants include Edgars, CNA, Legit and Build It.

Convention Tower

Region: Cape Town Foreshore
Sector: Office
GLA (m²): 17 645
Property Valuation (R'm): 380

Convention Tower is a luminous glass-fronted building located on Cape Town's busy Foreshore. The building is close to the top-ranked Cape Town International Convention Centre, a hub for business tourism and hospitality.

Not only does the amount of glass used in the design of the building make the tower aesthetically appealing, it also makes it energy efficient.



Thibault Square

Region: Cape Town CBD
Sector: Office
GLA (m²): 30 446
Property Valuation (R'm): 377

This skyscraper, which was acquired during 2012, is the second tallest building in Cape Town measuring 126 metres in height. The building site is at 45 degrees to the rectangular city grids. The exterior of the building is dark granite which was chosen to resemble the colour of Table Mountain.

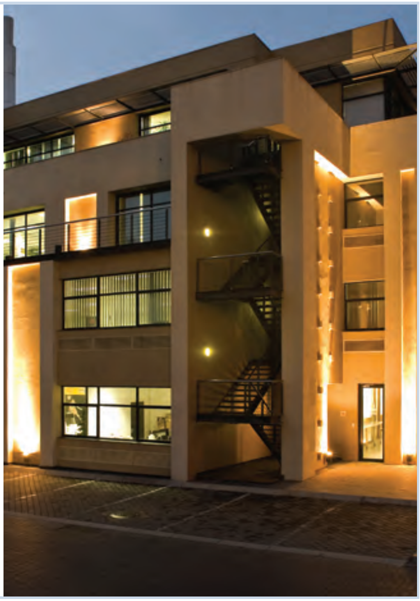
Commerce Square

Region: Sandton
Sector: Office
GLA (m²): 15 949
Property Valuation (R'm): 355

Commerce Square is located on Rivonia Road in Sandhurst and consists of five office buildings with ample parking. The property is an "A+" grade modern development and features high-quality finishes. It has 24-hour security, and landscaped gardens with water features and ponds.

The property was acquired during 2011 and kickstarted Redefine's drive to improve the quality of its property portfolio.

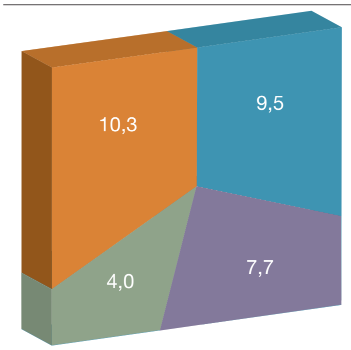
A major tenant in the building is MTN.



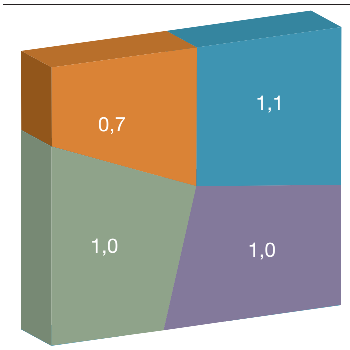
Group property portfolio snapshot

	Local				International	Group
	Office	Retail	Industrial	Total		Total
Number of properties	106	95	62	263	182	445
Asset value (R billion)	9,5	7,7	4,0	21,2	10,3	31,5
Total GLA (m²) (million)	1,1	1,0	1,0	3,1	0,7	3,8
Occupancy (%)	91,6	94,6	96,7	94,2	95,5	94,4

Asset value (R billion)



GLA (m² million)



Local property portfolio snapshot

	Number of properties	GLA (m²)	GMR (Rand)	% of GMR	Valuation (R000)	% of valuation
Property portfolio	**253**	**3 103 319**	**222 137 715**	**99,4**	**21 079 491**	**99,4**
Office	104	1 109 986	104 920 908	47,0	9 495 427	44,8
Retail	89	967 297	78 931 958	35,3	7 644 943	36,0
Industrial	60	1 026 036	38 284 849	17,1	3 939 121	18,6
Non-core assets held-for-sale	**10**	**21 136**	**1 460 495**	**0,6**	**138 201**	**0,6**
Office	2	7 084	234 448	0,1	35 402	0,1
Retail	6	7 622	1 155 872	0,5	87 000	0,4
Industrial	2	6 430	70 175	–	15 799	0,1
Total	263	3 124 455	223 598 210	100,0	21 217 692	100,0

International property portfolio snapshot

	UK stable income	UK retail	Europe	Hotels
Number of properties	133	6	37	6
Value (R billion)	5,4	3,0	0,2	1,7
GLA (m²) (million)	0,3	0,1	0,2	0,1
Occupancy (%)	93,3	95,2	99,3	100,0

Listed securities snapshot

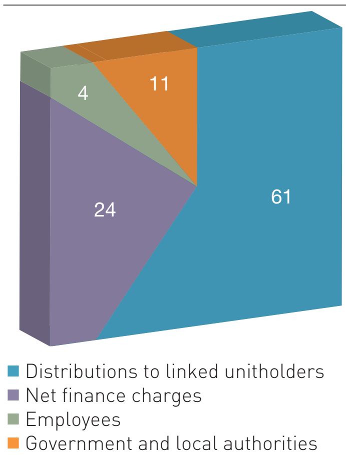
	Market value R million	Percentage holding %
Listed securities		
Hyprop	5 288	30,4
Arrowhead	51	3,0
Fountainhead	2	0,0
	5 341	
Interest in associate		
Cromwell*	1 934	27,0

* *A further 1,2% in Cromwell was acquired after the financial year-end, increasing Redefine's direct interest to 5,1%, and the group's total holding to 27,3%.*

The value we created

	2012	%	2011	%
Gross property revenue	**2 491 749**		2 543 406	
Income from listed securities	**360 917**		351 408	
Fee income	**49 587**		135 146	
Trading income	**12 414**		28 997	
Capital gains tax	**35 473**		–	
Equity accounted profits and non-controlling interests	**22 320**		(3 924)	
	2 972 460		3 055 033	
Cost of services and expenses	**(278 459)**		(301 436)	
International income	**172 006**		126 767	
Value added	**2 866 007**	**100**	2 880 364	100
Distributed as follows:				
Employees: salaries, commissions and other benefits	**126 729**	**4**	113 579	4
Government: taxation, municipal rates and other levies	**305 400**	**11**	276 371	10
Providers of capital	**2 433 878**	**85**	2 490 414	86
– Distributions to linked unitholders	**1 742 715**	**61**	1 825 646	63
– Net finance charges	**691 163**	**24**	664 768	23
Value distributed	**2 866 007**	**100**	2 880 364	100

Value distributed 2012 (%)



UNITED KINGDOM

Investment property: **20,7%**

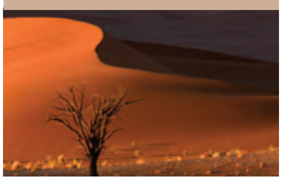
Contribution to distribution: **4,0%**

NETHERLANDS

Investment property: **0,6%**

Contribution to distribution: **0,2%**

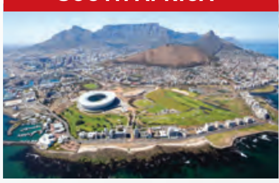
NAMIBIA



Investment property: **0,4%**

Contribution to distribution: **0,3%**

SOUTH AFRICA*

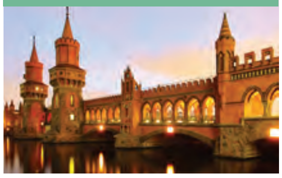


Investment property: **69,1%**

Contribution to distribution: **89,7%**

*Refer to map of South African properties on page 55.

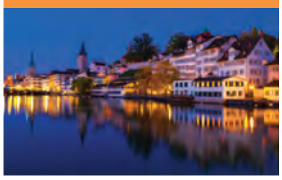
GERMANY



Investment property: **4,2%**

Contribution to distribution: **2,0%**

SWITZERLAND



Investment property: **0,8%**

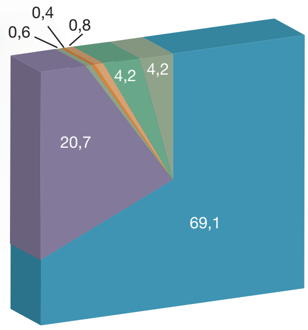
Contribution to distribution: **0,5%**

AUSTRALIA

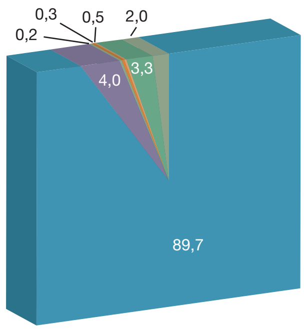
Investment property: **4,2%**

Contribution to distribution: **3,3%**

Geographic split of investment property by value (%)



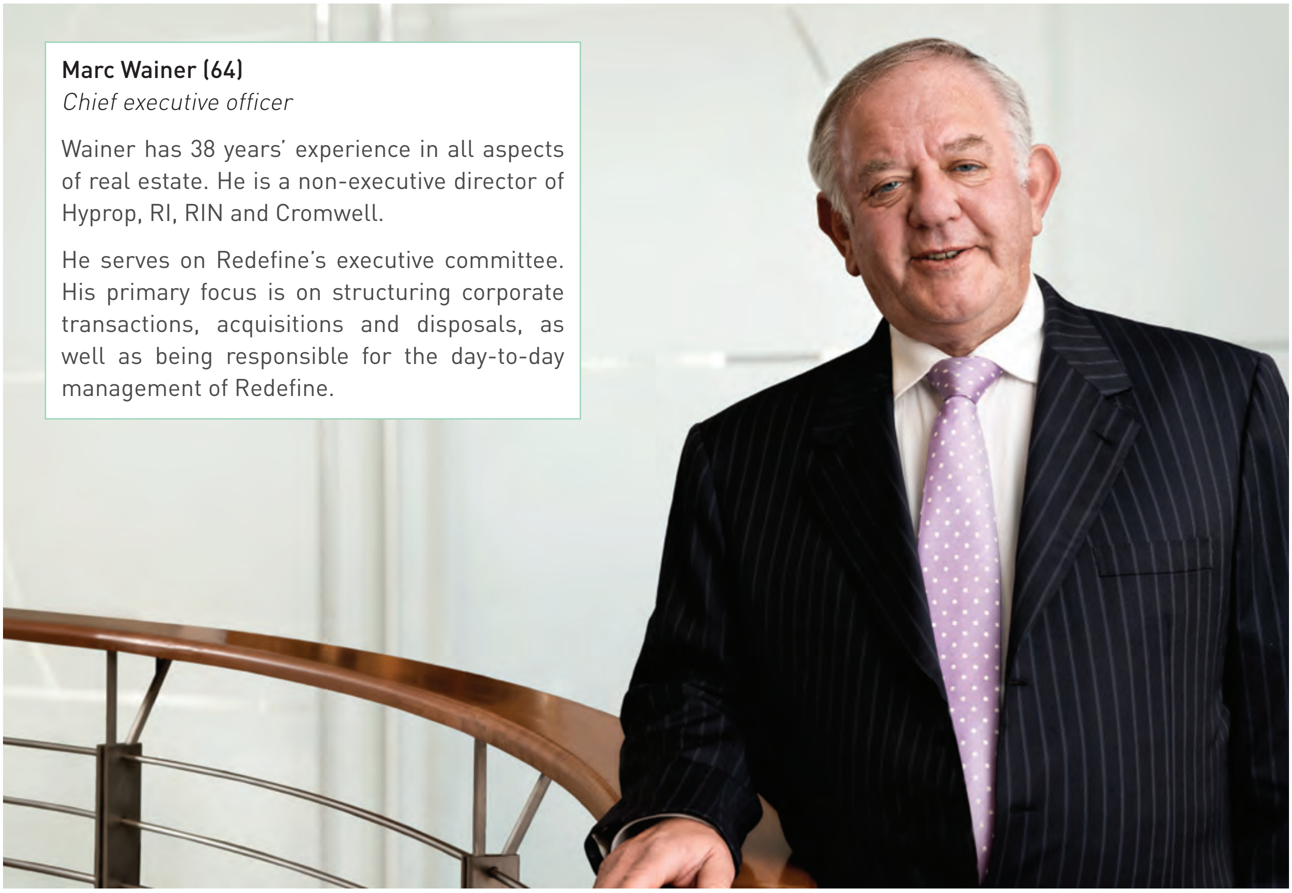
Geographic contribution to distribution (%)



South Africa ■ United Kingdom ■ Netherlands ■ Namibia ■ Switzerland ■ Australia ■ Germany

Dines Gihwala (59)
Independent non-executive chairman
BProc, dip in tax practice

Gihwala was appointed as a Professor of Law in 2004 and he is the chairman of the FirstRand Empowerment Trust.



Marc Wainer (64)
Chief executive officer

Wainer has 38 years' experience in all aspects of real estate. He is a non-executive director of Hyprop, RI, RIN and Cromwell.

He serves on Redefine's executive committee. His primary focus is on structuring corporate transactions, acquisitions and disposals, as well as being responsible for the day-to-day management of Redefine.

David Rice (56)
Chief operating officer

Rice was managing director of ApexHi from 2006 until the merger of Redefine, ApexHi and Madison. He heads operations including asset and property management. He also serves on Redefine's executive committee.

Andrew Konig (45)
Financial director
CA(SA)

A qualified chartered accountant with 20 years of commercial and financial experience. Konig serves on Redefine's executive committee.

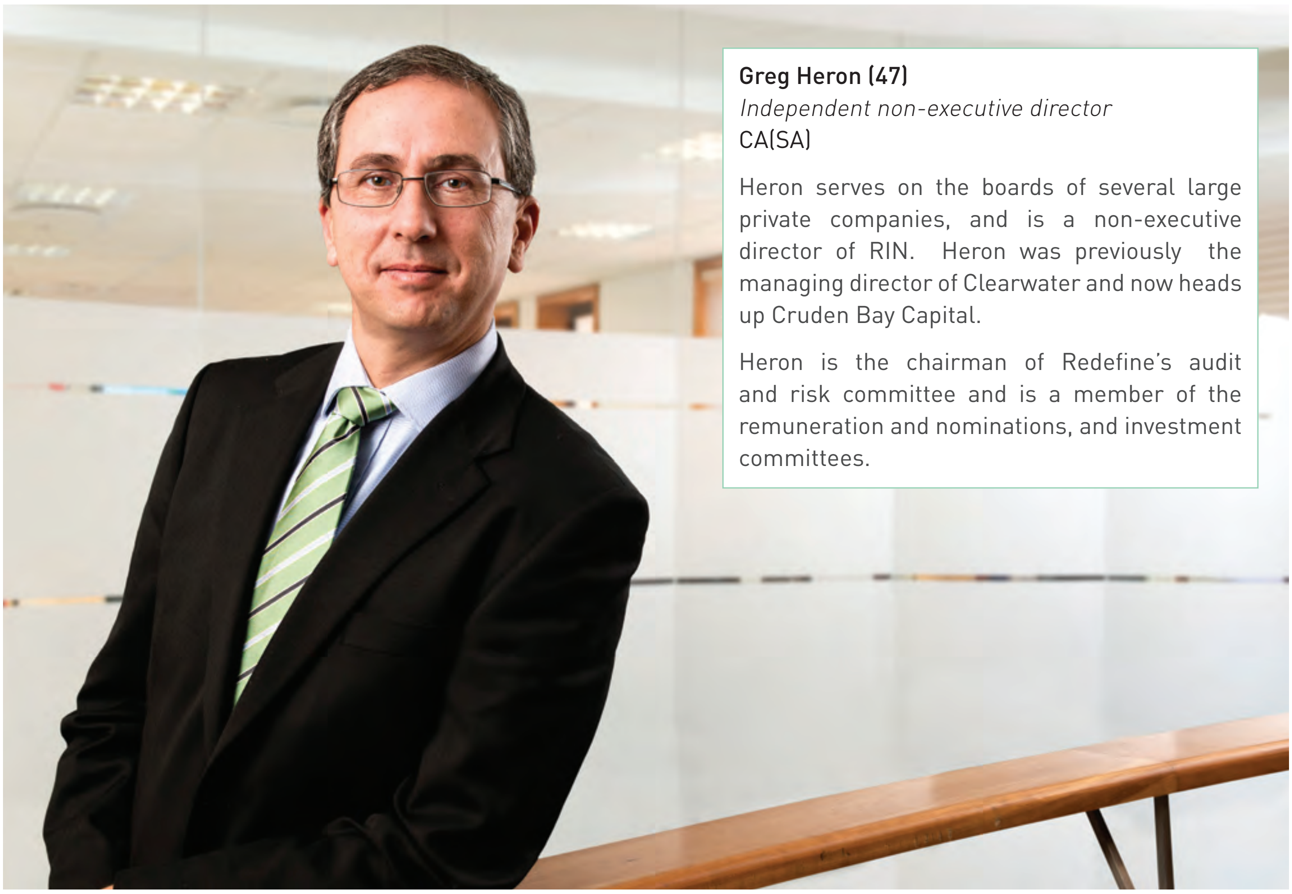
He is responsible for all aspects of finance and supports the chief executive officer in corporate activities, regulatory compliance, investor relations, legal and human resource management.

He is a non-executive director of FPT and is also an alternate director to Marc Wainer on the RI board.

Mike Flax (48)
Non-executive director
BComm, CA(SA), FCMA

Flax headed Spearhead prior to its acquisition by Redefine.

He serves on the investment committee of Redefine and heads up Spear Properties based in Cape Town.



Greg Heron (47)
Independent non-executive director
CA(SA)

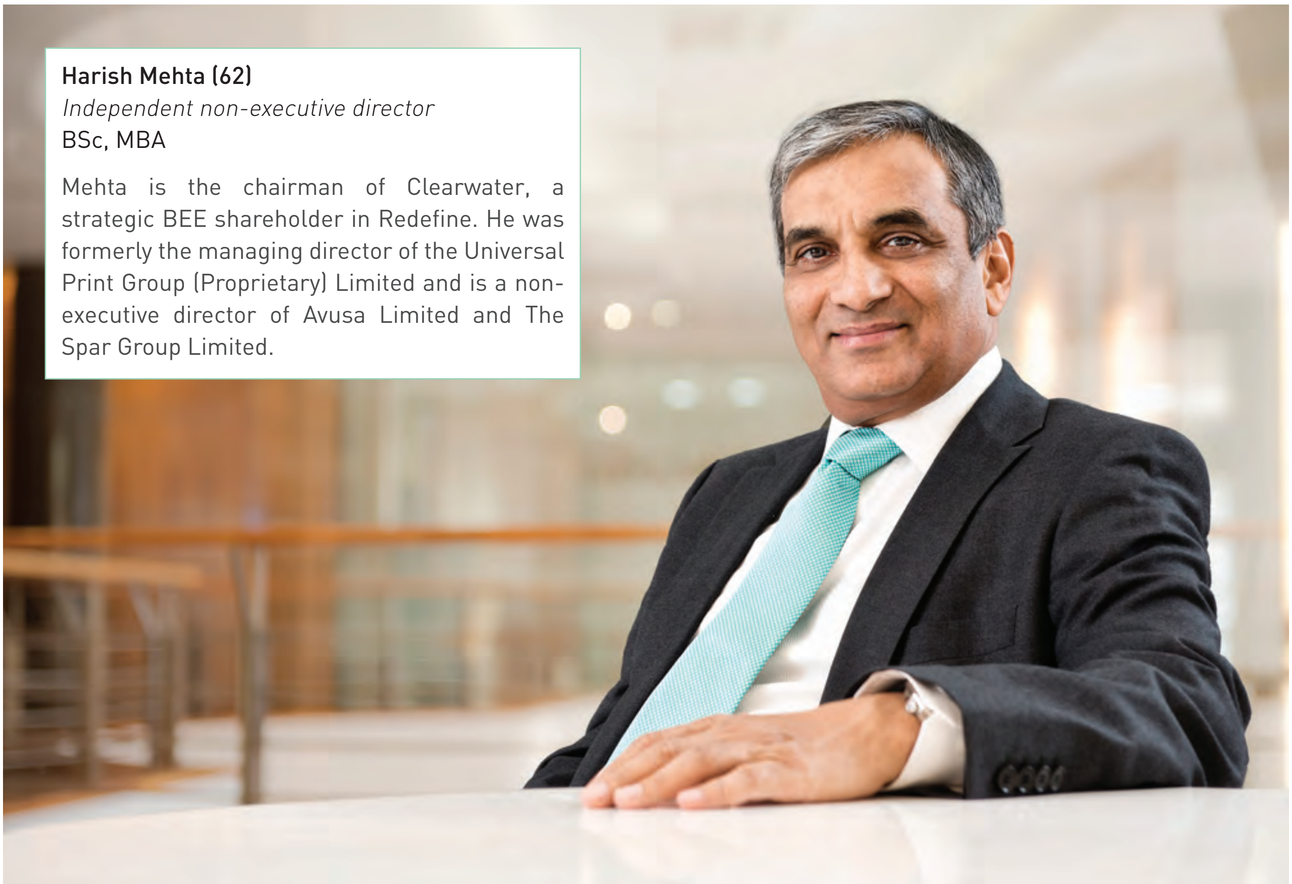
Heron serves on the boards of several large private companies, and is a non-executive director of RIN. Heron was previously the managing director of Clearwater and now heads up Cruden Bay Capital.

Heron is the chairman of Redefine's audit and risk committee and is a member of the remuneration and nominations, and investment committees.

Monica Khumalo (47)
Independent non-executive director
BJuris, LLB

Khumalo is managing director of Loato Properties, a property company owned and managed by women. She was previously a senior property strategist at Pareto Limited and later an executive manager at the then RMB Properties.

She later headed the Public Investment Corporation's property division. She has served on the boards of Pareto Limited, Capricorn (a subsidiary of Investec), the SACSC and as a counsellor of SAPOA.



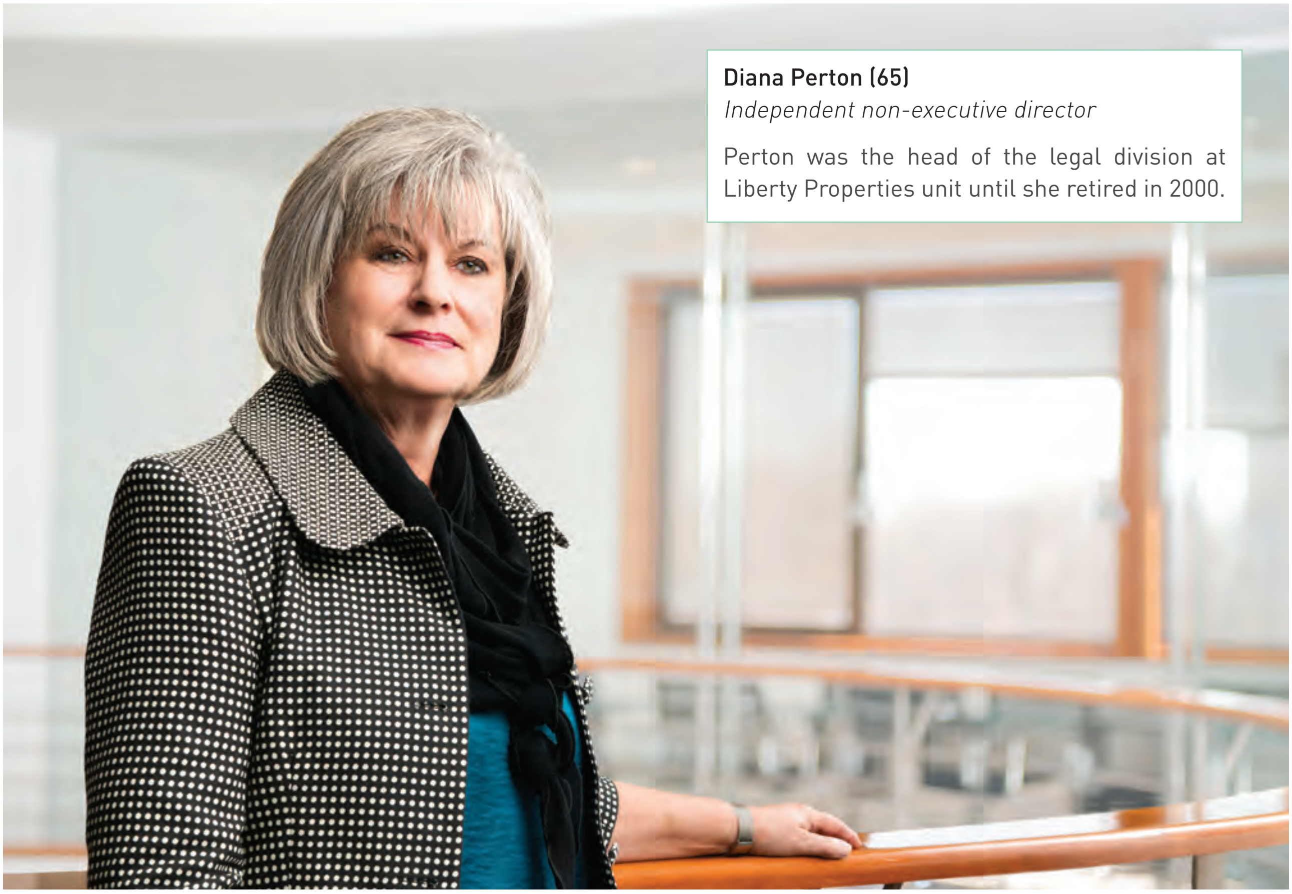
Harish Mehta (62)
Independent non-executive director
BSc, MBA

Mehta is the chairman of Clearwater, a strategic BEE shareholder in Redefine. He was formerly the managing director of the Universal Print Group (Proprietary) Limited and is a non-executive director of Avusa Limited and The Spar Group Limited.

Bernard Nackan (68)
Independent non-executive director
BA Econ SEP (Stanford)

Nackan was financial editor of the Rand Daily Mail and an executive director of Sage Group from 1974 until his retirement in 2003.

He is a member of the Collective Investment Schemes Advisory Committee. Nackan serves on Redefine's audit and risk committee and is chairman of the remuneration and nominations committee. He is also a non-executive director of RIN, FPT and of the Rezco Asset Management Group.



Diana Perton (65)
Independent non-executive director

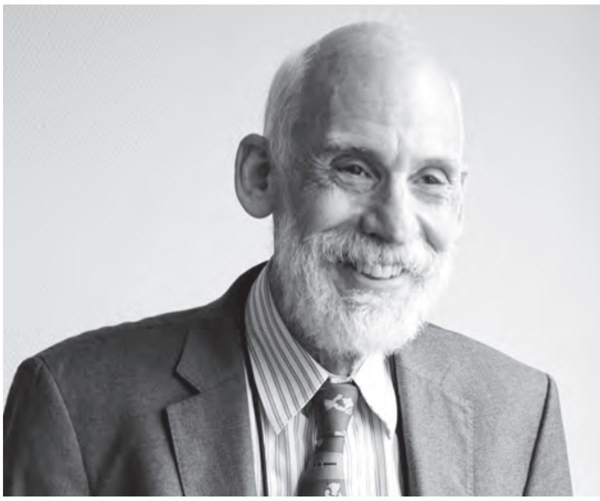
Perton was the head of the legal division at Liberty Properties unit until she retired in 2000.

Roger Rees (59)
Independent non-executive director
BSc (Econ) Hons, Chartered Accountant

Rees, who was recently appointed to the board spent his early career with Arthur Andersen initially in London and then in Johannesburg. He has held senior executive positions in the food, tobacco and media sectors. He retired from Murray & Roberts Holdings Limited, one of South Africa's largest engineering and construction companies in June 2011 where he had been the group financial director and chairman of Murray & Roberts International since 2000.

He was deputy chairman of Clough Limited, an Australian listed, engineering company from 2009 to 2011.

Rees is currently a non-executive director of Rex Trueform Limited.



Gerald Leissner

Leissner, after many years with the group, resigned on 22 February 2012 to establish Arrowhead.

Leonard Brehm

Brehm was appointed to the board of directors on 8 March 2012. Regrettably, he passed away on 4 July 2012.

Our approach to stakeholder engagement

Redefine's business is people centric fostering close relationships with our tenants, our employees, our unitholders and the broader community utilising our properties and our neighbours.

We recognise that everything we do as a business has an impact. Our purpose is to make those impacts positive through investing in well-located, high quality and properly managed properties that add value to all stakeholders. We do, however, accept that we may cause negative impacts, such as waste streams, congestion and noise. It is our duty to eliminate or minimise these as much as possible.

So who are our stakeholders? The straight forward answer is: a stakeholder is anyone who has an interest in how Redefine behaves as a company. This may be because our properties are near where they live or work, because they visit or are accommodated in our buildings. The number and nature of these stakeholders vary in accordance with the size and character of our individual properties.

Stakeholder engagement is fundamental to sustainable success

A committed approach to long-term stakeholder engagement:

- gives us a better understanding of concerns particular to the localities of our operations
- identifies potential problems early and assists in keeping abreast of trends
- helps us to be proactive in identifying and addressing issues
- shows how to contribute to local social and economic development
- ensures that we play a part in shaping our future operating environment
- helps gain acceptance and support for new projects
- builds and protects our brand and reputation.

Identifying and assessing the relative importance of stakeholders

During the past year, Redefine's management underwent a facilitated process to identify our stakeholders. Key questions in this process were:

- Why is this stakeholder important to us?
- Why are we important to this stakeholder?
- What are the primary issues of interest for the stakeholder?
- How do we engage with the stakeholder?

We prioritised stakeholders who are dependent on Redefine for their incomes, revenues and return on investments, or are within or adjacent to our properties. We assessed influential stakeholders as those who can directly affect our operations, our assets, our reputation and our sustainability. These include government authorities, community groups and the media.

Dependent stakeholders are those relying on us for their livelihood, either directly or indirectly, or those whose health, safety or well-being could be affected by how we operate. These dependent stakeholders include Redefine's employees, tenants, suppliers, consultants, service providers and contractors.

Engaging as broadly as possible leads to better management decisions, as people directly affected by an issue or project often offer new perspectives.

Key stakeholders

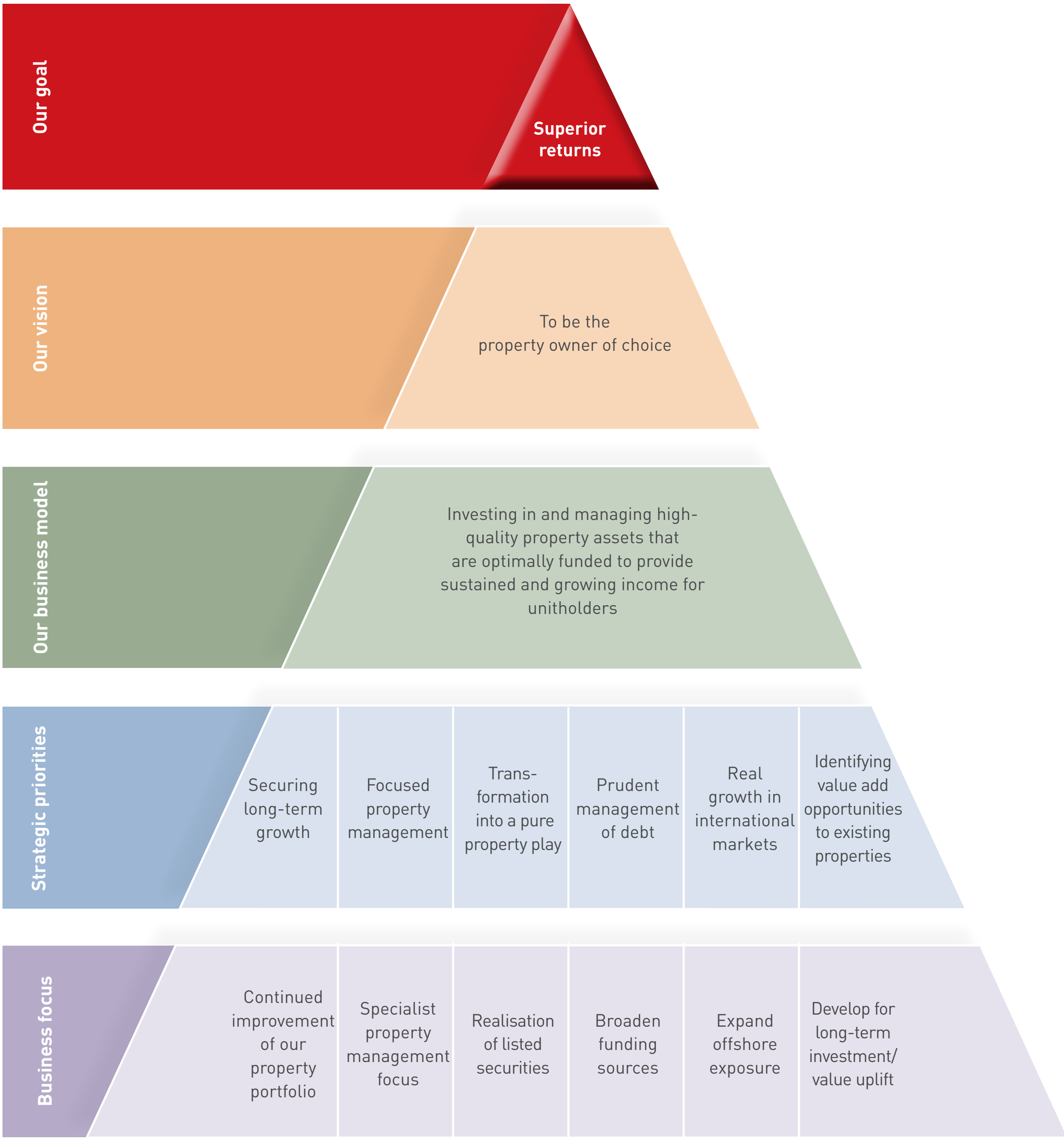
Stakeholders	What matters	How we communicate
Employees	■ Job security ■ Fair reward and benefits ■ Recognition and rewards ■ Mentorship ■ Personal and career development ■ Work–life integration ■ Communication ■ Succession planning	■ Induction programme ■ Ethics hotline ■ Training and development ■ Cross-border best practice exchange ■ Monthly informal staff events ■ Intranet ■ Rewards and recognition programme ■ Open communication with CEO ('Marc's red postbox' and 'Message from Marc') ■ Performance appraisals ■ Strong leadership ■ Roadshows ■ Exit interviews
Investors and analysts	■ Share price movements ■ Quality of distributions ■ Sustainability of earnings ■ Visibility of earnings ■ Delivering on expectations ■ Confidence in leadership ■ Access to senior management ■ Strategic objectives – portfolio restructure	■ Two formal results presentations with live video streaming for offshore stakeholders ■ Interim results and integrated annual report ■ Website – online presentations, results videos, news ■ Breaking news emails ■ JSE SENS announcements ■ Media briefings ■ Property roadshows ■ One-on-one meetings with management ■ Shareholder and analyst meetings ■ Social invitations (i.e. sports events) ■ Investor perception survey

Stakeholders	What matters	How we communicate
Funders	■ Ability to service debt ■ Solvency ■ Loan-to-value ratios ■ Adhering to covenants ■ Adequate security ■ Quality of investments ■ Quality of tenants, credit risk ■ Strength and length of leases, escalation clauses ■ Quality of management	■ One-on-one meetings with management ■ Two formal results presentations ■ Regular reporting on covenants ■ Property inspections ■ Integrated annual report ■ Cash flow forecasts ■ Credit rating agency opinions
Tenants and centre managers	■ Cost of occupation ■ Compliance with OHS Act, Building Act and regulations ■ Clean, safe and secure environment ■ Complementary mix of tenants ■ Location ■ Acknowledging problems and speed of response	■ On-site building staff ■ Property manager meetings ■ Quarterly meeting with nationals ■ Personal relationships ■ Availability of senior management to all levels of tenants ■ Call centre ■ Service excellence surveys ■ Ethics hotline
Local and national government	■ Compliance with OHS Act, Building Act and regulations ■ Municipal compliance and charges ■ Job creation ■ Taxes	■ Tax and VAT returns ■ Statistics SA returns ■ Relationships with municipal officials ■ Communications with decision-makers
Service providers/suppliers	■ Fair tender process ■ Reasonable supplier and payment terms ■ Timeous payments ■ Equal opportunities ■ Redefine is first contact point for any new acquisition or lease opportunity ■ Partnering relationship to understand tenant's needs	■ Close and consistent project management ■ Partnering with industry experts ■ One-on-one meetings ■ Tenders

Stakeholders	What matters	How we communicate
Brokers	■ Reasonable payment terms ■ Timeous payments ■ Equal opportunities ■ Redefine as first contact point for any new lease opportunity	■ One-on-one meetings ■ Ongoing communication ■ Problem solving
Development partners for large capex projects	■ Timeous project delivery ■ Meeting expectations ■ Compliance with regulations ■ Budgets and timelines	■ Project management meetings ■ Design meetings ■ Personal relationships ■ Progress reports
Industry bodies	■ General industry trends issues ■ Property charter ■ Knowledge ■ Industry-wide initiatives	■ Quarterly meetings ■ Representation on committees ■ Networking events
Communities, media and public	■ Cleanliness, security and safety ■ Ease of access ■ Infrastructure upliftment ■ Corporate social responsibility projects ■ Enterprise development (ED) ■ Localisation of suppliers	■ City improvement districts memberships ■ Community security forums ■ Sponsorships ■ Hands-on support for BEE enterprise development projects

Understanding our strategy | Vision and strategy

Our strategy is centred on delivering sustained value to unitholders.



We have six strategic priorities which ensure that we focus our efforts on the most value-enhancing activities. These priorities guide the overall direction of the business.

Securing long-term growth and capital appreciation prospects

Our goals
- To enhance and improve the core property portfolio
- Extend the lease expiry profile
- Enhance the tenant profile
- Increase the tenant retention rate

What we have done
- Unbundling of 98 non-core properties to Arrowhead to fasttrack disposal of secondary grade properties
- Acquisitions over R3 billion concluded, replacing non-core properties unbundled/disposed totalling R2,2 billion
- Average value per property increased from R54 million to R81 million
- Number of properties reduced from 358 to 263
- Acquired Fountainhead ManCo

What we are going to do
- Reduce high exposure to government tenanted offices
- Acquire good quality assets
- Complete the rationalisation of the property portfolio
- Transform the mix of properties through concluding the acquisition of the FPT assets
- Acquire 50% of East Rand mall

Focused property management

Our goals
- Strengthen offering to tenants
- Increase efficiencies and improve information flow

What we have done
- Developed the Redefine brand strategy with the positioning statement: Redefining Relationships
- Positioning statement was translated into the pay-off line: "We're not landlords. We're people.", which has been taken to the market in an extensive corporate campaign
- Brand strategy was translated into internal values and behaviours and launched to staff
- The business was aligned operationally to deliver on the brand promise, by the employment of a CRM manager, enhancements to the call centre and a drive to make the business more customer centric

What we are going to do
- Expand letting capacity
- Strengthen customer relations
- Strict focus on electricity costs
- Property management structure to be refined through separation of Commercial & Industrial and Retail to create specialist management focus
- Take-on management of FPT's properties from outsourced providers on a phased approach
- Improve management information

Transformation into a pure property play

Our goals
- Transform Redefine's investment proposition from a hybrid into a pure property play
- Replace non-recurring fee income by investing in higher-yielding property assets

What we have done
- Realisation strategy for Hyprop and other listed investments in place to maximise value
- Equity loans in Dipula monetised into tradable equities through listing in August 2011, which were sold to a BEE consortium during 2012
- Entire holding in Oryx sold in September

What we are going to do
- Execute realisation strategy
- Exit cleanly
- Avoid overhang in the market and any negative carry from holding cash

Prudent management of debt

Our goals
- To secure the lowest cost of variable and fixed finance costs
- Optimise funding maturity profiles
- Broaden funding sources to minimise credit risk
- Maintain conservative loan to value ratios

What we have done
- Broadened funding sources by establishing a presence in the debt capital market
- Renegotiated expensive debt
- R650 million of equity raised, priced at a discount of 1,4% to the closing price the day before and a 1,3% premium to the 30-day VWAP through an accelerated book build

What we are going to do
- Extend and spread the debt maturity profile
- Expand our presence in the debt capital market
- Maintain sufficient liquidity
- Ensure a healthy balance of fixed and floating debt
- Focus on reducing the value of secured assets
- Improve group credit metrics

Real growth in international markets

Our goals

- Diversify risk geographically
- Take advantage of investing in higher-yielding environments
- Provide a hedge against Rand weakness

What we have done

- Significant progress made by RI to restructure its legacy funding with £254,5 million of its legacy funding repaid or restructured
- Expanded offshore exposure, through acquisition of direct investment in Cromwell

What we are going to do

- Simplify holding of RI
- Expand offshore exposure, primarily in Australia
- Successful rights offer and capital raise by Redefine International realised gross proceeds of £127,5 million (initially planned £100 million)
- Simplify accounting for RI through scaling back of participation in the RIN rights issue, whereby the holding has been reduced to 49,3%, which will be equity accounted effective October 2012
- Increased interest in RIFM to 90% with effect from 1 September 2012, which is subject to SARB approval

Identify value add opportunities to existing properties

Our goals

- Uplift value
- Enhance revenue-earning ability
- Cater for tenant demand
- Maximise opportunities from existing well located properties

What we have done

- Spent 0,5 billion on the redevelopment of owned properties, which has created an additional value uplift in the property value of R218 million
- Exited speculative trading developments concluded
- Reduced dependence on speculative non-trading/lumpy income

What we are going to do

- Identify yield-enhancing development opportunities around owned properties
- Make significant progress on current development pipeline
- Pursue pre-let/tenant demand driven development opportunities

Our strategic priorities drive our business and provide us with insight into our performance against objectives. We look at the total returns we generate on the capital invested by our unitholders in terms of distributions paid and the increase in unit price.

Market capitalisation increased by R4,1 billion to

R26,6 billion






"Redefine supports the principles of the Property Charter, which is designed to grow black involvement at all levels of the industry."

Dines Gihwala
Chairman

The global economy limped through the 2012 financial year and we can only hope that events unfold in the current period without major mishap. Government debt in the Eurozone, sluggish consumer demand, low bank liquidity and slowing growth in major emerging economies guide us to be conservative and to strictly control costs, though not at the expense of passing over worthwhile investment opportunities, of which Redefine has identified several.

The South African economy continued to grow in line with the emerging and other African economies, although certain negative factors have combined to keep our growth to below our peers, with South Africa's Finance Minister, predicting full year 2012 economic growth of approximately 2,5%.

In these uncertain times consumer confidence remains weak with households focused on reducing debt and maintaining their standard of living. The effects are amplified by minimal growth in new job opportunities.

Despite the challenges in the year, SA listed property as an asset class produced a return of 28% for the 12 months to November 2012 which compares favourably with the return of 19% on equities over the same period. Property and equities comfortably outperformed bonds and cash which had returns of 13% and 5% respectively over the same period.

Regulatory factors

Regulatory developments had their impact on the property market in the year under review, with more to follow in the 2013 year. The Property Charter came into effect on 31 July 2012 after a fairly lengthy drafting period. This charter puts into place specific BEE requirements for the property sector, which in some

instances will be more difficult to meet than the generic requirements applicable until now.

Redefine supports the principles of the Property Charter, which is designed to grow black involvement at all levels of the industry. We are currently assessed at Level 5 compliance and are actively building on our BEE policies and structures to prepare for our next assessment due in May 2013.

Finding sufficient people with the necessary skills in the property sector – particularly in retail management – is difficult. This will be a major challenge in meeting the requirements of the Property Charter.

A most promising regulatory event will be the introduction of the new Real Estate Investment Trust (REIT) structure as part of the proposed Tax Amendment Act, scheduled for implementation during 2013. First introduced in the USA some decades back, REIT frameworks have been adopted by many leading economies around the world. Establishing REITs in South Africa will harmonise our property sector with the global market and make it more attractive to foreign investors, while resolving certain tax anomalies caused by the current and outdated property loan stock and property unit trust structures. The National Treasury and the South African Revenue Service are to be congratulated for including international best practice REIT regulations in the South African version, which will attract investors from around the world who are familiar with the REIT concept.

Workforce skills

We have since put many employees through training programmes to align their skills sets with our new corporate positioning and to instil a common approach to how we conduct our business. This has enabled us to position our property operations for efficiency and to heighten service delivery, with much speedier responses to client needs.

This was further enabled by our refocused call centre operation and the recent upgrading of Redefine's IT systems for real-time reporting on property issues in support of quick decision making.

An astute shift in portfolio strategy

Over the past two years Redefine has made significant strategic shifts in positioning itself to provide sustained growth for unitholders. Taking over direct property management was one and reshaping our property portfolio was another. A number of properties no longer matched our investment criteria, including numerous properties located in traditional CBDs displaying greater or lesser degrees of urban decay and occupied by tenants – often from the public sector – that are restricted to short-term leases. Getting these leases bedded down was often hindered by bureaucratic delays and prolonged negotiations for lease renewals, following which the signing of these could take months and in some instances years to be completed.

The associated disproportionate intensive management required for lower value properties, along with the risk of weakening financial returns, diverted management focus from the properties generating Redefine's best returns. In terms of the revised business model, where for the same effort, significant value is yielded by focusing on a smaller number of well-located high-grade properties, we realised that other businesses are better structured to manage properties in this category. We disposed of 98 properties to Arrowhead, as well as a number of speculative trading joint ventures to Arrowcreek.

Stakeholder engagement

Redefine conducted an intensive stakeholder exercise aimed at identifying our full range of stakeholders and working out how we can best engage with them. We found that, in most instances, we already have sound two-way communications with our stakeholders, but this process has been extremely useful in identifying gaps and showing where we can improve in this vital aspect of our business. Stakeholder issues and information are now more specifically channelled into Redefine's analysis of material issues.

Corporate governance

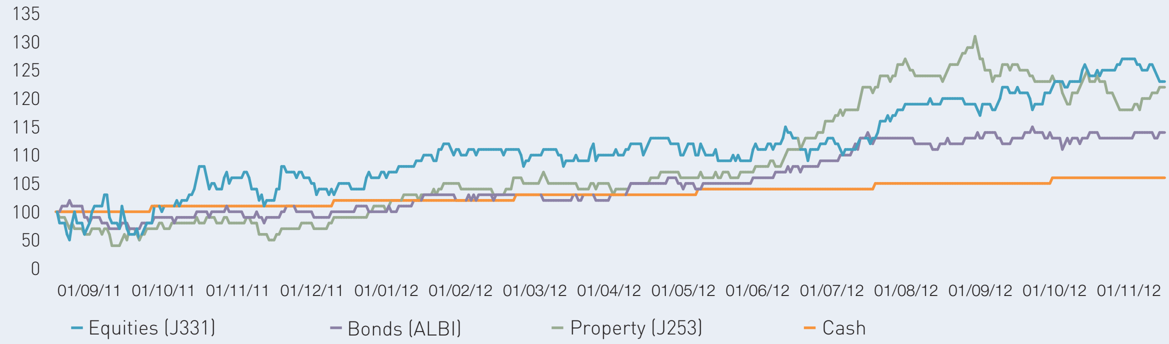
Redefine also went through a comprehensive process of getting our corporate governance structure and the board, with its respective committees, aligned with the new Companies Act and the King III Code. We established a sustainability and ethics committee, and revised the board's charter, including new terms of reference, while all directors were evaluated according to an updated set of requirements. A new remuneration policy was instituted, and the remuneration and nominations committee has appointed expert independent advisers.

Appreciation and changes to the board

Following the unbundling of Arrowhead, the board said farewell to Gerald Leissner. I sincerely thank him for his wise counsel and sharing of his extensive property experience over the many years.

On 4 July 2012, Redefine suffered the sad loss of Leonard Brehm, a recently appointed non-executive director, who unexpectedly passed away after a short illness. Until recently the national chairman of Grant Thornton, Leonard was a giant in South African business, and is sorely missed.

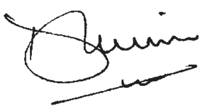
Asset class returns (%)



I welcome Roger Rees, who has been appointed as an independent non-executive director to the board and as a member of the audit and risk committee, with effect from 27 September 2012. We look forward to having the benefit of his extensive commercial experience.

Redefine has made significant progress with the implementation of its strategic priorities for which I thank Marc Wainer and his team, who have driven this process relentlessly.

I also wish to acknowledge my gratitude to my fellow board members for their support and guidance, which greatly eased my role in navigating the board along the Redefine journey.



Dines Gihwala
Chairman

"Adding value to existing properties, supplemented with the acquisition of well-located high grade properties is a sure route to attracting the quality tenants we want to partner."

Marc Wainer
Chief executive

High-level overview

In this financial year, Redefine performed according to expectation, which was pleasing, but just one of several achievements for this period. Building on decisions made in early 2011 to refocus our property and client strategies, over the past twelve months we put in real spadework to position Redefine for a higher level of growth and profitability. We continued to dispose of properties that don't fit our revised investment criteria, but more importantly acquired well-located properties that will build and improve the portfolio. In this year, we proved time and again that by responding to changes in tenants' requirements and adding value to our existing properties through extensive refurbishing and by being able to retain and attract quality tenants is the most efficient means for generating higher returns and property values, which we show in case studies throughout this integrated annual report. We will accelerate our programme of upgrading existing properties and launching exciting new developments such as 90 Grayston in Sandton. I believe that we are now fine-tuning our business philosophy and operating in accordance with a business model that will deliver growing and sustainable rewards.

But all is not champagne and strawberries. I would be disingenuous if I didn't also touch on the real challenges that the property sector faces. The first issue is one that we're all aware of, and is much bigger than our sector – or even South Africa's economy. That is the real danger of the delicately balanced and fragile global economy being tumbled into a greater or lesser recession through any one of – or even a domino effect of – potential economic risks. These include the debt crises in Europe and slowing economic growth in China. As a developing economy with a fortuitously robust banking system, South Africa is protected to an extent, but there is little doubt we would be slowed should a global breakdown occur. This issue is out of Redefine's control – as it is for most of us – but we do keep a weather eye out for international economic developments.

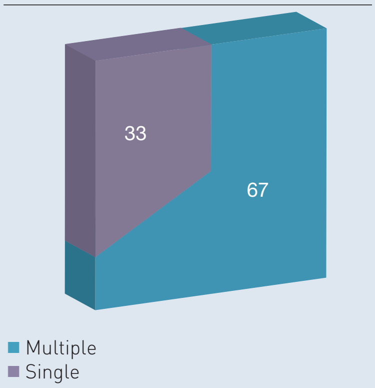
Within South Africa, labour unrest in the mining industry has spread into other sectors such as agriculture, all too often leading to violent confrontations and lives being tragically lost. As a consequence, GDP growth forecasts have fallen and Moody's lowered its investment ratings of key South African

institutions and banks, following a downgrade of the country's credit rating.

Other negatives are specific to the local property sector, affecting Redefine and our competitors in the field. The first is the sharply rising costs of municipal rates and utilities such as electricity, water and waste. We have to accept that electricity will become increasingly expensive due to Eskom needing to expand its generating capacity, but municipality-linked charges are a touchier subject. Again, we understand that municipalities face the challenge of resolving ageing and inadequate infrastructure, but my view is that commercial property owners are being seen as soft targets for rates increases when municipalities, through their own system inefficiencies, fail to collect their due revenues from particular residential areas in their boundaries. Allied to this are the gross inefficiency and lack of management will displayed by certain municipalities in processing the rezoning and other regulatory requirements that enable Redefine and other commercial developers to get projects underway. Taking six months to process a development is reasonable, but when meeting the regulatory requirements drags on for years, the commercial viability of projects become compromised and developers such as Redefine must turn to opportunities elsewhere.

This lack of vision and urgency by certain municipalities directly curtails their own revenues, and local residents and businesses are denied jobs and commercial opportunities. Government needs to deploy political will and a turnaround strategy in these regions. Property investors look for reasonable returns on their capital, and will simply look elsewhere – even offshore – when viable investment opportunities are dissipated by sluggish municipalities or mismanagement.

Single vs multiple tenants (%)



Property owners and businesses are taking the initiative to maintain standards through collective corporate schemes such as Business Improvement Districts, although our view is that a larger portion of the considerable rates we pay to city councils should be allocated to maintaining the commercial areas that finance a considerable portion of their budgets.

Returning to the positive, when we took the strategic decision to manage our properties directly rather than outsource this function, it entailed taking in and integrating the Broll employees who were involved in the hands-on property management of our properties. I am most pleased to state that our new staffers have integrated well and have injected a welcome fresh energy into our corporate culture. As it happens, the timing of this staff merger fitted well with Redefine's rebranding and repositioning campaign, which introduced a new corporate ethos into the company and our relationships with our clients.

Key macro issues, trends and developments

Property industry

At this time, the property rental industry in South Africa is highly competitive as high-quality assets are scarce. High-end local properties are becoming overpriced, which makes alternative property markets, such as Australia, increasingly attractive. By contrast, the local B grade office rental market remains in the doldrums and will only improve when South Africa's GDP growth can climb consistently above 3,5%.

Our social impacts

Building, refurbishing and managing properties such as office parks, shopping centres and large warehouses are inherently job creation projects, as people are employed in the construction phase and then in the permanent businesses that are housed there.

It is therefore quite tragic that Redefine encounters unnecessary regulatory obstacles in certain municipalities and rural areas that sorely lack mainstream and sustainable jobs. A 60 000m² shopping centre in a rural area, for example, can create many jobs and teach skills during the construction phase, while at least 700 sustainable jobs will result from its opening. But all too often these projects don't get off the ground, due to attempted corruption and local government incompetence. Working through the necessary compliances can take years, after which the holding costs can make the project no longer viable.

The result is that hundreds – if not thousands – of direct and indirect jobs are lost, while hard-pressed consumers in those regions are denied access to supply chains offering more for their spending power.

Regulations and rates

The regulatory and rates burden is becoming more onerous as municipalities, often through their own inefficiency, fall short on their rates collections and turn to easier targets such as commercial developers to balance their budgets. This is a shortsighted stance, as with an increasing percentage of our rental income per square metre being diverted into rates, refurbishing or developing buildings becomes less viable.

City councils should be taking exactly the opposite approach and offering concessions to encourage companies such as Redefine to develop in their areas, which in the medium to long term will grow their collection of rates and taxes sustainably. Municipal authorities should streamline the regulatory process for developers wanting to invest billions into new projects that enhance cities and generate rates. In many instances, our projects wait in a sluggish queue behind applications that add little or no value to the city.

Although 'green' building techniques and retrofitting to reduce power consumption won't entirely mitigate rising costs – certainly in the short term – this route has become the financial as well as moral choice.

Political impacts

It is not our business to support particular political parties or to take political views, but we expect elected leaders to fulfil their mandates of managing the country efficiently and creating an enabling environment for the people who elected them. It is therefore distressing to read of government departments being evicted from buildings for not paying their rentals, and the failure of education delivery – as the textbook saga in Limpopo so tragically illustrates.

Right now, our biggest national challenge is to rectify our dysfunctional basic education system, so that children leave school with the essential skills to enter the mainstream economy. We are eager to transform Redefine, yet are struggling to find people with the skills and experience to take up centre management and senior positions. At the moment, we can still rely on 'old school' personnel, but if national education is failing, where will we source their replacements in the years to come?

It is also our view that South Africa's present labour legislation is mismatched to the needs of our emerging economy and is stifling entrepreneurship and business growth.

We're not landlords. We're people

In the past two years, Redefine has instituted fundamental changes to the company structure, our business model and how we manage our property portfolio. We also needed to assimilate positively the many new people who joined Redefine after we took on direct management of our properties.

It was time to go back to the drawing board and reassess what Redefine is and how best we should engage with our clients and other stakeholders, now that we are directly in contact with them on a daily basis.

During this facilitated introspection, we realised that the best property companies are not just about bricks and mortar, but should be defined by the relationships they have with their clients and stakeholders, something which is close to my heart and business principles to which I subscribe. We implemented this by undergoing a deep internal and external exercise that introduced a new and values-based corporate culture, as well as showing a fresh public face.

I am pleased to report that our repositioning and rebranding is now well rooted into the business. Although South Africa's second-largest listed property company, we are aiming to be the best, and not necessarily the biggest. We will build Redefine's business by investing in people, focusing on our clients and redefining relationships with all stakeholders. I'm confident that the rewards will be there and the results will speak for themselves.

With effect from 1 August 2012, Redefine acquired the Fountainhead ManCo for R685 million. On 28 September 2012, a proposal to acquire all of FTP's properties other than Orion Place, Gail Industrial Park and Precision House (the retained properties) for a purchase consideration that will result in FPT unitholders receiving three Hyprop units and 62,5 Redefine units for every 100 FPT units was made to the FPT board. The retained properties (which are valued at approximately R10 million) will continue to be held by FPT, free of any gearing, to seed a new portfolio as part of a broad BEE strategy consistent with the objectives of the Property Charter.

The proposed acquisition of the FPT assets will largely complete the property portfolio restructure and will transform Redefine's property portfolio and investment proposition.

Access to investment capital

Our financing has been traditionally sourced from the banks, but a growing trend around the world is for property companies to tap the debt capital markets for funding. In Australia, for example, the industry average is for property companies to be funded by split of 47% bank finance and 53% debt finance, but – certainly in the medium term – Redefine will adopt a conservative approach and limit our debt financing to 35% of property assets, with approximately 30% thereof sourced from the debt capital market.

Gazetting of the Property Charter

In July 2012, the finalised Property Charter for our sector came into effect. Among its key stipulations are that at least 25% of the sector's equity ownership should be in the hands of black investors, with 10% allocated to black women.

At Redefine, we fully agree that black equity ownership at the required level is lacking at present, and we are actively looking for opportunities to bring on board substantial BEE ownership. It must, however, be pointed out that larger companies such as ours, with multibillion Rand market caps, are sorely challenged to find black investors with access to the considerable amount of capital needed to take up these shareholdings.

Although we are keen to bring in black shareholders who can add value to our management and operations, meeting the Property Charter's targets within the five years will not be straightforward.

Opportunities, challenges and risk

Due to the South African property counters' comparatively higher yields, shares in local property companies are attracting considerable international attention in the chase for yield.

Given the prolonged low interest rate environment, our local commercial property market is, however, becoming over-heated, as the availability of quality properties dwindles and become overpriced, while inefficient municipalities and steepening input costs are a growing management challenge. Weighed against these realities, offshore investments in countries such as Australia are becoming increasingly attractive.

All our investments have to be considered against the background of a fragile global economy, with the real possibility of an international economic slowdown should any of several possible scenarios occur. The European Union is juggling to maintain stability in debt-laden economies, the USA is in its third so-called 'quantitative easing' programme and the robust growth of the Chinese and Indian economies, among others in Asia, has slowed considerably. Any of these factors could trigger a worldwide recession that would have its impact on South Africa, as much as we are insulated to a certain extent as a developing and less integrated economy.

For instance, should overseas investors withdraw significantly from South African bonds, there would be knock-on effects on the repo interest rate and our pricing models.

These are not factors that Redefine can influence, but where possible we are prepared to mitigate the possible fallouts.

Sustainability of operations

Redefine has considerable room to manoeuvre, as our financing is conservative. After much portfolio activity over the past two years, we anticipate slowing down substantially on acquisitions and disposals due largely to reaching our desired portfolio mix, although we intend further diluting our high exposure to government and public sector rentals.

In this period, we further advanced our programme of adding value by refurbishing or extending existing properties or developing greenfield assets. Prime examples of these are the Pepkor warehouse refurbishment and extension in Isando, the new 'green' office building at 90 Grayston Drive, as well as the Food Lovers extension that we added to our Park Meadows shopping centre in Bedfordview, Gauteng.

All our new buildings will be designed to achieve four or more star green building status, which will be a real contribution to improving the environment. At this stage, it isn't economically viable to retrofit existing properties for green star ratings, but we are putting stricter controls into place to conserve power and water, as well as efficiently recycling and managing waste.

Adding value to our property portfolio is a sure route to attracting the quality tenants that we want to be in business with, so we will continue upgrading and developing our current properties.

Performance of the property portfolio

We were pleased that we could deliver distributions and reshape our property portfolio in line with our projections. This was by no means a straightforward task, given the complexity of the negotiations required and the tight management needed to keep costs down.

Recognising employee excellence – the CEO Award

We recently instituted a company-wide programme to recognise and reward excellent performance. Employees nominate those they believe have excelled, from which quarterly winners are chosen and publicly announced at quarterly presentations.

The CEO Award for the employee of the year is announced at Redefine's end-of-year function, with the winner being rewarded with a trip to London.

Looking ahead to 2013

In the upcoming financial year, we expect a slight improvement in all sectors of the property market. Within Redefine, I anticipate our distributions to grow between 5,5% and 7%.

Redefine has achieved a number of significant milestones in working towards achieving our strategic priorities. These milestones would not have been possible without the support of the chairman, the board and the hard work from the Redefine team. In addition, without the unwavering confidence from our investors, funders and service providers who have entrusted us to embark upon a new direction to redefine our business, this would not have been possible. I sincerely thank each and every one of you for your significant contribution.

"We're not landlords, We're people", a covenant of our commitment with our tenants, through a jointly beneficial relationship – your prosperity is ours.

Marc Wainer
Chief executive officer

> "Reliance on non-recurring fee income has been reduced, greatly improving the quality and visibility of our earnings."

Andrew Konig
Financial director

Distributable income

Redefine has delivered full year distributable income of R1 743 million (64 cents per linked unit), which is consistent with our market guidance.

In Rand terms, the overall result is 4,5% lower than the prior year, while on a distribution per linked unit basis, the year-on-year decline was 5,9% (2011 distribution: 68,0 cents per linked unit).

However, on a core recurring income basis the year-on-year increase is 7,2%.

Summary of financial results

	Distri-butable income R million	Per linked unit cents	Change %
2011	1 825	68,0	
Less 2011 non-recurring income	(124)	(4,6)	
Less Arrowhead contribution	(107)	(4,0)	
Less dilution arising from new units	–	(0,9)	
2011 core recurring	1 594	58,5	
Organic growth 2012	113	4,2	
2012 core recurring	1 707	62,7	**7,2**
Add 2012 non-recurring income	36	1,3	
2012	1 743	64,0	**(5,9)**

Distributable income extract for the year ended 31 August

	2012 R million	2011 R million	Change %
Net operating income from investment properties	**1 936**	1 925	0,6
Listed securities portfolio	**361**	347	3,9
Fee income	**50**	127	(61,1)
Property trading income	**14**	35	(57,8)
Total revenue	**2 361**	2 434	(3,0)
Administration costs	**(118)**	(82)	43,9
Net operating profit	**2 243**	2 352	(4,6)
Share of distributable income of associates	**19**	2	784,1
Minority interest	**–**	–	–
Adjusted operating profit	**2 262**	2 354	(3,9)
Net finance charges	**(691)**	(662)	4,4
Taxation	**–**	–	–
South African distributable income	**1 571**	1 692	(7,2)
International distributable income	**172**	133	29,1
Distributable income	**1 743**	1 825	(4,5)
Average units in issue ranking for distribution ('000)	**2 722 990**	2 684 296	
Available for distribution per linked unit (cents)	**64,0**	68,0	(5,9)

Net operating income from investment properties

Net operating income from the property portfolio overall improved 0,6% over the prior year. To assess the trading performance of the core property portfolio (properties owned for twelve months in both years), trading contributions from the properties that were acquired or disposed of during the current and prior year have been excluded from the total net operating income from investment properties.

Net operating income from the core property portfolio reflected 8,3% growth on the prior year through a combination of property revenue growth of 6,6% and property costs rising by only 1,7%, as shown in more detail in the following table.

	2012 R million	2011 R million	Change %
Property revenue	**2 074**	1 945	6,6
Property costs	**(490)**	(482)	1,7
Property income from core property portfolio	**1 584**	1 463	8,3
Acquired properties	**226**	72	213,9
Disposed properties	**98**	364	(73,1)
Miscellaneous	**10**	15	(33,3)
Wholly owned investment properties	**1 918**	1 914	0,2
Partially owned investment properties	**18**	11	63,6
Net operating income from investment properties	**1 936**	1 925	0,6
Core margin %	**76,3**	75,2	

Letting activity, which is summarised by sector in the core property revenue reconciliation that follows, explains the core property revenue growth of 6,6% on the prior year.

The benefits of a diversified property portfolio are aptly displayed in the overall outcome of the new-lets and vacancies line.

	Offices R million	Retail R million	Industrial R million	Sundry R million	Total R million	Contribution to growth %
2011 property revenue	939	739	252	15	1 945	
Add letting activity	67	48	20	–	135	7,0
Contractual lease escalations	60	38	14	–	112	5,8
New lets	23	33	18	–	74	3,8
Renewals	15	7	1	–	23	1,2
Vacancies	(31)	(30)	(13)	–	(74)	(3,8)
Less decrease in sundry	–	–	–	(6)	(6)	(0,4)
2012 property revenue	1 006	787	272	9	2 074	
Year-on-year growth	7,1%	6,5%	7,9%	(40,0%)	6,6%	

Core property costs were contained at 1,7% well below the inflation rate, mainly due to the positive impact of internalising property management and the Arrowhead unbundling.

	2012 R million	2011 R million	Change %
Net municipal charges	**70**	75	(6,7)
Net electricity charges	**35**	35	0,0
Operating costs	**166**	157	5,7
Property management	**83**	81	2,5
Repairs and maintenance	**47**	37	27,0
IT costs	**37**	36	2,8
Letting commission	**22**	24	(8,3)
Management fees	**15**	31	(51,6)
Bad debts	**15**	6	150,0
Property costs	**490**	482	1,7

Core property portfolio ratios

	2012 %	2011 %	2010 %
Operating costs* as a % of core property income	**20,8**	21,7	21,0
Property management costs as a % of collections**	**3,2**	3,4	3,6
Municipal recoveries as a % of municipal charges	**69,7**	63,3	67,9
Electricity recoveries as a % of electricity charges	**57,6**	46,4	53,0

* *Operating costs defined as all core property costs, including recoveries, excluding tenant installation costs and letting commission*
** *Collections defined as core property income plus recoveries including VAT*

Core property margins

The 2012 property margin improved over that of 2011, mainly due to the benefits of internalising property management (see the cost reduction in management fees and to some extent property management), and improved recoveries of municipal charges, which have been eroded somewhat by increased bad debts. Electricity and municipal charges net of recoveries continue to be areas of focus for improvement and margin sustainability.

	2012 %	2011 %	2010 %
Property revenue	**100,0**	100,0	100,0
Less property costs	**23,7**	24,8	25,6
Municipal charges net of recoveries	**3,4**	3,8	3,1
Electricity charges net of recoveries	**1,7**	1,8	1,1
Operating costs	**8,0**	8,1	7,5
Property management	**4,0**	4,2	4,5
Repairs and maintenance	**2,3**	1,9	2,3
Tenant installation	**1,8**	1,9	1,1
Letting commission	**1,1**	1,2	1,2
Management fees	**0,7**	1,6	4,4
Bad debts	**0,7**	0,3	0,4
Property margin	**76,3**	75,2	74,4

Listed securities portfolio

The low increase in income from local listed securities is due to the recognition of pre-acquisition income in respect of Hyprop during the prior year.

Fee income

Fee income is lower than last year due to the once-off transaction fee earned in the prior year from Hyprop's acquisition of the retail portfolio from Attfund.

Property trading income

Property trading income is lower than 2011 due to the exit by Redefine from speculative trading activities.

Administration costs

Administration costs grew considerably on the back of heightened marketing activity combined with having to increase the accrual for the phantom share option scheme due to Redefine's unit price appreciating considerably during the course of 2012.

Share of distributable income of associates

Redefine's direct investment in Cromwell during 2012 is reflected on this line. On a group basis, Cromwell is accounted for as an associate, as Redefine – together with RI – holds approximately 27% in Cromwell. The prior year reflected Redefine's interest in the Dipula/Mergence management company, which has since been unwound.

Net finance charges

Net finance charges are up only 4,4% on the prior year as a result of migrating to a six-month distribution cycle, funding acquisitions out of cash proceeds from the sale of properties and lowering the average cost of debt by 70 basis points to an average of 8,9%. The cost of debt was reduced by renegotiating expensive facilities that were priced in a different interest rate environment, and by sourcing cheaper funds from the debt capital market.

International distributable income

The year-on-year growth in international distributable income is due to a combination of the rand weakening against the British pound and growth in the underlying distribution following the reverse acquisition of Wichford PLC.

Statement of financial position

Abridged statement of financial position

From 1 October 2012, RIN will be equity accounted, as Redefine's holding has decreased to 49,3%, the impact of which is illustrated in the 'deconsolidated' 2012 figures that follow. These show property assets declining by R11,1 billion, along with interest-bearing borrowings of R11,3 billion, resulting in a positive impact to net asset value.

Significant statement of financial position movements giving rise to the change in NAV are outlined below. Group, as well as local and international balance sheets, follow for ease of explanation.

	2012 R million	2011 R million	Deconsolidated R million
ASSETS			
Non-current assets	**43 376**	40 036	33 065
Investment properties	**29 736**	28 848	21 281
Listed securities	**5 341**	4 664	5 640
Intangibles	**4 659**	3 850	4 659
Interest in associates	**1 963**	1 237	1 120
Other	**1 677**	1 437	365
Current assets	**1 245**	1 681	829
Non-current assets held for sale	**2 135**	2 646	313
Total assets	**46 756**	44 363	34 207
EQUITY AND LIABILITIES			
Shareholders' interest	**20 042**	19 617	20 647
Non-controlling interests	**1 301**	2 271	118
Non-current liabilities	**15 260**	17 962	10 433
Interest-bearing borrowings	**12 649**	16 166	7 911
Deferred taxation	**2 080**	1 427	2 047
Other	**531**	369	475
Current liabilities	**8 922**	4 426	3 009
Interest-bearing borrowings	**6 793**	2 158	1 430
Trade and other payables	**1 232**	1 275	682
Distribution payable	**897**	993	897
Non-current liabilities held for sale	**1 231**	87	–
Total equity and liabilities	**46 756**	44 363	34 207

Net asset value (NAV)

Net asset value (excluding deferred tax and non-controlling interests) for the group has increased since last year, as explained in the following reconciliation. The NAV of the deconsolidated group is also set out, as this will essentially be the 'currency' for the FPT transaction.

	Per linked unit (cents)
2011 group NAV	**783,95**
Less dilution from increased number of units in issue	(21,64)
Less Arrowhead unbundling	(30,02)
Add 2012 local increase	87,22
Less 2012 international decrease	(18,21)
2012 group NAV	**801,30**
Deconsolidated NAV	822,10

Investment properties

	Group R million	Local R million	International R million
2012	**29 736**	**21 281**	**8 455**
2011	28 848	17 481	11 367
Movement	888	3 800	(2 912)

At group level, investment properties have increased by R888 million, as the local component increased by R3,8 billion and the foreign component decreased by R2,9 billion.

The local increase of R3,8 billion arises from the following:

- disposal of properties valued at R248 million to various third parties
- acquisitions of R3 billion transferred during the period
- capital expenditure (mostly development) and tenant installation costs of R377 million
- positive fair value adjustments of R636 million
- properties valued at R208 million transferred to non-current assets held for sale.

The international R2,9 billion reduction largely arises from the following:

- reclassification of the VBG and Delta portfolios to 'non-current assets held-for-sale' of R1,8 billion
- decrease in the fair value of properties of R1 billion, largely affecting the Wichford legacy assets, including the Gamma and Delta portfolios
- disposals of R1,5 billion
- positive movement in the foreign currency translation of R1,4 billion.

Listed securities portfolio

	Group (R million)	Local (R million)	International (R million)
2012	**5 341**	**5 341**	**–**
2011	4 664	4 664	–
Movement	677	677	–

The listed securities portfolio comprises:

	2012 Value R million	**2012** Interest held %	2011 Value R million	2011 Interest held %
Local listed securities				
Hyprop	**5 288**	**30,4**	4 123	45,7
Oryx	**–**	**–**	155	26,4
Arrowhead A	**27**	**3,0**	–	–
Arrowhead B	**24**	**3,0**	–	–
Fountainhead Property Trust	**2**	**0,0**	–	–
Dipula	**–**	**–**	386	33,8
	5 341		4 664	

During December 2011, Redefine participated directly in a capital raise by Cromwell, acquiring a direct interest of 3,9% for R255 million. The fair value of this investment at 31 August 2012 was R299 million. After year-end, Redefine purchased an additional 16,9 million units in terms of a call option for R100 million, which increased the local shareholding to 5,1%. On the local statement of financial position this investment is accounted for under listed securities. At a group level, however, Cromwell is accounted for as an associate (RI holds 22,1%), as referred to in 'investments in associates and joint ventures'.

During the period Redefine disposed of its entire shareholding of Dipula B units for proceeds of R360 million. Of these units, 50 million were sold to a BEE consortium for R270 million.

Redefine disposed of two million Hyprop units for R144 million.

During the year, Redefine purchased FPTM and Evening Star for an aggregate consideration of R685 million (including a purchase price adjustment of R25 million).

Following the conclusion of this transaction, Redefine made an offer to the FPT board to acquire all of the properties of FPT – other than Orion Place, Precision House and Gail Industrial Park – in return for 726 693 593 Redefine units and 34 881 292 Hyprop units. This equates to 62,5 Redefine units and three Hyprop units for every 100 Fountainhead units held.

The FPT acquisition will be conditional on all requisite board, trustee, Redefine and Fountainhead unitholder approvals. As a result, Redefine's shareholding in Hyprop would reduce to 16%.

Redefine received Arrowhead units as proceeds for the sale of Royal Palm and Terminus leasehold properties.

On 28 September 2012 (after year-end), Redefine disposed of its entire shareholding in Oryx for R184 million and realised a profit of R50 million. The year-end market value of R175 million has been transferred to non-current assets held for sale.

Goodwill and intangibles

	Group R million	Local R million	International R million
2012	**4 659**	**4 163**	**496**
2011	3 850	3 388	462
Movement	809	775	34

Goodwill increased by R183 million as a result of the deferred taxation provided for at 28% on FPTM's right to manage. Intangible assets increased by a net amount of R626 million, due to:

- The FPT perpetual right to manage amounting to R655 million
- A R28 million decrease due to amortisation and translation differences on the right to manage properties, and the RIFM management agreement with RI

Investment in associates and joint ventures

	Group R million	Local R million	International R million
2012	**1 963**	**266**	**1 697**
2011	1 237	–	1 237
Movement	726	266	460

During the year the group participated in a capital raise by Cromwell, whereby Redefine made a direct investment of R255 million for 3,9% and RI increased its investment by 0,5% to 23,1%. On a group basis, the 27,0% interest in Cromwell is equity accounted. The local investment in Cromwell is reclassified from 'listed securities' to 'investment in associate and joint ventures'.

Loans receivable

	Group R million	Local R million	International R million
2012	**1 540**	**113**	**1 427**
2011	1 374	82	1 292
Movement	166	31	135

At a local level, loans receivable consist mainly of vendor loans. The reduction in the international loan receivable is as a result of the increase in the Corovest Mezzanine Capital loan, mainly due to exchange rate fluctuations.

Property, plant and equipment

	Group R million	Local R million	International R million
2012	**94**	**48**	**46**
2011	80	40	40
Movement	14	8	6

Expenditure on group plant and equipment increased by R14 million. In South Africa increased investment in IT equipment was the primary reason, while the offshore increase of R6 million was mainly due to furniture and equipment for new offices.

Properties held-for-trading

	Group R million	Local R million	International R million
2012	**26**	**26**	**–**
2011	31	31	–
Movement	(5)	(5)	–

Properties held for trading comprise the unsold units in the Buchanan development.

Cash and cash equivalents

	Group R million	Local R million	International R million
2012	**351**	**58**	**293**
2011	660	22	638
Movement	(309)	36	(345)

The abridged cash flow below explains the movement in cash at local and international level. Of the R293 million international cash on hand, R161 million (2011: R159 million) is restricted.

Listed securities income

	Group R million	Local R million	International R million
2012	**156**	**225**	**(69)**
2011	196	247	(51)
Movement	(40)	(22)	(18)

The Hyprop distribution accrued at 31 August 2011, included a special distribution for the months of July and August 2011. The accrual at the end of August therefore only relates to six months, compared to the eight months accrued in the prior year. At a local level, the RIN distribution of R69 million (2011: R51 million) for the period to 31 August 2012 was accrued, but eliminates on consolidation.

Non-current assets held for sale

	Group R million	Local R million	International R million
2012	**2 134**	**313**	**1 821**
2011	2 646	2 646	–
Movement	(512)	(2 333)	1 821

At 31 August 2011, properties valued at R2,4 billion were transferred to non-current assets held-for-sale in line with the Redefine's objective of restructuring its property portfolio (R1,7 billion of that was in respect of Arrowhead properties). During the year ended 31 August 2012, R2,2 billion of the properties held for sale were disposed of.

Non-current assets held-for-sale at 31 August 2012 comprises the following:

- R138 million is in respect of other properties that no longer fit Redefine's investment criteria, which are in the process of being disposed of to various third parties
- R175 million investment in Oryx (a listed security investment), which was sold shortly after year-end
- RI assets held for sale totalled R1,8 billion and comprised the VBG and Delta properties. Halle, which was classified as held for sale during the year was sold in June 2012. As RI is committed to the sale of the VBG1 and VBG2 subsidiaries, the related loan liabilities totalling R1,2 billion have been classified as held for sale at year-end. These assets are stated at their disposal value.

Interest-bearing borrowings and interest rate swaps

	Group R million	Local R million	International R million
Long-term			
2012	**13 117**	**8 142**	**4 975**
2011	16 524	6 935	9 589
Movement	(3 407)	1 207	(4 614)
Short-term			
2012	**6 865**	**1 430**	**5 435**
2011	2 346	810	1 536
Movement	4 519	620	3 899
Held for sale			
2012	**1 231**	**–**	**1 231**
2011	87	87	–
Movement	1 144	(87)	1 231

Interest-bearing borrowings and interest rate swaps have been covered under 'Funding'. It is worth noting that the current element of interest-bearing liabilities includes R5,4 billion of international debt maturing in 2013 (mainly the Delta and Gamma facilities maturing in October 2012) and R1,4 billion local debt (Standard Bank and commercial paper). It is anticipated that we will repay the Standard Bank facilities by raising a bond, as this funding is cheaper. There is also R1,2 billion being held-for-sale liabilities relating to the restructuring of the VBG portfolio. The restructuring was finalised post year-end, with the loans repaid in October 2012.

Deferred taxation

	Group R million	Local R million	International R million
2012	**2 080**	**2 047**	**33**
2011	1 427	1 401	26
Movement	653	646	7

The capital gains tax inclusion rate for companies increased from the current 50% to 66,6% for all disposals of assets which became effective for Redefine on 1 September 2012. This has increased the effective CGT rate from the current 14% to 18,6%. Redefine has processed the accounting estimate change to recognise the deferred tax liability, resulting into an adjustment to deferred taxation of R423 million.

A deferred tax liability (raised at 28%) of R183 million was recognised on the acquisition of FPTM asset management agreement.

Trade and other receivables and payables

	Group R million	Local R million	International R million
Receivables			
2012	**679**	**395**	**284**
2011	743	475	268
Movement	(64)	(80)	16
Payables			
2012	**953**	**571**	**382**
2011	1 037	497	540
Movement	(84)	74	(158)

The decrease in the trade and other receivables arises mainly as a result of:

- The Attfund transaction fee of R114 million being settled during the period
- Management's focus has resulted in the reduction of the prepaid rates clearances during the year. This balance has decreased by R67,3 million to R80,8 million
- R157 million receivable from the sales of listed securities (Dipula and Hyprop units)

Overall trade and other payables decreased by R84 million, resulting from a R74 million local increase and a R158 million international decrease. Relevant factors were:

- Included in the local trade payables is an amount of R19 million received from RIN in respect of a placement fee, which eliminates on consolidation and will be taken to income in the new financial year to coincide with the RIN capital raise that took place during October 2012
- Interest accrual increase of R50 million due to increased borrowing levels
- The decrease in the international portion mainly relating to the settlement of several take-on costs associated with the Wichford merger in the prior year

Redefine's capital structure

Redefine's capital structure comprises shares and debentures.

	2012 R million	2011 R million
Receivables		
Share capital and premium	**11 661**	11 788
Debenture capital	**4 792**	4 832
	16 453	16 620

Redefine's equity capital is issued in the form of a linked share and debenture. Debentures are indivisibly linked to ordinary shares so that unitholders are one and the same, holding their share and debenture in the form of a linked or combined unit that cannot be traded on the JSE, other than as linked unit. Redemption of the debenture occurs five years after the unitholders resolve by way of special resolution that the debentures be repaid, which resolution can only be passed 25 years after the first date of issue of the debentures. The debentures are subordinated to all other claims and liabilities as far as payment of interest or capital is concerned. Interest payable on the debentures is calculated at a variable rate, relative to profits earned, after payment of all expenses, including interest payable on external borrowings. Redefine's management therefore regards the debentures as an integral part of the company's capital structure, even though under IAS 32, debentures are classified as part of non-current liabilities.

The year-on-year change in the stated capital and debentures arose from:

	Share capital R million	Debentures R million	Total R million
Unbundling	(623)	(172)	(795)
New units	496	132	628
Net reduction	(127)	(40)	(167)

The Arrowhead unbundling took place during December 2011. In July 2012, Redefine undertook an accelerated book build and raised R650 million, priced at R8,53 per new Redefine linked unit, amounting to a discount of 1,4% to the closing price the day before and a 1,3% premium to the 30-day volume-weighted average price. This resulted in the issue of 76 201 642 new Redefine linked units from 12 July 2012, with 2 766 373 744 units now in issue. Raising and listing costs of R4 million and antecedent interest of R17 million (the new units qualify for interest for the second half of 2012) reduce the amount allocated to share capital to R496 million.

Abridged cash flow

	Group R million	Local R million	International R million
Cash generated from operations	3 124	2 578	546
Net financing costs	(1 379)	(665)	(714)
Linked unit distributions paid	(1 839)	(1 839)	–
Payment to non-controlling interest	(93)	–	(93)
Net cash outflow from operating activities	(187)	74	(261)
Net cash outflow from investing activities	(2 590)	(2 326)	(264)
Net cash inflow from financing activities	2 393	2 299	94
Net movement in cash and cash equivalents	(384)	47	(431)
Cash and cash equivalents at beginning of year	660	18	642
Translation effects of cash and cash equivalents	75	–	75
Cash and cash equivalents at end of year	351	65	286

Cash management is a critical component of optimising Redefine's funding.

During the current year, the group's operating activities, excluding distribution payments, yielded a surplus, which was placed in local access facilities to temporarily reduce debt. Draw-downs on bank facilities and debt capital market funding were used to fund acquisitions and the distribution payments (net of operational cashflow).

Debt policy

Redefine actively manages its local debt and allows RI to manage its debt independently. International borrowings are negotiated directly by RI and have no recourse whatsoever to Redefine's local assets.

Redefine's debenture trust deed does not limit gearing, however, Redefine's board has imposed a limit on local gearing of 45% of total South African assets (direct property, listed securities, including the investment in the locally listed RI).

Management believes that the optimal level of gearing, for the local operation, should not exceed 35% of total South African assets, but given the prevailing interest rate market, this self-imposed limit may be breached in the short to medium term.

Redefine's current local hedging strategy is to fix at least 65% of its debt through interest rate swaps for as long as possible.

Redefine is broadening its debt funding sources so that approximately 30% of local debt will be funded by the debt capital markets and 10% could possibly be sourced from long-term insurers (a feasibility process is underway). The balance continues to be sourced from existing facilities with the four major South African banks.

To prevent liquidity risk arising from exposure to the debt capital market, bond maturities in the short term are covered by surplus funding headroom from existing banking facilities.

To minimise credit risk and avoid prudential limits imposed by a bank or their regulators, Redefine is steadily renegotiating bank facilities to spread the debt maturity profile and exposure to each bank as evenly as possible.

To maintain and possibly improve the Moody's credit rating, the level of local secured property assets (currently 73%) is to be actively reduced through the property asset replacement process.

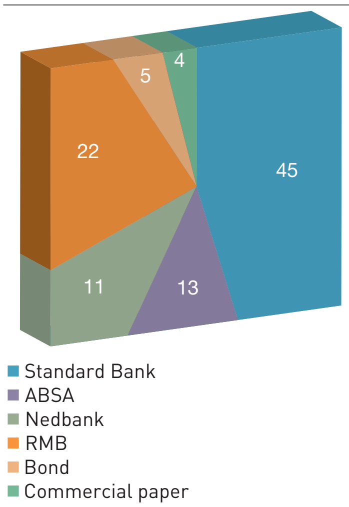
Funding

Group funding at year-end totalled R20,7 billion, R11,5 billion of which was non-recourse foreign debt, and R65 million Redefine's share of third-party loans, leaving R9,1 billion funding Redefine's local property asset portfolio.

Local bank facilities totalling R9,8 billion are in place. Redefine has pledged R20,6 billion worth of properties and listed securities against these facilities, which results in R9,6 billion being immediately accessible. The remaining R200 million can be accessed by pledging additional property assets.

Local funding comprises bank debt of R8,3 billion and R821 million under the domestic medium-term note programme. The funding sources are currently spread per the graph below:

Funding spread (%)



On 3 September 2012, Redefine 'rolled' its 90-day commercial paper (CP) for the fourth time. The issue attracted strong support (total bids of R554 million were received) and achieved pricing at an all-in interest rate of 5,305% (JIBAR plus a margin of 23 basis points, which was 12 basis points lower than the first issue).

At 31 August 2012, Redefine had drawn R8,3 billion against local bank facilities, leaving R1,3 billion available on demand. Capital requirements for the 2013 financial year include:

- R528 million for planned developments and capital expenditure
- R1,25 billion for further property acquisitions (mainly East Rand Mall)
- A further investment of R100 million in Cromwell
- Property and listed security disposals amounting to R503 million
- An anticipated working capital outflow (including distributions to unitholders) of R263 million
- The release of R190 million from the restricted facilities (assuming additional properties are pledged at a loan-to-value ratio of 50%).

These commitments will be funded by the sale of Hyprop units for cash and drawing on local bank facilities.

The local loan-to-value (LTV) ratio at 31 August 2012 is 32%. Assuming that the projected cash flows occur as outlined above, the 2013 year-end LTV ratio is expected to peak at 37,3%, with total borrowings of R11,2 billion. If the FPT acquisition is successful and Redefine disposes its remaining Hyprop holding, the LTV ratio can decrease to 31%, with total borrowings projected to be R11,1 billion as the debt taken-on is offset by the Hyprop proceeds.

Including the international debt component, the group LTV ratio at 31 August 2012 was 50,7%. International debt, which has no recourse whatsoever to the local balance sheet, has reduced by £83 million since August 2011.

Significant progress has been made on the refinancing of the RI debt during the year and post year-end including the finalisation of the agreed restructuring of the VBG and Delta facilities, as well as the sale of the Halle property which saw the property and related debt with a value of £36,3 million and £37,1 million respectively, being removed from the group's consolidated statement of financial position.

The restructuring of all four VBG assets and associated financial facilities was also completed on 8 October 2012. RI announced on 15 October 2012 an agreement to extend and restructure the £114,6 million Delta facility. Discussions are ongoing on the Gamma facility with a standstill agreement currently in place.

RI was successful with its rights offer and equity placement, raising £127,5 million (initial target £100 million). The oversubscription of the local offer enabled Redefine to place a portion of its entitlement with investors, therefore Redefine was not called upon to take up additional units under the underwriting obligation. This resulted in Redefine's holding in RI decreasing to 49,3%, which will enable RI to be equity accounted going forward.

Moody's updated its credit opinion on 12 October 2012 and kept Redefine's credit rating unchanged.

Hedging

Sixty-eight percent of the local loan book was hedged as at 31 August 2012. After allowing for the impact of hedging, the average total cost of local funding is 8,9% (2011: 9,6%). The average term of the local swaps and fixed rate loans is 50,7 months (4,2 years) and the maturity profile at 31 August 2012 is indicated in the graph below.

Although the swap rates have reacted to the recent financial events (lifting approximately 40 basis points above the August 2012 level), the latest longer-term pricing is suggesting that swap rates will plateau at 7,2%, which, across the board, is approximately 45 basis points lower than swap rates earlier this year.

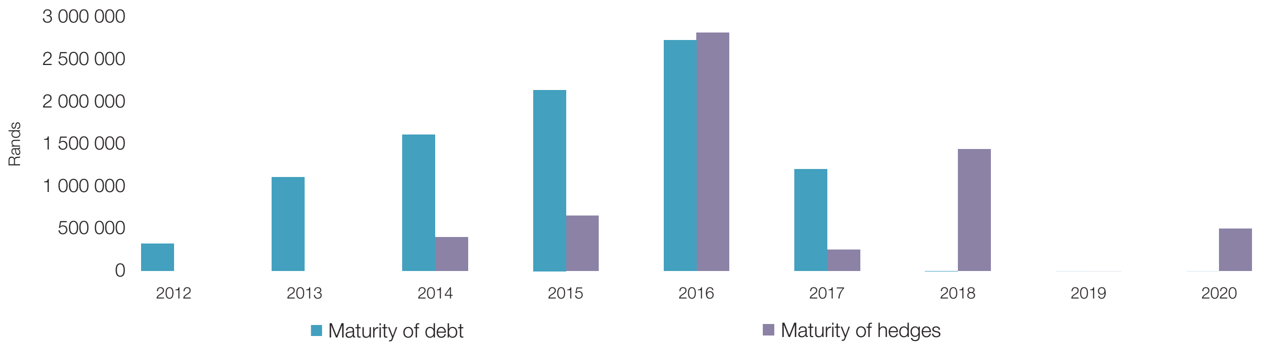
Given the current interest rate outlook, Redefine will be exercising extreme caution in executing our hedging policy, as we can benefit from taking maximum advantage of the prevailing floating interest rate. This, however, needs to be balanced with an opportunistic view on longer dated swaps, which remain quite attractive.

Thanks

I would like to sincerely thank my financial colleagues for their ongoing dedication and hard work. They timeously provided reliable information to Redefine's management, enabling us to accurately measure our financial and operational decisions during 2012. We also appreciate their strategic input in planning the execution of the way ahead.

Andrew Konig
Financial director

Maturity profile of debt and hedges



To service the unique management needs of retail properties, Redefine's business is being operationally realigned through the newly created specialist retail management division (Redefine Retail), with the balance of the portfolio being managed by a commercial and industrial team.

Average value per property increased to

R81 million

Property management

- Commercial
- Retail
- Industrial

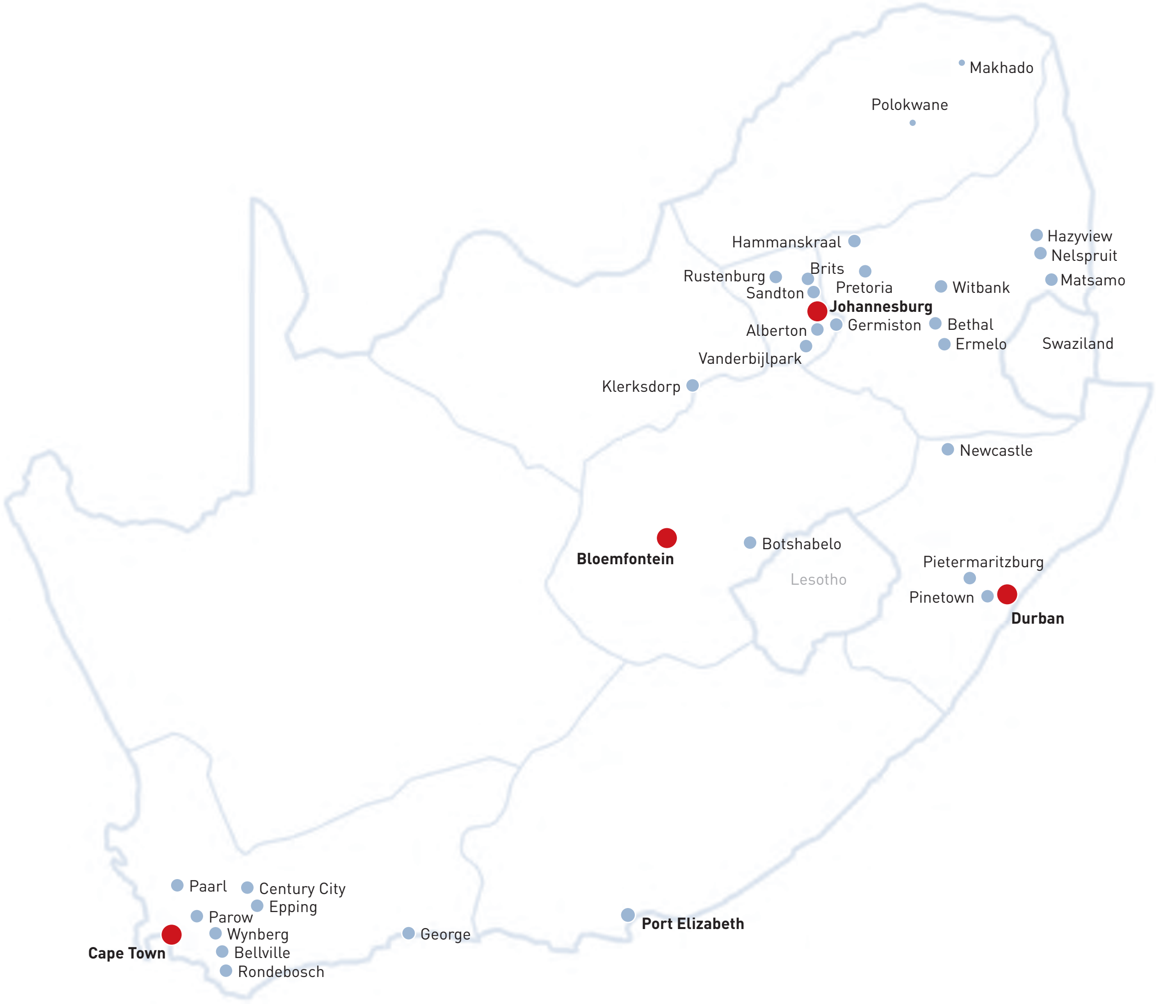
Developments

REDEFINE PROPERTIES

Acquisitions and disposals

Support services

- Human resources
- Information and communication technology
- Customer relationship management
- Marketing
- Legal



Analysis of the property portfolio

During the 2012 financial year, Redefine's investment strategy was realigned and the portfolio was further consolidated into higher-value, single tenanted properties. As at 31 August 2012, the portfolio comprised 263 properties (2011: 358) valued at R21,2 billion (2011: R19,4 billion) with a gross lettable area (GLA) of 3 124 455m² (2011: 3 511 183 m²).

Local property portfolio

Description	Office	Retail	Industrial	Total
Asset value (R billion)	9,5	7,7	4,0	21,2
Valuation per m² (excluding undeveloped bulk)	8 532	7 931	3 831	6 791
Average property value (R million)	90	81	65	81
Value %	45	36	19	100
Number of properties	106	95	62	263
Total GLA (m²) (million)	1,1	1,0	1,0	3,1
GLA as % of portfolio	36	31	33	100
Vacancy (%)	8,4	5,4	3,3	5,8
Renewal success rate %	88	80	63	79
Average renewal rental growth %	3,2	6,4	5,4	4,4
Average % of net property income	47	37	16	100
Average gross rental (per m²/month)	94	85	39	72
Average escalation %	7,6	7,7	7,7	7,7
Average yield %	13,3	13,1	11,6	12,9
Property expense ratio % (excl amortisation)*	23	21	21	22

** Includes monthly tenancies*

"Redefine's business approach has been aligned throughout the organisation to its strategy through the adoption of key commitments and core values by all our people."

David Rice
Chief operating officer

I am pleased to report that our revised property portfolio strategy proved successful in 2012 and we will continue implementing it in the 2013 financial year, acquiring larger, preferably single-tenanted properties in specific high-value nodes and suburbs, primarily in Gauteng, the Western Cape and KwaZulu-Natal.

These properties attract 'blue-chip' clients who tend to sign long- or medium-term leases, providing cash flow comfort and lower vacancy rates.

We made outstanding progress in selling off smaller and less optimally located properties, disposing of 126 properties for R2,4 billion encompassing a lettable area of 637 979m² at an average yield of 10,6%.

These properties were sold at an average price of R3 903/per m², while replacement and higher quality properties were bought at an average of R8 714/per m².

In this period we purchased 19 properties with a lettable area of 304 394m² for R2,7 billion, at an average yield of 8,9%.

Our office and industrial components gained properties with single tenants on full maintenance and insurance lease agreements, which has the positive effect of improving cost efficiencies.

Only 10% of our properties now fall outside of Gauteng, the Western Cape and KwaZulu-Natal, while the average value per property grew significantly in this period to R81 million.

Year-to-year increase in property values

	2012 million	2011 million
Office	**90**	65
Retail	**81**	56
Industrial	**65**	35
Total	**81**	54

Redefine's portfolio was considerably upgraded through new acquisitions, coupled with the continuing sale of smaller assets to Arrowhead and Arrowcreek, as well as to various third parties. Our top 20 property assets include five new acquisitions and one redevelopment, with an increase in the average property asset value to R81 million. This focus on properties with higher net asset values lowers risk by enabling the company to accommodate fewer and higher quality tenants.

Geographical spread

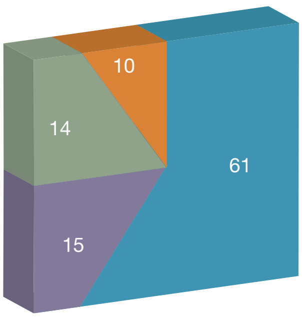
Geographical spread by gross lettable area

	2012				2011			
	Value R000	Number of properties	GLA m^2	GLA %	Value R000	Number of properties	GLA m^2	GLA %
Gauteng	13 478 991	160	1 967 071	63	11 353 925	179	1 990 401	56
Western Cape	3 915 244	39	490 588	15	3 717 450	59	571 296	16
KwaZulu-Natal	1 832 409	38	333 225	11	1 893 035	54	474 175	14
Other	1 991 049	26	333 571	11	2 414 137	66	475 311	14
Total	21 217 693	263	3 124 455	100	19 378 547	358	3 511 183	100

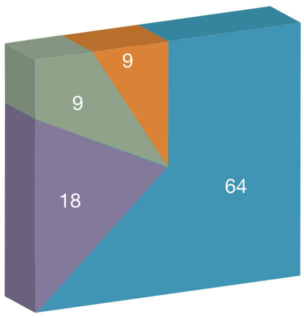
Geographical spread by gross monthly rental

	2012				2011			
	Value R000	Number of properties	GMR R000	GMR %	Value R000	Number of properties	GMR R000	GMR %
Gauteng	13 478 991	160	140 877	63	11 353 925	179	113 152	57
Western Cape	3 915 244	39	38 558	17	3 717 450	59	36 425	18
KwaZulu-Natal	1 832 409	38	22 914	10	1 893 035	54	23 324	12
Other	1 991 049	26	21 249	10	2 414 137	66	26 754	13
Total	21 217 693	263	223 598	100	19 378 547	358	199 655	100

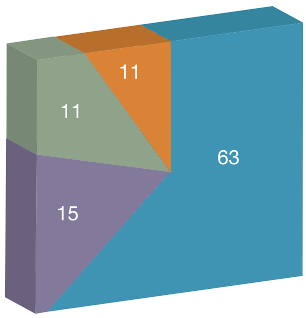
Number of properties (%)



Value (%)



GLA (%)



■ Gauteng ■ Western Cape ■ KwaZulu-Natal ■ Other

We continued working our strategy to reduce exposure to smaller and inefficient municipalities. Redefine's exposure to underperforming regions outside of Gauteng, the Western Cape and KwaZulu-Natal has reduced markedly in terms of number of properties, value and GLA. Many of these smaller properties were disposed of and the proceeds reinvested in bigger, single tenanted properties, predominantly in Gauteng business nodes.

Sectoral spread

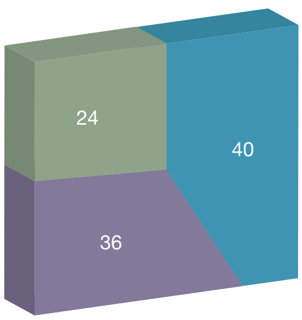
Sectoral spread by gross lettable area

	2012				2011			
	Value R000	Number of properties	GLA m^2	GLA %	Value R000	Number of properties	GLA m^2	GLA %
Office	9 530 830	106	1 117 070	36	9 036 188	140	1 320 548	38
Retail	7 731 943	95	974 919	31	7 337 302	131	1 065 317	30
Industrial	3 954 920	62	1 032 466	33	3 005 057	87	1 125 318	32
Total	**21 217 693**	**263**	**3 124 455**	**100**	19 378 547	358	3 511 183	100

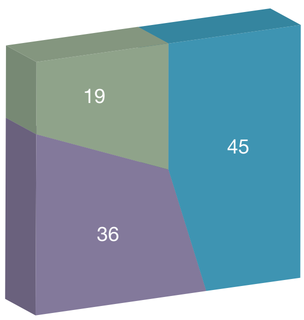
Sectoral spread by gross monthly rental

	2012				2011			
	Value R000	Number of properties	GMR R000	GMR %	Value R000	Number of properties	GMR R000	GMR %
Office	9 530 830	106	105 155	47	9 036 188	140	98 531	49
Retail	7 731 943	95	80 088	36	7 337 302	131	71 243	36
Industrial	3 954 920	62	38 355	17	3 005 057	87	29 881	15
Total	**21 217 693**	**263**	**223 598**	**100**	19 378 547	358	199 655	100

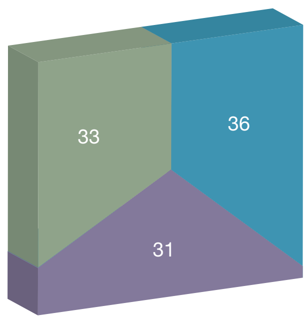
Number of properties (%)



Value (%)



GLA (%)



■ Office ■ Retail ■ Industrial

Redefine's property portfolio is improving in quality of buildings and choice of locales, the overall portfolio has remained evenly balanced between the retail, office and industrial sectors. This offers the security of counter-cyclical market exposure.

Offices

The letting market continues to be challenging, with weak demand and nominal growth in rentals. In the latest SAPOA survey that covered 15,1 million m^2 of letting space, the national vacancy rate for the first two quarters of 2012 improved marginally over the fourth quarter of 2011.

The South African office market has remained fragile, with subdued demand for space. The performance of premium (P) and A grade office space improved marginally from the third quarter and continues to surpass that of lower grade stock. P grade office space has bucked the trend, with healthy demand for prime locations such as Sandton and Rosebank in Johannesburg, Umhlanga Ridge in Durban, and the Waterfront and Foreshore in Cape Town.

The A grade vacancy rate is currently 8,5%, while P grade offices sit favourably at 1,1%.

Redefine has been invited to submit proposals for several blue chip private organisations requiring new P grade offices in the Sandton and Rosebank areas. These proposed developments will measure between 10 000m^2 and 45 000m^2, with one enquiry for 120 000m^2.

The demand for all other categories (A, B and C grade) is weak, with landlords competing fiercely on price. For example, achievable rentals for some B grade offices in Braamfontein have dropped from R80/m^2 to R55/m^2 over the last two years.

The period under review has seen the strengthening of a 'two-tiered' office market, in which P and A+ grade office space is still achieving good rentals and constant demand, while the uptake of all other grades of office space continues to decline.

Top 10 office properties by value

Property name	Region	GLA m²	Value R000	Value R/m²
Standard Bank Centre	Western Cape	59 778	593 000	9 920
155 West Street	Gauteng	24 501	518 482	21 162
Convention Tower	Western Cape	17 645	380 000	21 536
Thibault Square	Western Cape	30 446	377 000	12 383
Commerce Square	Gauteng	15 949	355 300	22 277
Poyntons	Gauteng	64 183	338 000	5 266
Pier Place	Western Cape	14 746	300 000	20 345
Jewel City	Gauteng	43 915	273 600	6 230
90 Rivonia Road	Gauteng	14 270	237 400	16 636
22 Fredman Drive	Gauteng	10 974	232 400	21 177
Total		**296 407**	**3 605 182**	**12 163**
As a percentage of total office properties		**27%**	**38%**	

Top 10 office tenants	GMR R000	GMR %
Government	30 218	29
ABSA	4 922	5
Standard Bank	3 663	4
Discovery Health Limited	3 494	3
Zenprop	3 135	3
De Beers	2 488	2
Vodacom	2 177	2
MTN	1 741	2
Eversheds	1 551	1
Webber Wentzel	1 506	1
Total	**54 895**	**52**

Retail

Compared with the rest of the world South African retailers have done relatively well with the exception of the restaurant and cinema/entertainment trade. Supermarkets, national fashion and furniture have grown in excess of double digits.

The Redefine retail portfolio grew net income by 8,7% between 2011 and 2012 on its active portfolio. In 2013 it is expected to outperform the Retail trade numbers by growing by 6,8%.

The bigger retail centres continue to grow above market averages with the Gauteng and Western Cape retail proving especially resilient by reporting growth in excess of 9%.

The expanding availability in retail space in the Gauteng area over the last few years continues to place pressure on this letting market. Although vacancy levels improved nationally from 7,8% to 6,5%, nominal rental growth was recorded for renewal business.

In the Western Cape growth in rent renewal likewise remained under pressure, however vacancies improved due to the ongoing refurbishments or redevelopments of larger malls in Cape Town. Retail in the Limpopo and Mpumulanga provinces continued to show good demand. Retail businesses lacking nation-wide footprints remain under pressure due to the current economic climate.

Top 10 retail properties by value

Property name	Region	GLA m²	Value R000	Value R/m²
Golden Walk	Gauteng	44 942	718 200	15 981
Sammy Marks Square	Gauteng	34 124	471 000	13 803
Park Meadows	Gauteng	27 208	403 300	14 823
Cleary Park Shopping Centre	Eastern Cape	36 290	394 000	10 857
Chris Hani Crossing	Gauteng	40 659	264 729	6 511
Southcoast Mall	KwaZulu-Natal	29 424	230 000	7 817
Maynard Mall	Western Cape	23 600	192 000	8 136
The Village @ Horizon	Gauteng	19 728	190 600	9 661
Shoprite Park	Western Cape	29 482	175 000	5 936
Ottery Centre	Western Cape	27 303	170 000	6 226
Total		**312 760**	**3 208 829**	**10 260**
As a percentage of total retail properties		**32%**	**42%**	

Top 10 retail tenants	GMR R000	GMR %
Edcon	6 630	9
Shoprite	4 613	6
Pick 'n Pay	3 589	5
Pepkor	2 198	3
Foschini	2 197	3
Iliad Africa Trading	1 750	2
Government	1 678	2
Mr Price	1 541	2
JD Group	1 473	2
Standard Bank	1 406	2
Total	**27 075**	**36**

Industrial

This market sector continues to perform well, with relatively good demand for high-tech space. The general manufacturing sector remains under pressure due to economic pressures, however, rents have increased marginally, with older stock particularly underperforming. Developers are currently reluctant to develop on spec, which is keeping the supply-demand balance relatively stable.

In Gauteng, there is strong demand for industrial accommodation in areas such as Linbro Business Park, Longmeadow and eastern nodes situated in close proximity to OR Tambo International Airport.

The Western Cape has seen a reduction of vacant space with the bulk of enquiries being received for the Montague Gardens and Airport industrial areas, while in Durban, the industrial market is performing well in the harbour area, and also the Jacobs industrial suburb, where there is a shortage of supply.

Top 10 industrial properties by value

Property name	Region	GLA m²	Value R000	Value R/m²
Pepkor Isando	Gauteng	107 017	581 400	5 433
Wingfield Park	Gauteng	56 486	213 600	3 781
Dawn	Gauteng	44 138	186 500	4 225
Premier Milling – Durban	KwaZulu-Natal	38 926	162 000	4 162
GM – COEGA	Eastern Cape	38 000	142 449	3 749
8 Jansen Road	Gauteng	22 774	133 700	5 871
Tiger Foods Distribution	Gauteng	20 067	117 708	5 866
Heron Industrial	Western Cape	23 803	108 200	4 546
Cadbury South Africa	Gauteng	12 464	106 086	8 511
Premier Milling – Waltloo	Gauteng	27 666	98 000	3 542
Total		**391 341**	**1 849 643**	**4 726**
As a percentage of total industrial properties		**38%**	**47%**	

Top 10 industrial tenants	GMR R000	GMR %
Pepkor	3 944	10
Premier Foods	3 110	8
Dawn	1 323	3
DHL	1 298	3
General Motors South Africa	1 160	3
Sibapac	1 027	3
Government	939	2
TFD Network Africa	900	2
Le-Sel Research	844	2
Edcon	833	2
Total	**15 378**	**38**

Tenant profile

Multi and single tenanted properties

	Number of properties	GLA m²	Value R000	% number of properties	% of GLA	% of value
Multi	**172**	**2 109 328**	**14 257 659**	**65**	**67**	**67**
Office	71	809 298	5 890 292	27	26	28
Retail	80	881 952	7 186 645	30	28	34
Industrial	21	418 078	1 180 722	8	13	5
Single	**91**	**1 015 127**	**6 960 034**	**35**	**33**	**33**
Office	35	307 772	3 640 537	13	10	17
Retail	15	92 967	545 299	6	3	3
Industrial	41	614 388	2 774 198	16	20	13
Total	**263**	**3 124 455**	**21 217 693**	**100**	**100**	**100**

Top 20 tenants	GMR R000	GMR %
Government	32 835	15,0
Edcon	7 483	3,4
Pepkor	6 220	2,9
ABSA	6 134	2,8
Standard Bank	5 162	2,4
Shoprite	4 613	2,1
Pick 'n Pay	3 589	1,6
Discovery Health	3 494	1,6
Zenprop	3 135	1,4
Premier Foods	3 110	1,4
De Beers	2 488	1,1
Foschini	2 362	1,1
Vodacom	2 264	1,0
FNB	2 125	1,0
Iliad Africa Trading	1 926	0,9
MTN	1 895	0,9
Mr Price	1 566	0,7
Eversheds	1 551	0,7
Webber Wentzel	1 507	0,7
JDG	1 473	0,7
Total	**94 932**	**43,4**

Redefine's policy is to lease space to quality tenants with a high likelihood of renewal. Redefine classifies its 4 090 tenants as follows:

A National, provincial and local government, parastatals, national retailers and large companies

B Professional firms and medium size companies

C Other

Tenant grading

		GMR %	GLA m²	GLA %
A	Office	31	669 671	21,4
	Retail	17	462 501	14,8
	Industrial	6	333 903	10,7
A Total		**54**	**1 466 075**	**46,9**
B	Office	12	230 830	7,4
	Retail	7	308 760	9,9
	Industrial	10	629 410	20,1
B Total		**29**	**1 169 000**	**37,4**
C	Office	6	122 885	3,9
	Retail	10	151 709	4,9
	Industrial	1	33 365	1,1
C Total		**17**	**307 959**	**9,9**
Total (excluding vacancies)		100	2 943 034	94,2
Vacancy	Office		94 067	3,0
	Retail		52 640	1,7
	Industrial		34 714	1,1
Vacancy total			**181 421**	**5,8**
Total		**100**	**3 124 455**	**100,0**

Vacancy profile

Our vacancy profile improved from 6,9% (restated for unlettable space) to 5,8% of the total portfolio, with the overall portfolio quality improving significantly by increasing the percentage of high-quality, single tenant properties from 28% to 35% of the portfolio.

Province	Office GLA m²	Retail GLA m²	Industrial GLA m²	Total GLA m²
Gauteng	60 385	19 949	30 601	110 935
Western Cape	4 359	5 473	4 113	13 945
KwaZulu-Natal	16 128	17 698	–	33 826
Other	13 195	9 520	–	22 715
Total	94 067	52 640	34 714	181 421
Vacancy %	8,4	5,4	3,4	5,8
Total GLA	**1 117 070**	**974 919**	**1 032 466**	**3 124 455**

Properties excluded due to space being unlettable:

	Sector	GLA m²
320 West Street Durban	Office	23 970
Trust Bank Building	Office	18 189
Poyntons	Office	8 887
Pica Bethal	Office	3 448
		54 494

Buildings demolished and in the process of redevelopment:

	Sector	GLA m²
Hudaco Park	Industrial	18 939
90 Grayston Drive	Office	3 735
		22 674

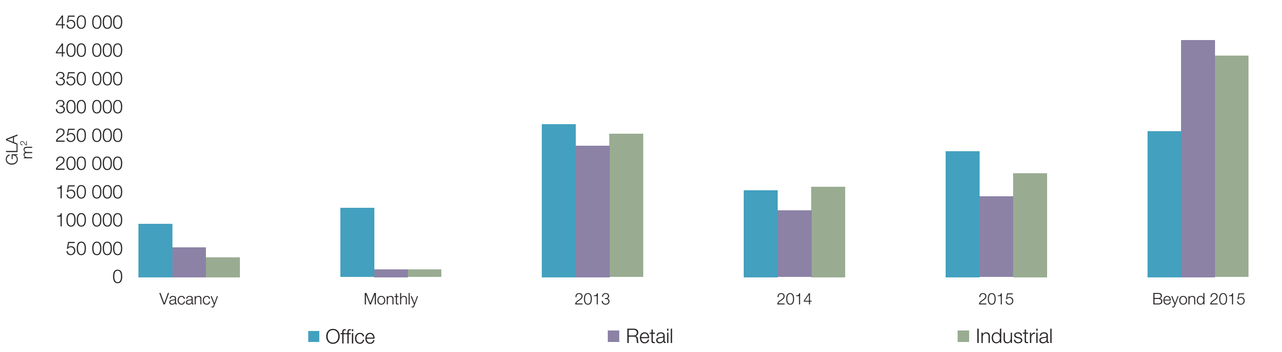
Leasing activity

	GLA m²	Vacant GLA m²	Vacancy %
Balance at 31 August 2011	3 518 772	269 188	8,4
Unlettable buildings	(54 494)	(54 494)	
Total	3 464 278	241 694	6,9
GLA adjustments	(64 108)	25 734	
Acquisitions	339 445	1 712	
Disposals	(645 592)	(76 720)	
Developments	66 578	–	
Building demolished for re-development	(36 146)	(18 939)	
Leases expired during the period		648 856	
Renewals of expired leases		(513 601)	
Leases terminated prior to expiry		100 030	
New letting of vacant space		(293 923)	
Vacancy at 31 August 2012	**3 124 455**	**181 421**	**5,8**

Lease expiry profile

	Office		Retail		Industrial		Total	
	GLA m²	GMR R/m²	GLA m²	GMR R/m²	GLA m²	GMR R/m²	GLA m²	GMR R/m²
2012								
Vacancy	94 067		52 640		34 714		181 421	
Monthly	121 567	80,13	13 657	80,98	13 237	22,57	148 461	74,86
2013	269 331	95,05	231 375	66,34	252 276	43,07	752 982	68,96
2014	153 203	98,81	117 408	103,22	158 956	37,89	429 567	77,02
2015	221 784	100,01	142 057	90,70	183 111	31,73	546 952	75,95
Beyond 2015	257 119	103,26	417 781	70,41	390 172	32,62	1 065 072	64,17
Total	**1 117 071**	**96,98**	**974 919**	**76,85**	**1 032 466**	**35,80**	**3 124 455**	**70,00**

Lease expiry profile



'Green' building policy

Redefine has taken a policy decision that where possible all its new buildings will be constructed to at least 4-star Green Building Council of South Africa (GBCSA) standards. Existing buildings will be retrofitted during maintenance and upgrading with LED lighting, more efficient air-conditioners and other devices to reduce power and consumption of resources.

Building new developments to 'green' standards is as much a sound financial decision as it is the right environmental way to go. In an era of rising utility costs – electricity in particular – buildings designed to minimise utility usage and waste will reduce the tenant cost of occupation, which directly impacts on rentals. Green buildings may require a larger initial capital outlay, but offer a steady return on investment as utility costs rise.

Maintaining urban standards

In ideal circumstances the city governing authorities should adequately maintain and upgrade urban infrastructure using their own resources, funded by rates and taxes. But this is not the current reality, which compels Redefine and neighbouring property owners to utilise City Improvement District (CID) and Business Improvement District (BID) metropolitan regulations to manage certain municipal functions where their properties are situated. Entering into CID and BID agreements does mean paying higher rates, but enables property and business owner collectives to maintain standards in their areas.

General manager: Property management
Pieter Strydom (34)

Regional manager – Western Cape
Grant Elliott (35)

Broker relations

Brokers are a vital resource for sourcing and concluding new leasing opportunities. To this end, we have made great strides in fostering close personal relationships with individuals within the broking community, as well as with the broking houses themselves. This includes interpersonal relations, presentations and social events in addition to ensuring that marketing material is readily available. We take pride in our response time to all enquiries, as well as our ability to conclude leases quickly.

A full schedule of properties can be found on pages 185 to 192.

Capital expenditure

Capital investments in respect of the portfolio for the past year amount to R548 million, which was split between upgrading and maintaining the core portfolio of R389 million and new developments of R159 million.

Core capital expenditure (excluding refurbishments) equates to 0,3% of the value of the portfolio, which is equal to the Investment Property Databank (IPD) benchmark.

Preferential procurement

Redefine encourages preferential procurement and has put in place a programme which verifies all suppliers' BEE certificates.

90 Grayston, Sandton

90 Grayston, Sandton

Project: Redevelopment

Initial approved yield: 8,5%

Estimated capital cost: R504,7 million

Size: 19 343m²

Commencement date: March 2012

Expected completion date: May 2014

Redefine has broken ground on its largest single development project to date, a 16-storey, premium grade office building strategically positioned in the heart of Sandton's business hub. 90 Grayston is an iconic sustainable development which will optimise energy consumption and reduce running costs with resource-efficient methods. Redefine is targeting a four-star green rating for the property. The 90 Grayston flagship office development is close to the main Gautrain transport node. With an initial 11 levels of parking – five basements and six above ground – the building is designed to reclaim its two top parking levels for offices once more South Africans use public transport. The development should be completed in May 2014 and furthers Redefine's strategy of investing in high-grade and optimally located properties.

Park Meadows Shopping Centre, Bedfordview

Park Meadows Shopping Centre, Bedfordview

Project: Refurbishment, extension and tenant mix refresh

Yield: 10%

Capital cost: R30 million

Size: 27 208m²

Commencement date: June 2011

Completion date: April 2012

Ideally located opposite Eastgate, and featuring a prime line-up of anchor retailers including Pick n Pay, Dis-Chem and Food Lover's Market, this community centre spans 27 208m². While correcting a retail mix imbalance and launching an internal mall refurbishment, Redefine added 1 500 m² of gross lettable area to expand and move Sportsmans Warehouse. Fruit & Veg City also relocated from Bruma to the centre and at the same time upgraded to the latest Food Lover's Market specifications. This R30 million project featured a significant tenant reshuffle for improved trading across the mall, with R10 million dedicated to each element: the upgrade, Sportsmans Warehouse and Food Lover's Market. Redefine has identified further potential from this asset and developed a master plan to unlock it in future phases.

Group property development manager
Mike Ruttell (54)

Developments

Refining and refurbishment of existing well-positioned properties in the portfolio, together with greenfield property developments on prime sites located in highly attractive nodal development areas, are the key drivers behind Redefine's strategy of investing in a higher quality and optimally located property portfolio.

Development works hand-in-hand with Redefine's acquisitions and disposals unit. Certain existing properties, together with other less optimal properties which may have been acquired within new portfolios of acquisitions, are assessed for redevelopment or upgrading to fit Redefine's portfolio standards. After examination by the acquisitions, disposals and development teams, properties that do not meet Redefine's investment criteria are placed on the disposal list.

Property development solutions

Redefine offers customised and creative development solutions for office, retail or industrial properties in accordance with tenant-specific requirements. Where possible, Redefine adopts a partnership approach with customers to develop the most appropriate solutions for existing buildings as well as undeveloped land. The entire process from rezoning through to completion is managed by the development team.

All properties are regularly inspected to ensure that these are operated and maintained to our standards. Maintenance plans are implemented with the property managers and feasibility studies conducted to identify opportunities for upgrades, renovations and extensions. Once approval has been obtained for these projects, the asset management team works with our development department to ensure that each project is delivered on time, within budget criteria, and to the satisfaction of Redefine and the tenant.

We are currently focusing on long-term investment developments, as trading activities are being steadily phased out.

When the opportunities arise, Redefine acquires land for future development. Investment in property developments up to R120 million per transaction, including land for future development, is approved by the exco (however there is a board limit of R400 million per quarter). The investment committee has the authority to approve up to R400 million per property transaction (with a quarterly aggregate limit of R800 million) above which the board must then approve. Exposure is limited to a maximum of 4% of the value of the total property portfolio. As with the investment property portfolio, vacant land is revalued annually, and increases or decreases in value are applied to non-distributable reserves.

On 31 August 2012, Redefine had two vacant properties available for development, valued at R134 million (2011: R62 million).

Risks and challenges

Actions by the unions continue to dissolve labour productivity and labour strikes on building sites regularly disrupt development activities. Recent disruptive events in the mining industry have had a significantly negative effect on South Africa both at home and abroad by reducing GDP growth outlook, together with financial market ratings for the country as a whole. These economic drivers will have an influence on where Redefine conducts its development activities, together with the extent thereof.

The delay experienced at certain municipalities in completion of town planning processes such as the rezoning of properties and obtaining building permissions remain a primary source of risk and concern in bringing developments to ground. A six-month timeline is reasonable, however in some instances, putting paperwork into place for new developments can take up to three years. This severely delays, and can even cause the cancellation of major projects, while forward planning and budgeting become an ongoing challenge. Redefine's view is that efficient municipalities – as in high growth economies elsewhere in the world – should view property companies such as Redefine as key customers. Property developments are important to municipalities due to the large rates bills that emanate upon completion, in addition to the economic activity generated through the building process which directly supports their local residents.

As Redefine continues to reposition its portfolio around quality and location, ownership of properties in municipalities which are not meeting service delivery standards, and are slow in processing regulatory permissions is closely being reviewed. Ongoing consideration and action is being initiated to moving business operations out of such municipalities.

Direct competitors face identical difficulties and the South African Property Owners Association is presently conducting a broad investigation into the effects and costs of completing municipal regulatory processes.

Opportunities

Intensified competition from other property funds due to the historically low interest rate, environment, low building costs, and improving property yields has become a greater challenge in day-to-day business activities. Rentals levels are keen from prospective tenants in the market to move premises however, and this is due in no small part to the relatively high number of attractive opportunities open to them. Market competition remains high.

Whilst the industrial and retail market sectors have performed reasonably well nationally, the commercial office market remains fairly subdued, with average vacancies improving slightly during the trading period to approximately 8,5% in the A grade segment, and 1,5% in the premium grade segment. More recently, there have been signs of movement in the demand for premium grade space in key nodal development areas.

Developments completed in this period

Property	Description	Total cost (Rm)	Yield (%)	Completion date
Gauteng				
Park Meadows, Bedfordview	Foodlovers Market, Sportmans Warehouse and internal mall upgrade	30	10	Apr 2012
64 Mimetes Road, Denver	Expansion	14	8	Dec 2011
Jewel City, Johannesburg CBD	Re-locate Diamond Board & State Trader	30	10	Dec 2011
Pepkor Phase 2, Isando	Additional 66 475m² distribution centre	290	11	May 2012
Kopanong Phase 1, Hammanskraal	Development for Shoprite	37	9	Sept 2011
KwaZulu-Natal				
Scottsville Mall, Pietermaritzburg	Redevelopment	35	10	Apr 2012
Western Cape				
CTX Business Park, Airport Industria	Additional space of 5 700m²	32	9	Nov 2011
Shoprite Parow, Parow	Alterations and additions	84	10,6	Apr 2012
Redefine North Wharf, Foreshore	Alterations	2,8	16	May 2012
Total		**554,8**	**10,5**	

Development team

Since the number and size of Redefine's commercial developments is inherently difficult to predict from year to year, bearing in mind the delays caused by municipal bureaucratic inefficiencies, we prefer to maintain a core of highly professionally qualified, diverse development specialists who outsource fundamental aspects of each project to tried and trusted professional consultants.

Redefine maintains an excellent team of high-quality industry consultants and contractors whose dedication is retained by offering repeat work as new projects flow through the development pipeline.

Current developments in progress

Property	Description	Projected total cost (Rm)	Initial yield (%)	Projected completion date
Gauteng				
90 Grayston Drive, Sandown	4 Star Green Rated P grade offices	504	8,5	May 2014
Scania, Aeroton	New industrial refurbishment	54	9	Sept 2012
JD Distribution Centre, Rosslyn (50% JV)	New industrial distribution centre	42	8,3	Apr 2013
Alberton Mall, Alberton	Springbok Pharmacy expansion	10	9	Mar 2013
Pimville, Soweto	Shoprite expansion	15	11	Nov 2012
Protea Point, Soweto	KFC Drive-thru	4	11	Nov 2012
KwaZulu-Natal				
Essex Gardens Parkade and TBWA expansion, Westville	Alterations and additions to TBWA commercial offices	39	12	Feb 2013
Western Cape				
Redefine Boulevard, George	Shopping centre upgrade	4	10	Nov 2012
China Town, Milnerton	Convenience centre	10	7	Apr 2013
Platinum Park, Montague Gardens	Industrial unit of 1 600 m^2	10	9	Apr 2013
Riverside Mall, Rondebosch	Shopping centre upgrade	17	n/a	Sept 2012
Maynard Mall, Wynberg	Shopping centre upgrade	17	n/a	Nov 2012
Total		**726**	**8,7**	

Performance metrics, benchmarks and targets

The performance of Redefine's development team is monitored against a number of key performance indicators, including the following items:

- Monitoring and de-risking town planning and legal issues
- Consultant choice and performance
- Assembly of architectural concepts, feasibility data and other development documentation required for executive or board approval of projects
- Post-contract delivery to time, cost and quality
- Nurturing relationships with staff and customers

Value added

The table on the next page indicates value added across a range of projects completed during the financial year. It should be noted that development work performed on assets such as Riverside Mall and Maynard Mall in Cape Town was performed on an asset protection basis with a view to improving tenant vacancies, improve foot fall together with longer-term yield sustainability.

Value added to existing properties through redevelopment

	Pepkor Isando (Rm)	Park Meadows (Rm)	Jewel City (Rm)
Original cost	149	339	196
Redevelopment cost	290	30	34
Value uplift	142	34	43
Market value	581	403	273

Pepkor Isando

Park Meadows

Jewel City

Economic, social and environmental impacts

Investment and expertise funnelled into new developments and property upgrades offers significant social and environmental benefits. At project inception Redefine contracts a support team of project managers, engineers, architects, town planning consultants, other specialists and contractors to undertake the project, thereby creating employment and generating cash flow into the economy. New buildings are designed in accordance with energy-efficient and 'green' building standards, which support reduced carbon footprint and enhance the localities where they are sited. When tenants take occupation of these building spaces, they in turn create further employment and generate economic opportunities for employees, suppliers and service providers.

Prospects and focus areas for the 2013 financial year

The development team will continue to build on the successful delivery of the numerous retail, office and industrial projects to date by enhancing existing properties in the portfolio and developing 'greenfield' opportunities, as these become available. Further development work is expected to be generated from the acquisitions and disposals team, which has been steadily enhancing the asset base with new quality properties, many of which have excess bulk or growth prospects.

Addressing delays in approvals related to town planning matters will continue to be an area of focus. Strong relationships have been established with key town planning consultants and council officials, and projects will not be commenced unless key development planning approvals are in place.

Community relations is becoming a mandatory part of project planning – recent experiences across the industry have demonstrated the militant tendency of local stakeholders, despite companies like Redefine engaging with them upfront and during the construction process. Where pertinent, Redefine developments are planned with taxi and bus facilities, and relevant associations are included as key stakeholders in the project design phase.

Future development pipeline

Property	Description	Projected total as cost (R'm)	Initial yield (%)	Projected start date
Gauteng				
90 Rivonia Road, Sandown	P grade office redevelopment	706	8,5	2013
Rosebank Offices*	P grade office redevelopment	620	8,25	Feb 2013
190 Barbara Road, Isando	Industrial redevelopment	95	9	Feb 2013
North West				
Matlosana Mall, Klerksdorp	New shopping centre	889	8,5	2013
KwaZulu-Natal				
Scottsville Mall Phase 2, Pietermaritzburg	Alterations and additions to shopping centre	20	8.5	2013
Western Cape				
Standard Bank Building, Foreshore	Additions and alterations to offices	498	TBA	2013
CTX Business Park Phase 3	Industrial expansion 4 250m^2	27	9	2013
Ottery Hyper, Ottery	Retail shopping centre	85	TBA	2013
Eagle Park, Milnerton	B++ grade office park	39	9	2013
1 Thibault, Cape Town CBD	B grade office tower	138	TBA	2013
Coricraft, Epping	Industrial additional 5 000m^2	20	9	2013
Moresport DC, Springfield (50% JV)	Distribution centre	38	9	Nov 2012
Total		**3 175**		

** 40% participation in joint venture development*

Riverside Mall, Rondebosch, Cape Town

Riverside Mall, Rondebosch, Cape Town

Project: Internal and external upgrade and extension

Capital cost: R16,95 million

Size: 7 340m²

Commencement date: March 2012

Expected completion date: October 2012

Redefine refurbished all retail aspects at Riverside Mall, and upgraded the entire facade of the building to create a fresh, inviting retail experience in a R16.95 million project. Riverside Mall is a 7 340m² community shopping centre originally developed in the early 1980s. With two levels of retail, and a third level of offices, the dated outer design revealed nothing of the inviting retail experience inside. With its new look, which includes energy-efficient infrastructure, vacancies have reduced by 10% to a mere 1%.

Maynard Mall, Wynberg, Cape Town

Maynard Mall, Wynberg, Cape Town

Project: Internal and external upgrade and extension

Capital cost: R16,8 million

Size: 23 985m²

Commencement date: June 2012

Expected completion date: November 2012

Redefine's upgrade of the 23 985m² Maynard Mall reduced vacancies from 7% to a fully let and secured the future relevance of this community centre. Close to the Wynberg train station, the mall enjoys substantial foot traffic. After installing the new Department of Home Affairs at the centre in 2011, Redefine upgraded Maynard Mall to fill vacancies and improve the overall shopping experience.

Acquisitions and Disposals Executive
Alex Phakathi (45)*

Acquisition and disposal strategy

Redefine's acquisition and disposal strategy is to improve our overall property portfolio for value and management efficiency. To achieve this, we have instituted specific principles that guide our actions in both these key aspects of the business. Redefine's strategy is informed by the guidelines of tenant type, location, property size and prime areas.

Tenants

The tenants we seek out are those who sign long-term leases or consistently renew their leases. They should also be low risk and support harmonious relationships in terms of paying their rentals and levies on time and fulfilling their part in agreements.

Property location

The location of properties is a key consideration for generating the returns that fit Redefine's current business model and attract our ideal tenant profile. For instance, we are finding that properties in the CBDs are not delivering in terms of our model, therefore we dispose of these when the price and circumstances are right.

Property size

Assembling a portfolio of appropriately-sized properties will optimise the returns we can generate for our unitholders. We therefore look for larger properties that can attract a mix of our ideal tenants and offer management economies of scale. In the present climate, these properties generally fall into the R70 million and higher range, prompting us to dispose steadily of smaller properties that are costly to manage and do not offer the targeted returns.

Concentrating on prime areas

As Redefine prides itself for effective hands-on management, geographical spread is a major factor in deciding where the portfolio of properties should be located.

We actively seek out larger properties that will deliver the yields to fit with our updated business model. For retail properties, we look to so-called "hotspot" locations that attract volumes of shoppers that make these outlets commercially desirable. We will pursue this strategy by acquiring properties in high-growth areas which offer the demographic profile for regular upgrading and expansion.

**Alex has been seconded to FPT in the capacity of interim CEO with effect from 1 September 2012.*

Redefine's preferred industrial and office properties are those of at least 20 000m² that ideally will house single tenants that are located in areas close to public transport facilities and high growth nodes.

Acquisitions

Redefine acquired properties worth R2,65 billion during the financial year ending 31 August 2012. The most notable were portfolios from Zenprop and Improvon, with a combined value of approximately R1,3 billion and a gross lettable area of 152 000m².

The Improvon portfolio comprises six high-quality single-tenanted industrial facilities located in established industrial nodes within Gauteng. Key tenants include Cadbury, Tiger Foods, and Edcon. The Zenprop portfolio comprises five medium-sized single-tenanted industrial properties, and two commercial buildings. Other major acquisitions during the year included the Discovery building in Sandton, which is an A grade office property, and a 50% undivided share of the Chris Hani Crossing retail centre located in Vosloorus.

Acquisitions transferred between 1 September 2011 and 31 August 2012

Property	Province	Sector	Date of transfer	GLA m²	Purchase price (R000)	Yield	Purchase Price R/m²
GM-Coega	Eastern Cape	Industrial	01-Dec-11	38 000	135 000	9,50%	3 553
155 West Street (Discovery)	Gauteng	Office	25-Jan-12	24 501	510 000	8,00%	20 815
Thibault Square	Western Cape	Office	31-Jan-12	30 446	402 349	8,70%	13 215
22 Fredman Drive	Gauteng	Office	22-Feb-12	10 974	230 000	8,00%	20 959
GNLD International	Gauteng	Industrial	29-Mar-12	5 477	64 000	9,03%	11 685
Aristocrat Technologies Africa	Gauteng	Industrial	29-Mar-12	2 158	21 000	11,95%	9 731
Cadbury South Africa	Gauteng	Industrial	29-Mar-12	12 464	102 000	9,00%	8 184
Edcon	Gauteng	Industrial	29-Mar-12	23 308	83 200	8,95%	3 570
Dawn – 50%	Gauteng	Industrial	26-Apr-12	44 138	184 131	8,58%	4 172
TFD Network Africa	Gauteng	Industrial	04-May-12	20 067	118 500	9,02%	5 905
Le Sel 1	Gauteng	Industrial	08-Jun-12	11 605	85 900	12,70%	7 402
SSAB Hardox	Gauteng	Industrial	19-Jun-12	9 473	53 500	9,00%	5 648
Le Sel 2	Gauteng	Industrial	20-Jun-12	10 680	43 200	9,40%	4 045
UTI Pharma – Linbro Park	Gauteng	Industrial	31-Aug-12	6 217	42 500	15,68%	6 836
ITT Flygt	Gauteng	Industrial	09-Jul-12	5 941	58 986	8,00%	9 929
Schneider Electric	Gauteng	Industrial	09-Jul-12	9 788	71 076	8,00%	7 262
South Coast Mall – 50%	KwaZulu-Natal	Retail	25-Jul-12	14 712	108 500	11,02%	7 375
2 Fricker Road	Gauteng	Office	17-Aug-12	4 115	74 000	8,36%	17 983
Chris Hani Crossing – 50%	Gauteng	Retail	22-Aug-12	20 330	264 729	8,60%	13 022
Grand total				**304 394**	**2 652 570**	**8,90%**	**8 714**

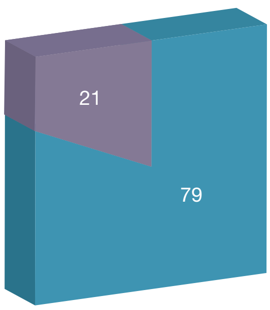
Chris Hani Crossing is the largest retail asset acquired during the financial year. This dominant community retail centre is tenanted by national retailers. The centre is a combination of under-roof and open retail areas and is strategically located to service the surrounding residential suburbs. This popular mall fits perfectly into Redefine's acquisition strategy of gaining a presence in relatively undeveloped and high-growth urban areas that feature the right demographic mix for high yields and future expansion.

Redefine also acquired the remaining 50% of Southcoast Mall in Shelly Beach, KZN, from Hyprop. This acquisition is aligned with Redefine's policy of buying into properties offering capital appreciation potential. We will leverage our good working relations with major retail chains to improve the tenant mix, grow consumer traffic and raise the yield.

In total, 19 properties were acquired during the year, with a value of R2,65 billion, gross lettable area of 304 394m^2 and at an average yield of 8,9%. Of these, 15 properties are single tenanted.

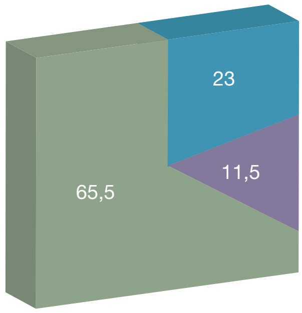
In terms of geographic spread, 73% of the acquisitions (by GLA) are in Gauteng.

Acquisitions – single vs multi-tenanted (%)



Single
Multi-tenanted

Acquisitions by sector (%)



Offices
Retail
Industrial

Post year-end acquisitions

Agreements have been concluded with a number of vendors for the acquisition of properties for an aggregate consideration of R429 million, some of which are subject to Competition Commission approval.

The acquisition of the Nicol Grove Precinct properties from Zenprop for an aggregate consideration of R824,8 million remains subject to various regulatory approvals. The long-stop date for transfer of each of these properties is 31 December 2012, which may be extended to a date not later than 31 July 2013, after which date either party will be entitled to cancel the agreement.

In a competitive tender process, Redefine was the successful bidder for the acquisition of the East Rand Mall from Sanlam for a purchase consideration of R2,23 billion. Due diligence has been completed and the acquisition is now subject to the negotiation of formal legal agreements and the receipt of Competition Commission approval. Vukile Property Fund (Vukile) had a pre-emptive right over the property. An agreement has been reached in terms of which Vukile will acquire a 50% undivided share in the mall on the same terms and conditions as Redefine. In aggregate post-year-end acquisitions amount to R2,4 billion.

Post-year-end acquisitions

Property	Province	Sector	Expected date of transfer	GLA m²	Purchase price (R000)	Yield	Purchase price R/m²
Sheffield Park Land – 50%*	Western Cape	Land	15-Nov-12	N/A	13 485	N/A	N/A
BAT – Lancaster Commercial Park	Gauteng	Industrial	30-Nov-12	6 750	51 000	8,57%	7 556
Nicol Grove precinct	Gauteng	Office/ Retail	Note 1	45 438	824 816	8,63%	18 153
5 & 7 Sturdee Avenue	Gauteng	Office	31-Jan-13	7 285	106 000	9,15%	14 550
Waco Elandsfontein	Gauteng	Industrial	30-Apr-13	14 542	87 900	8,80%	6 045
East Rand Mall	Gauteng	Retail	28-Feb-13	31 223	1 115 000	7,00%	35 711
Cornubia Land*	KwaZulu-Natal	Industrial	31-Dec-13	136 887	171 109	N/A	1 250
Grand total				**242 125**	**2 369 310**	**10,30%**	**9 785**

* *Vacant land to be held for development*

Disposals

Redefine disposed of approximately R2,4 billion of properties during the 2012 financial year. There were two major portfolio sales to Arrowhead Properties and Arrowcreek, totalling 107 properties with a total GLA of 433 000m² at a combined value of R1,75 billion.

In total, 126 properties were sold with a combined GLA of approximately 638 000m² at an average yield of 10,6%.

Disposals transferred between 1 September 2011 to 31 August 2012

Property	Province	Sector	Date of transfer	GLA m²	Selling price (R000)	Yield	Selling price R/m²
Perm Claremont	Western Cape	Office	28-Sept-11	3 180	11 000	8,9%	3 459
Tolaram House	KwaZulu-Natal	Office	07-Sept-11	6 920	20 900	6,7%	3 020
Servier House	Gauteng	Office	05-Oct-11	974	8 000	8,9%	8 214
Checkers Rustenburg	Gauteng	Retail	08-Nov-11	8 502	48 940	8,5%	5 756
Sandton Action Cricket	Gauteng	Industrial	14-Nov-11	2 600	12 064	9,5%	4 640
RT Hillbank	Gauteng	Retail	17-Nov-11	9 707	11 640	–	1 199
FNB – Centurion	Gauteng	Retail	17-Nov-11	1 867	24 000	8,9%	12 855
The Wang	Gauteng	Industrial	17-Nov-11	3 718	15 370	9,5%	4 134
Rand Stadium Toyota	Gauteng	Retail	29-Nov-11	2 500	6 000	–	2 400
Business Furniture Centre	Gauteng	Industrial	29-Nov-11	7 250	20 900	10,1%	2 883
Garlicks	KwaZulu-Natal	Office	09-Dec-11	11 084	52 000	12,7%	4 691
Elna Sewing Machines	Gauteng	Industrial	19-Dec-11	3 658	5 615	9,5%	1 535
7 Dartfield	Gauteng	Industrial	20-Dec-11	2 299	8 004	9,5%	3 482
Samancor House	Gauteng	Office	31-Dec-11	14 982	–	0,0%	–
Foretrust	Western Cape	Office	14-Feb-12	26 780	247 005	11,6%	9 223
Pinetown Link	KwaZulu-Natal	Retail	27-Feb-12	15 503	28 700	5,9%	1 851
Shoprite Eloff Street	Gauteng	Retail	12-Apr-12	34 224	36 000	6,7%	1 052
Arrowhead Portfolio^	Varied	Office/ Retail	Varied	377 036	1 527 600	10,0%	4 052
Log Square	Gauteng	Industrial	25-Jul-12	17 263	13 095	13,7%	759
Parkmore Shopping Centre	Gauteng	Retail	22-Aug-12	1 099	15 660	12,6%	14 249
Waltloo	Gauteng	Industrial	27-Aug-12	30 858	94 050	11,0%	3 048
Arrowcreek Portfolio^	Western Cape	Office/ Retail/ Industrial	28-Aug-12	55 975	225 000	12,8%	4 020
Grand total				**637 979**	**2 431 543**	**10,6%**	**3 903**

^ *Effective date of these transactions was 1 September 2011*

Post year-end disposals

Four properties were disposed of and transferred post year-end, with an additional three sold properties still to be transferred. The total value of these sales is R176 million, at an average yield of 11,5%.

Property	Province	Sector	Expected date of transfer	GLA	Selling price (R'000)	Yield	Selling price R/m^2
Spooral Park	Gauteng	Office	05-Sept-12	3 784	30 200	9,0%	7 981
Chamber House	Eastern Cape	Office	05-Sept-12	2 862	4 193	10,2%	1 465
Church Street A-D	KwaZulu-Natal	Retail	04-Oct-12	2 951	19 305	12,3%	6 542
448 & 452 West Street	KwaZulu-Natal	Retail	04-Oct-12	4 720	66 825	14,4%	14 158
Chai Properties	Gauteng	Industrial	31-Oct-12	6 430	14 500	9,2%	2 255
Wynberg Mews	Western Cape	Office	30-Nov-12	7 596	39 893	9,0%	5 252
Erf 755 Denver*	Gauteng	Land	31-Dec-12	N/A	1 299	–	–
Grand total				**28 343**	**176 215**	**11,5%**	**6 171**

** Vacant land*

Shoprite Parow, Cape Town

Shoprite Parow, Cape Town

Project: Internal and external upgrades and extension

Yield: 10,6%

Capital cost: R84 million

Size: 29 780m^2

Commencement date: August 2011

Completion date: April 2012

This established 26 786m^2 shopping centre received an R84 million extension and refurbishment, improving its aesthetics and retail dynamics. Situated on a bustling main road, the project includes a full facade revamp. Shoprite is also upgrading to a new-look superstore and Fruit & Veg City is expected to refresh its store. China Town, a collection of 62 small retailers, leasing 9 235m^2 anchors the extension. The mall upgrade also repositioned several retailers for greater impact and relevance. Even with the added 2 944m^2 of gross lettable area, the investment improved occupancy levels from 94% to 95%.

Human resources

Translating business objectives into sustainable business and people practices has been a key focus during the past year. Aligning Redefine's human resources strategy to that of the business commenced with a leadership conference and employee roadshows. Employees adopted key commitments and a set of core values to drive performance and behaviour in the business, bringing us one step closer to our goal of becoming the preferred employer in the listed property sector in South Africa.

Key commitments

- Invest in our people
- Focus on our clients
- Redefine our business

Core values

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

Employment equity and transformation

We are committed individually and as a company, to ongoing organisational transformation which results in better quality and diversity within our teams and leadership group. The company is committed to create an equitable workplace by embracing diversity and ensuring a work environment where decision making is supported by the principles of fairness and consistency.

Redefine recognises that total commitment from all employees to the goals of the employment equity process is necessary to succeed. We support the principles as reflected in the Employment Equity Act and as such endeavour to ensure that no employee is unfairly discriminated against on any grounds.

Affirmative action measures are used as far as possible to redress the effect of historical patterns of discrimination previously in employment practices, thereby ensuring equitable representation of designated groups in all occupational categories and levels in the work environment. Redefine has developed and implemented a comprehensive employment equity plan.

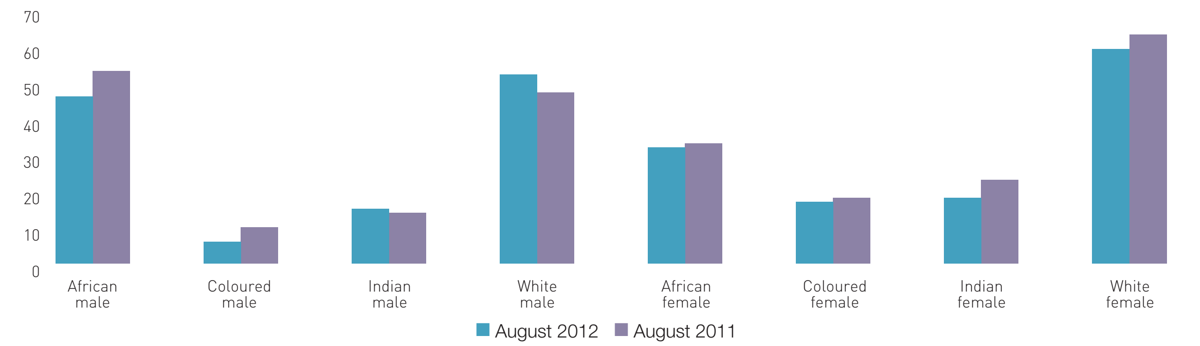
Redefine submits employment equity reports and plans as required by legislation. As a result of property disposals, employees were transferred from Redefine to other businesses, which had an impact on our ability to achieve our equity target. A key challenge and focus area for 2013 is to increase the number of people from designated groups, specifically at managerial levels, to achieve the overall employment equity target of 62%. For the year ending 31 August 2012, 55% of our employees were from previously disadvantage backgrounds (2011: 57%). Reaching a demographic balance is exacerbated by the shortage of specific skills in our sector – as with many others – but we are confident of achieving this balance in due course.

No cases of discrimination in the workplace were reported, indicative of a successful transformation strategy.

Even though Redefine does not participate in collective bargaining, communication and consultation with stakeholders takes place on a regular basis. Structures are in place to ensure employees have various platforms to raise concerns.

Our commitment to equity and transformation is visible and underpinned by our ongoing investment in our people.

Employment equity profile



Training and development

Redefine is committed to employee training and development focused on supporting the business to achieve its strategic priorities allowing personal growth and alignment to business objectives.

Training and development initiatives are business specific and aimed at generating capacity that will ensure sustainable performance and growth. During the year 206 employees attended 1 152 training interventions such as real-time business coaching, structured training programmes, workshops, conferences, bursaries and exposure to international learning opportunities.

Establishing a powerful and sustainable leadership pipeline of talented employees with the required competence and readiness to perform now and in the future is vital to our success.

We are committed to:

- Continuing development of succession plans for key/mission critical positions
- The identification, transfer and development of scarce/critical skills to optimise competence in key areas of the business

Training

- 1 152 training interventions
- 4,7 training courses per employee
- 6 hours average per training course
- 3,5 working days training per employee

Training interventions

	Male				Female				Total	Age categories		
	African	Coloured	Indian	White	African	Coloured	Indian	White		‹35	35 – 55	›55
Top management	0	0	0	6	0	0	0	0	6	0	4	2
Senior management	3	1	6	63	0	0	0	31	104	23	61	20
Professionally qualified	27	3	40	128	11	24	24	84	341	105	207	29
Skilled technical	23	1	1	40	10	9	17	36	137	63	70	4
Semi-skilled	56	11	9	21	117	76	57	124	471	185	251	35
Unskilled	33	4	7	0	5	1	0	0	50	0	31	19
Permanent	142	20	63	258	143	110	98	275	1 109	376	624	109
Non-permanent	10	0	3	9	5	8	0	8	43	26	17	0
Grand total	**152**	**20**	**66**	**267**	**148**	**118**	**98**	**283**	**1 152**	**402**	**641**	**109**

Health, safety and well-being of employees

We are committed to keeping our employees healthy and safe in the work environment. While our property assets generate income for our untiholders, they are also the workplace for our employees. We have inculcated a philosophy whereby Redefine and its employees share responsibility for health and safety in the workplace. The health and safety committee is fully functional and regular training ensures that we do not only legally comply but that employees understand the requirements in order to safely perform their jobs. During this year Redefine reported six minor incidents (non-disabling) to the Compensation Commission.

We believe in a holistic approach to wellness and have designed our employee wellness programme on three pillars:

- Physical wellness
- Emotional wellness
- Financial wellness

Wellness days help us to understand where we are at risk and drive initiatives such as an on-site gym facility and running club.

At our Rosebank office we have a registered nurse and counselling services are available to our employees.

Employees are given the tools through training programmes to manage their personal finances and have access to independent financial advisers.

Redefine believes in a responsible approach to HIV and Aids. Redefine strives to achieve a balance between the compelling needs of HIV and Aids infected or affected employees and the legitimate needs of the organisation.

The company has adopted a policy on HIV and Aids that ensures the creation of a non-discriminatory environment for all employees. We are committed to providing employees with information and education on HIV and Aids. Our wellness programme offers voluntary counselling and a testing service to all employees.

Return on investment achieved from the wellness programme is evident in the reduction of absenteeism, improved efficiency and productivity levels that reduce operation and human capital risk and increases staff moral and commitment.

Workplace forums

	Male					Female					
Committee	African	Coloured	Indian	White	Total	African	Coloured	Indian	White	Total	Grand total
Skills development	1	1	1	1	4	1	2	1	3	7	11
Employment equity	1	1	1	1	4	1	2	1	3	7	11
Health and safety	3	1	0	1	5	2	2	0	1	5	10

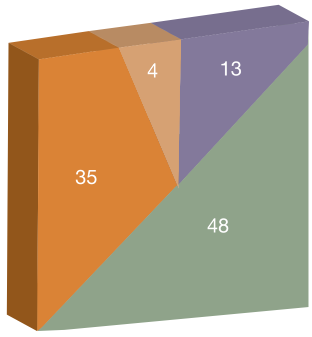
Employee performance

Employee performance is assessed and measured against set performance criteria (individual and company), aligned to the strategic priorities of the business.

The well-structured formal approach to performance is supported by training and development initiatives.

Employees are encouraged to have regular performance and career conversations to enable them to match their personal aspirations with opportunities available.

Employee performance (%)



Workforce profile by occupational level

	Male				Female				
	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
Top management	0	0	0	3	0	0	0	0	**3**
Senior management	1	0	0	11	0	0	0	6	**18**
Professionally qualified	4	1	8	23	2	3	3	13	**57**
Skilled technical	3	0	0	8	2	1	3	11	**28**
Semi-skilled	19	3	3	4	21	12	12	26	**100**
Unskilled	14	2	2	0	6	0	0	0	**24**
Non-permanent	5	0	2	3	1	1	0	3	**15**
Total	**46**	**6**	**15**	**52**	**32**	**17**	**18**	**59**	**245**

Rewarding employees

Recognising the effort and commitment of our employees is not just a nice thing to do – it is part of who and what we are. We celebrate success through, and with, our people. Our reward programme is a communication tool that reinforces and rewards the most important outcomes people create for our business. By recognising our employees we effectively reinforce the actions and behaviour we most value. All employees participate and are eligible for recognition. We use various mechanisms such as fair and equitable remuneration, regular feedback and appreciation, quarterly reward celebrations and the annual CEO year-end awards.

Employee retention

Although our staff turnover is low, leveraging our employee value proposition to create a strong employer brand attracting and retaining talent is a priority for 2013.

Information communication technology (ICT)

ICT governance

As stipulated by King III, Redefine's board is responsible for the governance of ICT risk, which it oversees through the audit and risk committee. Redefine has accordingly established an ICT steering committee that reports back to the audit and risk committee.

This committee comprises exco members, divisional managers and ICT personnel. The committee is responsible for the ICT governance framework, which is supported by comprehensive policies. Redefine's ICT strategy has been aligned to its goals and objectives.

Internal audits are performed periodically by experienced and independent personnel, supported by audits performed by qualified external auditors. The internal audit team does not participate in the planning, implementation or review of any ICT activities and has neither reporting lines nor incentives related to the performance of activities and are therefore deemed to be independent.

Redefine's ICT structure is audited against the international standards of Information Technology Infrastructure Library and Control Objectives for Information and related Technology.

ICT sustainability

Redefine's ICT system is built on the principles of scalability, availability and sustainability. To attain these principles, a private 'cloud' was established.

The key benefits to Redefine of operating a private cloud are:

- Reduced support costs
- Reducing travel time, costs and associated emissions
- Reduction of investment in decentralised infrastructure
- Increased system uptime and availability

Redefine ICT undertook a number of projects during the course of this financial year. The most notable of these were:

- Successful disaster recovery testing
- Seamless migration from Exchange 2007 to Exchange 2010

Future ICT projects being investigated include:

- Virtual Desktop Infrastructure – reduces dependency on complex end-user hardware.
- Microsoft Lync – ultimately moving Redefine to unified communications and telepresence
  - allowing users to communicate more freely
  - enabling better remote support of users by the helpdesk
  - remote user training
  - improved video conferencing

Redefine's ICT system is designed to enable Redefine to achieve its goals and objectives, through:

- Ensuring business continuity through the documentation and automation of business processes.
- Housing company information in a document management system which leads to increased efficiency in sharing, accessing and maintaining knowledge.
- Utilising a diverse partner network which ensures a globally aligned skill-set is always available.

ICT services are provided at three regional offices and in excess of 20 branch offices comprising:

- Wide area network and local area network management
- Software and business application management
- Business process management
- Security management
- User support
- Software management
- Project management
- ICT user training
- ICT corporate governance and risk management

We continue our aim of having our maturity level in terms of King III at the 'managed' level during the 2013 financial year.

Our performance | Support services continued

Customer relationship management

During April 2012, Redefine established a CRM department. Strategies are being developed to gain deeper insights into our customers' needs, preferences and behaviours, and we will use those insights to design better ways of interacting with our customers or customer segments to achieve a competitive position in the marketplace. CRM focuses on specific areas of the business – such as the Redefine Customer Care Centre, service excellence training for employees, and process and systems enhancements – to ensure alignment with the company vision and our customer promises.

Our newly established Redefine Customer Care Centre, previously referred to as the Call Centre, has seen a number of enhancements over the past few months, all of which are intended to improve our service delivery to customers. These initiatives include:

- a centralised, easy to access telephone number for the Redefine Customer Care Centre – 0860 DEFINE
- improved communication with customers regarding maintenance and administrative queries
- the implementation of service standards for all maintenance and administration issues brought to the attention of the Customer Care Centre. These targets, measured in real time, ensure that issues are dealt with quickly and efficiently. Responsiveness and feedback to customers is monitored and reported on
- enhanced communication channels for potential tenants
- easy access to vacancy schedules for brokers via our website, which is currently being upgraded. When complete, the website will be a valuable tool for the broker community
- follow-up customer surveys – customers are called after problem resolution to evaluate our service delivery and their level of customer satisfaction
- a customer complaints management system, which has been established to deal with all complaints from customers and brokers. Service standards are also monitored and those responsible for resolving complaints are required to follow up. Complaints are only closed on the system once customers have been called and complaints resolved to their satisfaction.

Currently, the CRM department is visiting and building relationships with our top 100 customers, and face-to-face interviews will be conducted to determine customer satisfaction levels.

Marketing

Developing our brand strategy

"A brand is the set of expectations, memories, stories and relationships that, taken together, account for a consumer's decision... to choose one product or service over another." Seth Godin, business consultant, author.

With the guidance of a leading strategic consultancy, we identified the relative strategies that leverage the company's brand equities. Research indicated that our marketing should focus on how and why we do things rather than the traditional functional approach that isolates products and services from the overall brand experience. To differentiate our brand, we adopted a repositioning strategy aimed at redefining relationships with all our key stakeholders.

Communication programme

The new relationship building strategy was captured in a clear statement of our strength relative to our competitors: **We're not landlords. We're people.**

Our advertising campaign began rolling out in April 2012 and includes extensive exposure on high visibility billboards at main Gautrain stations and at OR Tambo International, Cape Town International and King Shaka and Lanseria airports.

We ran a high impact campaign on regional radio stations, squeeze-backs during sports programmes on DSTV as well as advertisements in business media and on selected online sites.

This activity has resulted in exceptional increases in brand awareness and spontaneous media exposure. Our website traffic more than trebled during the period under review.

Sponsorship

We were fortunate to secure second tier sponsorship of the Golden Lions rugby team and our kit and field branding has been independently audited and evaluated. Measured by television exposure of our brand, the return on our sponsorship investment has been exceptional and, despite the Lions' temporary departure from SuperRugby, we have decided to continue our partnership with the team.

Employee engagement

Along with shareholders, investors and clients, our people are vital to the continued success of our company. In line with our external relationship strategy, we implemented a major employee engagement programme in the fourth quarter.

Our brand strategy was evolved into a set of values and behaviour to encourage staff at all levels to act as ambassadors for our brand. Several human resources initiatives were launched in support of the behavioural guidelines.

Legal

As part of Redefine's risk management process, the legal department:

- monitors risks associated with non-compliance of statutory obligations;
- monitors systems and procedures for securing and accessing information and documentation; and
- ensures that Redefine is aware of changes to the law that would impact the business of the company.

Accordingly, Redefine's legal department remains committed to identifying legislation with which the company is obliged to comply, and monitors levels of compliance within the company. Over the past financial year, the legal department was intricately involved with, among other things, issues associated with the fiduciary duties of directors in light of the Arrowhead, Arrowcreek and FPT transactions, as well as compliance with the provisions of the Companies Act, No 71 of 2008, and the King III Report on Governance.

The legal department also spent considerable time reworking and refining existing structures, systems and registers to ensure control and access to all relevant documentation, and storage of deeds of title and security documentation. A major objective for the coming financial year is to formulate compliance checklists to ensure that all information required from the various departments of the company, as well as third parties contracted by Redefine, is comprehensive and accurate.

The legal department also intends offering quarterly workshops to Redefine employees, with a view to helping employees grasp relevant legislation – such as, for example, the Consumer Protection Act, No 68 of 2008, the Companies Act, No 71 of 2008, and the Competition Act, No 89 of 1998. The department also intends offering a basic understanding of court procedures and the potential delays that can occur.

Insurance

The legal department acts as the middle man between the business, property management and insurers. Our insurance functions include, among others:

- notifying insurers of all claims; and
- ensuring the company is aware of, and complies with, insurance contractual obligations.

The legal department also co-ordinates the renewal process, collates all documentation and plays an integral role in obtaining valuations of the property portfolio. Annual reviews are performed in conjunction with our insurers, property management and quantity surveyors. Redefine conducts bi-annual internal reviews of the property portfolio in conjunction with the legal and property departments.

Insurance risk assessment tools are in the process of being implemented in conjunction with our insurers to reduce risk and reduce premiums.

The legal team also acts as liaison between internal operations managers and property management to ensure that risk is mitigated by endeavouring to ensure compliance with insurer recommendations and the insurer.

A further advantage of legal's involvement in the insurance function is legal's ability to monitor the claims history. By monitoring the claims history it is possible to identify recurring claims of the same or similar nature in a particular property. If any such recurring claims are identified, a notification is sent to the Property Management team. Legal believes the introduction of a claim monitoring tool could result in fewer claims which in turn could decrease premiums and lower the excess threshold. The excesses were reviewed as follows: the minimum excess payable per claim was increased from R5 000 to R25 000 and the maximum excess payable remains unchanged at R100 000. In this regard, the legal team has worked hand-in-hand with the operational team and the insurers and will continue to do so to further reduce exposure, claims, premiums and excesses. To facilitate, streamline and expedite the claims submission and recovery process. The numbers of insurers was reduced from seven to five.

Conveyancing and other property-related matters

During the 2012 financial year, close to 200 properties were transferred to and/or from Redefine. A key area of focus during the year was the accurate transfer of properties acquired and disposed of by Redefine. While the legal department endeavours at all times to expedite the transfer process, the biggest challenge faced is the procurement of rates clearance figures and rates clearance certificates from the relevant municipalities. In the case of leasehold properties, it is becoming increasingly difficult to obtain the landowners' consent to cede and assign the rights and obligations attached to the leasehold properties to/from Redefine.

The legal department endeavours to expedite the transfer process, with the aim of ensuring that transfers are effected within three months from the date that a deed of sale becomes unconditional. Obviously, this is subject to factors outside the control of the legal department, such as obtaining clearance figures and clearance certificates from local authorities.

We are constantly seeking means to improve transfer statistics and reporting formats, while ensuring that all legal aspects are addressed during due diligence investigations when acquiring assets. This we do through a computerised tracking system and co-ordinating with the acquisitions and disposals team.

Policy development

The legal department is also tasked with reviewing and advising management on the legal implications of internal policies and procedures, so that these comply with all statutory and/or legal requirements. Our objectives for the 2012 financial year were to ensure that all standard legal documents were in compliance with the National Credit Act, No 34 of 2005, the Consumer Protection Act, No 68 of 2008, and the Companies Act, No 71 of 2008, while keeping Redefine informed of these implications.

In this process, we amended all of our standard agreements to ensure compliance with current legislation. We now have standard documents that protect customers in terms of the National Credit Act and the Consumer Protection Act, as well as standard documents for customers falling outside the ambit of these acts.

Redefine's MoI was also amended in line with the Companies Act, No 71 of 2008, which will be adopted at the annual general meeting.

Litigation

Legal proceedings that involve Redefine include claims by us and against us that arise in the ordinary course of business. These can be, for example, claims against tenants for unpaid rentals and counterclaims filed by the said tenants. At the time of reporting, there were no proceedings pending against Redefine that are material to, or adversely affect, the profit or financial health of the company.

Most matters of litigation are managed by our legal department, with the support of external law firm partners when necessary. Internal litigation management enables Redefine to obtain the best legal results at the least cost.

Costs are controlled through strictly auditing accounts received from outside counsel and performing as much legal work within the company as possible. For specialised support, Redefine uses a panel of preferred legal firms for quicker turnaround times, cost control and established work relationships.

Contracts

The legal department prepares, reviews, and negotiates contracts and drafts legal opinions. Two primary objectives in the next financial year are to implement an improved caseload reporting system and to update standard contracts to minimise the turnaround times.

Banking

The legal team supports Redefine's financial department by negotiating and executing financing transactions for the company. A highlight of the 2012 financial year was the restructuring of the various loan facilities held by the company for uniformity and better alignment with Redefine's objectives. In the 2013 financial year, we envisage being proactive and making relevant departments within Redefine aware of the terms of loan facilities applicable to their operations. We will also work to ensure that, at all times, management is kept abreast of the salient terms of the various loan facilities.

Summary of linked unit trading

Traded price (cents per linked unit)	
Open	820
Low	720
High	963
Close	960

Total return (cents per linked unit)

	Total	Redefine	Arrowhead
Opening price 1 September 2011	820,0	820,0	
Unbundling of Arrowhead	–	(30,0)	30,0
Adjusted opening price	**820,0**	**790,0**	**30,0**
Closing price 31 August 2012	999,5	960,0	39,5
Increase in price	**179,5**	**170,0**	**9,5**
Total distribution to 31 August 2012	65,8	64,0	1,8
Total return	**245,3**	**234,0**	**11,3**
Total return (%)	29,9%	29,6%	37,7%
Dividend yield	6,90%		
Earnings yield	7,57%		
PE ratio	13,21		

Total return comparisons

All share index (ALSI)	13,8%
Redefine	29,9%
SA Listed Property Index (SAPY)	29,4%
Property Loan Stock (PLS)	33,2%

Linked units in issue

	2012	2011
Total linked units in issue	2 766 373 744	2 690 172 102
Linked units in issue (net of treasury linked units)	2 760 496 978	2 684 295 336
Weighted average number of linked units in issue (net of treasury units in issue)	2 694 913 598	2 684 295 336

Trading volumes

	2012	2011
Value traded (R)	**8 275 026 238**	7 607 779 790
Volume traded (number of units)	**1 019 291 288**	978 389 712
Volume traded as % of number of linked units in issue	**36,8**	36,4
Volume traded as % of weighted number of linked units in issue	**37,8**	36,4
Market capitalisation at 31 August (R)	**26 557 187 942**	22 328 428 447
Number of linked unitholders	**23 110**	22 997

Units issued during the year

There were 76 201 642 linked units that were issued on 12 July 2012 in terms of an accelerated book build.

Unissued shares

There are 733 626 256 unissued shares in addition to the 5 876 766 treasury shares.

Analysis of unitholders

Unitholder profile

	Number of unitholdings	%	Number of units	%
Banks	131	0,57	252 901 897	9,14
Brokers	36	0,16	33 597 892	1,21
Close corporations	209	0,90	9 307 424	0,34
Empowerment	4	0,02	162 984 125	5,89
Endowment funds	299	1,29	23 300 878	0,84
Individuals	17 957	77,70	261 127 912	9,44
Insurance companies	89	0,39	127 810 837	4,62
Investment companies	12	0,05	9 629 500	0,35
Medical schemes	25	0,11	5 554 430	0,20
Mutual funds	257	1,11	1 053 418 377	38,08
Nominees and trusts	3 278	14,18	166 316 030	6,01
Other corporations	105	0,45	1 908 993	0,07
Own holdings	1	0,00	5 876 766	0,21
Private companies	372	1,61	62 909 282	2,27
Public companies	11	0,05	636 003	0,02
Retirement funds	324	1,40	589 093 398	21,29
Total	**23 110**	**100,00**	**2 766 373 744**	**100,00**

Beneficial unitholders holding in excess of 5%

	Number of units	%
Stanlib	182 558 158	6,60
Government Employees Pension Fund	149 904 999	5,42
Old Mutual	142 175 298	5,14
Total	474 638 455	17,16

Unitholder spread

	Number of unitholdings	%	Number of units	%
Non-public unitholders	30	0,13	67 024 912	2,42
Directors of the company	29	0,13	61 148 146	2,21
Own holdings	1	0,00	5 876 766	0,21
Public unitholders	23 080	99,87	2 699 348 832	97,58
Total	23 110	100,00	2 766 373 744	100,00

Number of unitholders	Number of unitholdings	%	Number of units	%
1 – 999 units	4 336	18,76	1 141 441	0,04
1 000 – 9 999 units	9 274	40,13	42 055 002	1,52
10 000 – 99 999 units	8 051	34,84	223 470 904	8,08
100 000 – 999 999 units	1 183	5,12	329 655 487	11,92
1 000 000 units and over	266	1,15	2 170 050 910	78,44
Total	23 110	100,00	2 766 373 744	100,00

Unit prices and performance

Monthly traded prices

Month	High (cents)	Low (cents)	Number of deals	Volume traded	Value (rand)
September 2011	830	765	10 791	98 691 541	784 309 583
October 2011	828	779	8 820	70 154 781	558 341 092
November 2011	812	740	11 163	95 267 155	736 700 304
December 2011	763	720	6 001	51 023 322	379 168 914
January 2012	768	740	6 836	93 189 163	705 772 939
February 2012	790	757	8 403	94 509 337	736 076 274
March 2012	828	776	7 842	107 689 607	863 725 379
April 2012	829	790	4 701	52 124 896	420 824 805
May 2012	848	801	9 967	90 437 783	746 138 495
June 2012	888	815	9 697	80 818 281	679 328 577
July 2012	950	848	10 423	112 001 389	987 133 420
August 2012	963	896	11 007	73 384 033	677 506 457

Pepkor Retail Warehouse, Isando, Ekurhuleni

Pepkor Retail Warehouse, Isando, Ekurhuleni

Project: Custom major extension

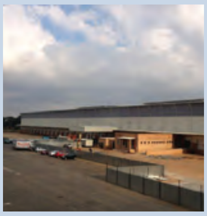
Yield: 11%

Capital cost: R290 million

Size: 66 475m²

Commencement date: April 2011

Completion date: May 2012



Redefine completed a new tailor-made distribution centre for Pepkor Retail to extend our relationship. Now Redefine's largest industrial property, the R290 million project developed 66 475m² of warehousing and distribution infrastructure linking to the original 40 038m² distribution centre by an overhead conveyor. Redefine acquired the land alongside the original Pepkor warehouse for the development, and incorporated a neighbouring property we already owned. The completed distribution centre features the latest in international trends and covers 106 513m² of GLA which Pepkor Retail occupies on a ten-year lease. A particularly keen construction market encountered during the development of this facility resulted in an attractive yield of approximately 11%.

Our performance | Six-year review

	2012 Rm	2011 Rm	2010 Rm	2009 Rm	2008 Rm	2007 Rm
Summarised group statements of financial position						
ASSETS						
Investment properties	**29 736**	28 848	21 651	18 235	5 975	5 050
Listed securities	**5 341**	4 664	5 099	2 807	3 906	4 075
Goodwill and intangibles	**4 659**	3 850	4 683	3 258	–	–
Other non-current assets	**5 774**	5 321	2 041	1 003	262	181
Current assets	**1 245**	1 681	1 498	640	574	528
Total assets	**46 755**	44 364	34 972	25 943	10 717	9 834
EQUITY AND LIABILITIES						
Linked unitholders' interest	**20 042**	19 617	19 291	17 965	6 006	5 572
Non-controlling interest	**1 301**	2 271	652	3	6	–
Interest-bearing liabilities	**19 442**	18 325	11 549	5 480	3 572	3 172
Deferred taxation	**2 080**	1 427	2 179	1 753	760	804
Other non-current liabilities	**1 762**	457	209	56	33	–
Current liabilities	**2 128**	2 267	1 092	686	340	286
Total equity and liabilities	**46 755**	44 364	34 972	25 943	10 717	9 834
Summarised group statements of comprehensive income						
Contractual rental income	**3 332**	2 763	2 502	742	540	431
Listed security income	**361**	342	266	308	333	300
Fee income	**103**	205	193	14	4	–
Hotel revenue	**286**	158	–	–	–	–
Trading income	**12**	37	20	39	24	40
Total revenue	**4 094**	3 505	2 981	1 103	901	771
Operating costs	**(789)**	(733)	(538)	(139)	(106)	(87)
Administration costs	**(232)**	(159)	(136)	(84)	(60)	(55)
Net operating income	**3 073**	2 613	2 307	880	735	629
Interest in associates	**106**	(20)	(63)	(4)	(7)	6
Interest paid	**(1 912)**	(1 099)	(843)	(350)	(282)	(270)
Interest received	**199**	161	283	80	49	19
Taxation	**(29)**	(2)	1	–	–	–
Income before debenture interest	**1 437**	1 653	1 685	606	495	384
Debenture interest	**(1 743)**	(1 825)	(1 777)	(711)	(495)	(416)
Pre-acquisition income	**–**	48	9	105	–	32
Distribution adjustments	**430**	123	119	–	–	–
Non-controlling interests	**(124)**	1	(36)	–	–	–
Distributable retained earnings	**–**	–	–	–	–	–

	2012 Rm	2011 Rm	2010 Rm	2009 Rm	2008 Rm	2007 Rm
Summarised group cash flow statement						
Cash flows from operating activities	**(187)**	545	(26)	(240)	(78)	35
Cash flows from investing activities	**(2 590)**	(2 782)	(3 116)	481	(856)	(45)
Cash flows from financing activities	**2 393**	2 285	3 678	(288)	970	1 253
Net movement in cash and cash equivalents	**(384)**	48	536	(47)	36	1 243
Gearing % (including international)	**47,6**	49,0	43,2	26,0	36,2	34,8
Gearing % (excluding international)	**32,2**	28,8	34,0	26,0	35,0	34,0
Unit statistics						
Linked units in issue* (million)	**2 766**	2 684	2 684	2 649	893	813
Distribution per linked unit (cents)	**64,00**	68,00	66,50	56,55	56,63	51,25
Distribution growth (%)	**(5,9)**	2,3	17,6	(0,1)	10,5	20,0
Net asset value per linked unit (excluding deferred taxation and non-controlling interests) (cents)	**801,4**	784,0	799,8	744,5	757,5	784,1
Net tangible asset value per linked unit (excluding deferred taxation and non-controlling interests) (cents)	**632,6**	640,5	625,4	621,5	757,5	784,1
Local property statistics						
Number of properties	**253**	358	397	403	101	95
GLA (m^2 thousands)	**3 125**	3 511	3 648	3 610	858	777
Sectoral spread (%)						
– Office	**36**	38	37	38	45	41
– Retail	**31**	30	33	33	26	24
– Industrial	**33**	32	30	29	30	35
Vacancy (m^2 thousands)	**181**	242^	378	307	41	17
Vacancy factor (%)	**5,8**	6,9	10,4	8,5	4,8	2,2
Property expenses as % of revenue	**23,7**	24,6	21,0	18,7	19,6	20,2

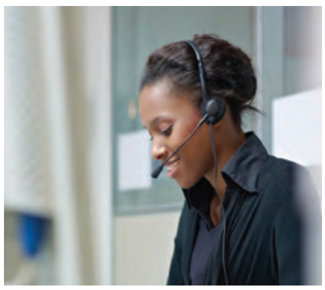
** Excluding treasury shares*
^ Restated for unlettable space

Redefine is committed to continuous review of its governance processes to remain in line with best practice.

During the past year, refinement of governance processes at Redefine was a top priority, which resulted in the revision of the board and its sub-committees' terms of reference as well as addressing areas of non-compliance with King III highlighted in the prior year.

Acquisitions concluded in excess of

R3 billion



Our commitment

The Redefine board of directors is committed to maintaining the highest standards of corporate governance as we believe this is pivotal to delivering sustainable growth for the benefit of all our stakeholders.

Governance structure

The board of directors

Membership:
- D Gihwala (Chairman)
- M Wainer (CEO)
- MN Flax
- GJ Heron
- MK Khumalo
- AJ Konig (FD)
- HK Mehta
- B Nackan
- D Perton
- RW Rees
- DH Rice (COO)

Roles and responsibilities:
- Appoint the chief executive officer
- Be the guardian of the values and ethics of Redefine
- Approve the strategic direction of the company
- Approve and monitor the annual budget
- Monitor the executive management in the implementation of the corporate vision and strategy
- Ensure there is compliance with the letter and spirit of the law
- Communicate with shareholders openly and timeously throughout the year.

Remuneration and nominations committee

Membership:
- B Nackan*
- D Gihwala
- GJ Heron

Audit and risk committee

Membership:
- GJ Heron*
- B Nackan
- RW Rees

Executive committee

Membership:
- M Wainer*
- AJ Konig
- DH Rice
- A Phakathi**
- G Elliot
- M Ruttell
- P Strydom

Investment committee

Membership:
- MN Flax*
- GJ Heron

Social and ethics committee

Membership:
- D Gihwala*
- A Phakathi**
- R Coetzee

**Denotes chairman*
***Alex Phakathi's participation on Redefine's board committees has been suspended while he has been seconded to FPT to independently serve in the capacity of CEO.*

Roles and responsibilities

Design, monitor and communicate remuneration policies Consider and recommend remuneration policies for all levels of the company Assess, recruit and nominate new non-executive directors	Assist the board in its responsibility for setting and administering remuneration policies in the company's long-term interests Ensure the mix of fixed and variable pay, in cash, shares and other elements meets the company's needs and that incentives are based on targets that are stretching, verifiable and relevant	Recommend to the board the fees payable to the non-executive directors Guard against unjustified windfalls and gains arising from the appreciation of share-based and other incentives Assess the skill acumen and experience of potential candidates for directorship
Oversee integrated reporting Review the valuation process Review the annual financial statements and integrated report Express a formal opinion on the going-concern status Ensure a co-ordinated approach to all assurance activities	Review the expertise, resources and experience of the finance function Oversee the internal audit function Play an integral part in the risk management process Approve the annual budgets and forecasts	Recommend the external auditors and oversee the external audit process Report to the stakeholders and the board on the effectiveness of the internal financial controls
Make recommendations and take decisions on all day-to-day matters affecting the company's strategy and operations including risk management Monitor markets and competitors in order to identify trends	Define, configure, finance and structure the portfolio of assets Approve operating plans and budgets for each division Measure and monitor divisional performance	Ensure adequate levels of risk management, controls, governance and compliance
Review the investment strategy Set criteria and targets for investment Approve proposals for development, acquisition and sale of properties	Approve equity and other strategic investments Review market valuations by external valuers Annually review performance	Report regularly and make recommendations to the board for approval
Assist in the formulation and implementation of policies, principles and practices to foster sustainable growth Assist in setting the strategy, establishing goals and integrating sustainability	Review of new and innovative technologies Review the communication and marketing strategies relating to sustainable growth Review of the annual sustainability report prior to its issuance	Report regularly to the board

The board of directors

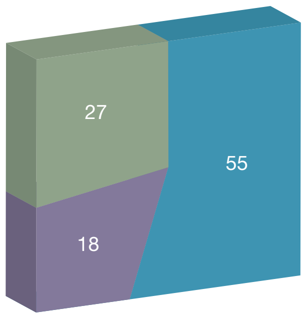
The board of directors is committed and subscribes to the values of good corporate governance as contained in King III. The board endorses and accepts the responsibility of achieving the four values underpinning good governance advocated by King III:

- fairness
- responsibility
- transparency
- accountability

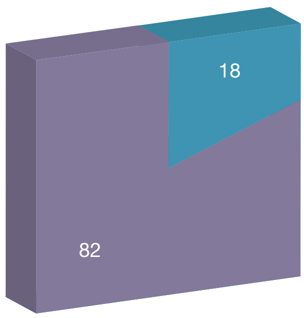
The board committees regularly review the company's governance structures and processes to ensure the board exercises effective and ethical leadership, good corporate citizenship and sustainability. Redefine is committed to achieving high standards of business integrity and ethics. This report aims to provide our stakeholders with an understanding of how we adhered to the principles of King III.

The board of directors is responsible for the strategic direction and control of the company. The board exercises its control through the governance framework of the company, which includes detailed reporting to the board and its committees, board-reserved decision-making matters and a system of assurances on internal controls.

Composition of the board (%)



Board split by gender (%)

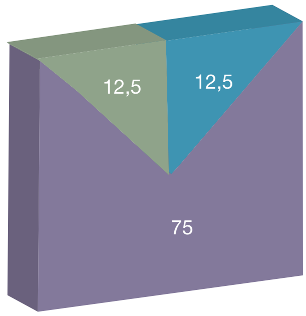


Non-executive directors' length of service

	Year of appointment	Years of service
Greg Heron	2009	3
Harish Mehta	2009	3
Mike Flax	2009	3
Monica Khumalo	2009	3
Bernard Nackan	2009	3
Dines Gihwala	2007	5
Diana Perton	2004	8

* *Roger Rees was appointed to the board on 27 September 2012*

Length of service of non-executive directors (%)



The board comprises 11 directors, of whom six are independent non-executive directors, two are non-executive directors and the balance are executive directors. The non-executive directors have no fixed terms of office. The executive representation on the board comprises Marc Wainer (CEO), David Rice (COO) and Andrew Konig (FD). Each executive director has defined areas of responsibility. Short biographies of each of the directors can be found on pages 14 to 19. The board currently comprises:

Executive directors	Marc Wainer (CEO) Andrew Konig (FD) David Rice (COO)
Non-executive director	Michael Flax Harish Mehta
Independent non-executive directors	Dines Gihwala (chairman) Diana Perton Greg Heron Bernard Nackan Monica Khumalo Roger Rees

Two directors are female and three directors are from historically disadvantaged groups. The non-executive directors are independent of management and the majority are free from relationships that could affect their judgement as directors. No independent non-executive director has served more than nine years on the Redefine board.

Gerald Leissner resigned from the board on 22 February 2012 to pursue his own interests in the property industry.

Leonard Brehm was appointed to the board on 8 March 2012. Regrettably, he passed away on 4 July 2012. For many years a respected doyen of South African business, Leonard is sadly missed by the board. Our condolences go out to the Brehm family.

Roger Rees is welcomed to the board with effect from 27 September 2012.

At each meeting of the board, the directors declare their interest in writing. Where there are any potential conflicts of interest, these are minuted and the affected directors are recused from the relevant debate and decision making.

As prescribed by the JSE listing requirements, Redefine has a policy prohibiting dealings in units by directors, officers and staff for a designated period preceding the announcement of its annual and interim financial results, or any other period considered price sensitive. Dealings in units by directors are strictly monitored and the necessary SENS announcements are made.

The role of the chairman is separate from that of the CEO. The CEO takes responsibility for the day-to-day management and provides leadership to the executive team, and is also accountable for the effectiveness of governance practices. The chairman leads the board and is responsible for its effectiveness and integrity, while facilitating constructive relations between executive and non-executive directors. The chairman holds no other listed company chairman positions. The chairman is an independent non-executive director and, as such, no lead independent director has been appointed.

There is an appropriate balance of power and authority on the board, such that no one individual has unfettered powers of decision making and no one individual can dominate the board's deliberations or its decisions.

The board considers Diana Perton, Dines Gihwala, Greg Heron, Bernard Nackan, Monica Khumalo and Roger Rees to be independent non-executive directors. In its assessment, the board has considered each director as independent in character and judgement, as well as whether or not there are any existing relationships or circumstances that could affect the director's judgement.

Any newly appointed director who has been appointed by the directors during the year must retire at the next AGM, and has to be re-elected by unitholders. One-third of all directors retire on a rotational basis and make themselves available for re-election at the AGM. For details of the directors who are retiring and offering themselves for re-election, refer to the directors' report on page 116.

Responsibilities

The board regularly reviews the decision-making authority given to management and its subcommittees.

The board has adopted a charter, which sets out the practices and processes adopted by the board in order to discharge its responsibilities. The board's charter specifically sets out the following:

- A description of roles, functions, responsibilities and powers of the board, the unitholders, the chairman, individual directors, company secretary and other prescribed officers and executives of the company
- The terms of reference of the board and its committees
- Matters reserved for the final decision making or pre-approval of the board
- Policies and practices of the board on matters such as corporate governance, directors' dealings in securities of the company, declarations of conflicts of interest, board meeting documentation, business rescue proceedings, and procedures for the nomination, appointment, induction, training and evaluation of the directors and members of the board committees.

The board has delegated certain specific responsibilities to the following committees:

- Executive committee
- Remuneration and nominations committee
- Audit and risk committee
- Investment committee
- Social and ethics committee.

The committees assist the board of directors in discharging its responsibilities and duties under King III. However, overall responsibility remains with the board. In accordance with the requirements of the Companies Act, a social and ethics committee was established in February 2012. Full transparency and disclosure of the committee deliberations is encouraged and the minutes of the committee meetings are available for inspection by any director.

Directors are encouraged to take independent advice, at the cost of the company, for the proper execution of their duties and responsibilities. During the financial year, no director felt it necessary to seek such advice. The board has unrestricted access to the group external auditors, professional advisors, the services of the company secretary, the executives and the staff of the company at any given time.

Board and board committee assessments

During the past year, Redefine's remuneration and nominations committee chairman conducted a self-evaluation by board members of their performance, and the operation of the board and its subcommittees, in line with the requirements of King III.

This evaluation was designed to assess what is working well at board level, identify areas for improvement, establish priorities for change and agree on necessary actions. The board questionnaire was developed in-house and was structured in two parts, namely a self-assessment and an evaluation of the board and its appointed subcommittees.

The board was asked to rate relevant issues on a 1 to 5 scale; from strongly disagree to strongly agree. The responses are indicative of a general perception by board members that they contribute to corporate leadership and stewardship and the achievement of company objectives. The directors believe they have a good understanding of Redefine's strategic plan and key issues.

Board members generally believe they contribute constructively to the resolution of issues at meetings, and that communication of expectations is clear. In general, the view is that information obtained is in an adequate, relevant and timely manner and that meeting attendance and preparation for such meetings is good.

Redefine's strategy, vision and objectives are understood by members of the board. There is a clear understanding of the legal and fiduciary obligations of individual directors and of the board as a whole. Issues raised during the evaluation would be taken forward by the chairman. The board evaluation process will become an annual exercise and will be extended to include a peer review, as well as a review of the chairman.

Both the directors and members of the board committees are supplied with comprehensive and accurate information allowing them to discharge their responsibilities properly. The members of the board bring a mix of skills, experience and technical expertise to the board and all actively participate in the proceedings at board meetings.

The board meets at least four times per year, and more frequently when circumstances dictate. Each meeting is conducted in accordance with a formal and structured agenda. To facilitate the decision-making process, board papers are circulated to the directors well in advance of meetings to allow sufficient time for directors to scrutinise properly the content thereof and to apply their minds to the content. Non-executive directors have access to management and, from time to time, meet without the executive directors being present.

Board meetings and attendance

	02/11/11	01/02/12	02/05/12	02/08/12	29/08/12	31/10/12
D Gihwala (Chairman)	✓	✓	✓	✓	✓	✓
M Wainer	✓	✓	✓	✓	✓	✓
L Brehm[1]	1	1	1	1	1	1
MN Flax	✓	✓	✓	✓	✓	✓
GJ Heron	✓	✓	✓	✓	✓	✓
MK Khumalo	✓	✓	✓	✓	✓	✓
AJ Konig	✓	✓	✓	✓	✓	✓
GGL Leissner[2]	✓	✓	2	2	2	2
HK Mehta	✓	✓	✓	✓	✓	✓
B Nackan	✓	✓	✓	✓	✓	✓
D Perton	✓	✓	✓	✓	✓	✓
RW Rees[3]	3	3	3	3	3	✓
DH Rice	✓	✓	✓	✓	✓	✓

✓ *Present /participated*
[1] *Appointed 8 March 2012, did not attend the 2 May 2012 meeting due to ill health and regrettably passed away 4 July 2012*
[2] *Resigned 22 February 2012*
[3] *Appointed on 27 September 2012*

Board committees

The executive committee

The executive committee is empowered and responsible for implementing the strategies approved by the board and for managing the affairs of Redefine. The committee is chaired by the CEO and comprises the FD, COO, head of property management, head of development, head of acquisitions and disposals as well as the regional manager of the Western Cape. Executive committee members are appointed by the CEO after consultation with the board of directors.

The committee meets weekly and deliberates, takes decisions or makes recommendations on all matters of strategy and operations within its mandate. The mandate is set by the board of directors, and where appropriate the decisions or recommendations are referred to the board or relevant board committee for final approval.

The investment committee

Following revision of the investment committee terms of reference the investment committee comprises an independent non-executive and a non-executive director. The investment committee meets when necessary to consider investment opportunities in respect of properties and listed securities. It approves acquisitions, disposals and capital expenditure in line with the limits of authority delegated to it, and strategy determined by the board.

The CEO, FD and COO as well as senior management attend all meetings by invitation.

Levels of authority for executive and investment committee

	Acquisitions		Disposals	
	Per property transaction	Rollup per quarter	Per property transaction	Rollup per quarter
Executive committee	R120 million	R500 million	R60 million	R300 million
Investment committee	R500 million	4% of total assets	R500 million	4% of total assets

	Developments		Extensions, refurbishments and capex	
	Per property transaction	Rollup per quarter	Per property transaction	Rollup per quarter
Executive committee	R120 million	R400 million	R120 million	R400 million
Investment committee	R400 million	R800 million	R400 million	R800 million

Investment committee meetings and attendance

	12/10/11	31/01/12	02/05/12	23/07/12
MN Flax (Chairman)	✓	✓	✓	✓
GJ Heron	✓	✓	✓	✓
AJ Konig#	✓	✓	✓	✓
GGL Leissner[1]	X	✓	1	1
DH Rice#	✓	✓	✓	✓
M Wainer#	✓	✓	✓	✓

✓ *Present/participated*
X *Apology*
1 *Resigned 22 February 2012*
\# *Attended by invitation*

The remuneration and nominations committee

The remuneration and nominations committee comprises three independent non-executive directors, whose primary responsibility is to monitor the implementation of the remuneration policies of Redefine, specifically in respect of the executive directors.

During the year, PricewaterhouseCoopers (PwC) was appointed to act as standing adviser to the committee. PwC advises on a wide range of remuneration matters, including:

- the remuneration of executive directors and senior executives;
- the remuneration of non-executive directors
- local and global market trends and practices in the field of remuneration
- corporate governance issues around executive remuneration
- the implementation of remuneration structures
- the recruitment and appointment of executive staff members

The CEO, FD and the head of human resources attend the meetings by invitation. The executive directors are not involved in setting their own remuneration.

Remuneration and nominations committee meetings and attendance

	18/10/11	02/11/11	28/11/11	05/04/12	24/04/12	25/07/12	29/08/12	30/10/12
B Nackan (Chairman)	✓	✓	✓	✓	✓	✓	✓	✓
D Gihwala[1]	1	1	1	✓	✓	✓	✓	✓
GJ Heron	✓	✓	✓	✓	✓	✓	✓	✓
AJ Konig[#]	✓	✓	✓	✓	✓	✓	✓	✓
M Wainer[#]	✓	✓	✓	✓	✓	✓	✓	✓

✓ *Present/participated*
[1] *Appointed 5 April 2012*
[#] *Attended by invitation*
[*] *DH Rice has been included as an invitee with effect from 30 October 2012*

The audit and risk committee

Redefine's audit and risk committee is integral to the group's risk management process. It reports to the board regularly. In addition, it reports to unitholders on the extent to which it carried out its statutory oversight duties. This is in respect of the external auditors, the appropriateness of the financial statements and the accounting practices, as well as the effectiveness of the internal financial controls. This report can be found on pages 108 and 109.

All members of the committee are non-executive directors of the company, in accordance with the Companies Act. During the year, Gerald Leissner resigned from the committee and Leonard Brehm was appointed to the committee, however he did not attend any meetings and regrettably passed away on 4 July 2012. Roger Rees was appointed on 27 September 2012.

The CEO, FD, COO, senior financial management of the group and representatives of the internal and external auditors attend all meetings by invitation. All committee members have the requisite financial and commercial skills as well as the experience to contribute to the committee's deliberations. Internal and external auditors have unrestricted access to the audit committee.

Well in advance of meetings, the audit committee receives relevant reports. These include financial performance, governance and internal controls, adherence to the accounting policies, compliance and area of significant risk of the group as well as written reports from the external and internal auditors. Issues identified in these reports are discussed and deliberated upon in audit committee meetings. After consideration of all these reports, the audit committee informs the board regarding the framework and effectiveness of controls.

The committee has unrestricted access to independent expert advice, should the need arise.

Annually, the audit committee reviews the external audit report and annual financial statements of subsidiary companies to meet its obligations as a holding company in terms of the Companies Act.

As required by the JSE, the audit committee and the board are satisfied that the financial director, Andrew Konig, has the necessary skills and qualifications to fulfil his responsibilities.

Audit and risk committee meetings and attendance

	01/11/11	01/02/12	02/05/12	02/08/12	30/10/12
GJ Heron (Chairman)	✓	✓	✓	✓	✓
L Brehm[1]	1	1	1	1	✓
GGL Leissner[2]	✓	✓	2	2	✓
B Nackan	✓	✓	✓	✓	✓
M Wainer (CEO)[#]	✓	✓	✓	✓	✓
AJ Konig[#]	✓	✓	✓	✓	✓
RW Rees[3]	3	3	3	3	✓
DH Rice[#]	✓	✓	✓	✓	✓

[P] Present/participated
[#] Attended by invitation
[1] Appointed 8 March 2012, did not attend the 2 May 2012 meeting due to ill health and passed away 4 July 2012
[2] Resigned 22 February 2012
[3] Appointed on 27 September 2012

The social and ethics committee

A social and ethics committee was established on 24 February 2012, in accordance with the Companies Act and King III. The committee is chaired by Redefine's chairman, who is an independent non-executive director, and two members of senior management. All members have the requisite knowledge, skill and experience to discharge the responsibilities of the committee.

Redefine recognises that integrating transformation into business practice is crucial for the sustainability of the company and South Africa. The company supports the Property Transformation Charter and is committed to transformation. Redefine has been rated against the broad-based black economic empowerment codes of good practice published by the Department of Trade and Industry and has achieved a level 5 contributor status.

The milestones of the social and ethics committee during the year include:

- Social and ethics committee established during February 2012
- Adoption of its terms of reference
- Priorities and focus areas were established and adopted
- An internal audit was conducted to determine the state of the priority areas
- BEE level 5 contributor
- Environmental policy
- Constituent of the JSE SRI Index

Social and ethics committee meetings and attendance

	24/02/12	10/05/12	30/07/12
D Gihwala (Chairman)	✓	✓	✓
A Phakathi*	✓	✓	✓
R Coetzee	✓	✓	✓

✓ Present
** Membership temporarily suspended as a result of secondment to FPT*

Company secretary

The board is assisted by a suitably qualified company secretary, Neville Toerien (Principal of Probity Business Services (Pty) Ltd) who has adequate experience, who is not a director of the company and who has been empowered to fulfil his duties. The company secretary advises the board on appropriate procedures for management of meetings and ensures the corporate governance framework is maintained. The directors have unlimited access to the advice and services of the company secretary.

Compliance with King III

Refer to the corporate governance review on pages 199 to 202 for areas of compliance with King III.

Areas of partial compliance or non-compliance will be assessed in the next financial year.

Code of Business Conduct

Integrity is fundamental to Redefine. Our Code of Business Conduct is central to the growth and sustainability of the business and is designed to institute a culture that does not tolerate unethical conduct, fraud and corruption.

The Code of Business Conduct addresses our responsibilities to the company, to each other, to customers, suppliers, unitholders and stakeholders. It includes a whistle-blowing policy that offers several avenues for reporting unethical conduct, including an independent whistle-blowing contact number, the sustainability and ethics committee, and the CEO's "Red Post Box".

Our code of business conduct is disclosed on our website refer www.redefine.co.za.

Going concern

Redefine has considerable undrawn debt facilities as well as comfortable headroom against its covenants for secured and unsecured facilities. Redefine has a diverse and secured income stream, which it derives from the value of its underlying properties and their related leases. The board of directors believes Redefine is well placed to manage its business risks adequately and continue in operational existence for the foreseeable future; therefore, the financial statements have been prepared on a going-concern basis.

Our threats and opportunities

Risk	Impact	Mitigation
Interest rate risk	■ volatile interest rate movements will result in increased borrowing costs, thereby reducing distributable income	■ at least 65% of local debt is fixed through interest rate swaps ■ cheaper funding arrangements ■ avoiding concentration risk of swap maturity
Liquidity risk – inability to roll over debt at optimal funding rates and exposure to single sources of funding	■ inability to pursue investment opportunities and a reduction in distributable income	■ maintaining conservative loan to value ratios ■ management imposed a conservative loan to value ratio of 35% ■ manage cash position and available funding headroom ■ spread of funding providers ■ maturity profile of debt evenly spread ■ Moody's global and national credit rating obtained to support alternative funding sources ■ maintaining a sufficiently large liquidity buffer ■ diversified funding base ■ regular liquidity stress testing and scenario analysis ■ maintain adequate contingency funding plans ■ contingency funding plans are designed to, as far as possible, protect stakeholder interests and maintain market confidence, to ensure a positive outcome in the event of a liquidity crisis.
Investment risk – investment at higher than the market value and yielding less than incremental funding costs	■ dilution in distributable income and possible capital erosion ■ breaching of loan to value covenants ■ inefficient utilisation of existing funding facilities	■ stringent investment criteria ■ approvals by the investment committee ■ detailed due diligence process ■ ongoing refinement of investment/ growth strategy

Risk	Impact	Mitigation
Significant increases in municipal charges and electricity tariffs	■ reduction of property margins, eroding of distributable income growth	■ focus on cost efficiencies ■ initiatives to reduce consumption ■ acquisitions strategy to include cost saving factors ■ focus on electrical savings initiatives ■ review of recoveries from tenants
Unreliable or poor service delivery from local authorities particularly in outlying areas	■ property values and growth will decline ■ low rental yields ■ additional expenditure to compensate for the lack of services ■ increased development costs to create suitable infrastructure ■ high risk of key tenant loss	■ plans underway to exit from these areas and to focus new acquisitions in well serviced areas
Tenant concentration and failure	■ cash flow negatively impacted, decline in rental income, unlet space resulting in erosion of rental income and increased holding costs (funding, electricity and municipal charges) ■ knock on effect on smaller retail tenants as a result of a loss of a major anchor tenant	■ tenant concentration is mitigated by a diverse property portfolio ■ regular monitoring of tenants credit standing is undertaken ■ credit profiling of tenants prior to the conclusion of lease agreements ■ ongoing assessment of the economic and market environment in which the tenant operates ■ identification of a tenant's potential to grow within the market environment ■ adequate security from tenants to cover potential financial loss
Significant volumes of leases expiring in any one period	■ erosion of rental income, increase in property holding costs (funding, electricity and municipal charges), increase in letting commissions and tenant installation costs ■ discounting of new lets at below market rentals	■ pro active management of lease expiries ■ broker incentive schemes in place ■ dedicated external and internal brokers focused on securing long-term lease renewals ■ monthly lease expiry reports by sector and geographical area
Business continuity risk – inability to recover operations in the event in unexpected disruptions and disasters	■ loss of critical management information and delays in billing and collection of revenues, responding to tenant queries and possible inaccurate recovery of municipal and electricity charges	■ daily backups of information at an offsite storage facility ■ virtualised server environment ■ guaranteed uptime in terms of service level agreements ■ complete redundancy of the IT environment is being built at an offsite location ■ contingency and recovery plans for core services, key systems and priority business processes have been developed and are revisited as part of existing management processes to ensure that continuity strategies and plans remain relevant

Risk	Impact	Mitigation
Retention of key staff	■ loss of key management members impact adversely on the company's ability to implement its strategic objectives	■ retention strategy which encompasses performance incentives, remuneration benchmarking, performance evaluation, personal development plans and share appreciation schemes
Health, safety and environmental compliance	■ potential revenue loss, legal claims from tenants due to inability to conduct their business ■ withdrawal of insurance cover or escalated insurance premiums ■ potential fines for non-compliance ■ reputational damage ■ value destruction of properties	■ health and safety policies in place ■ established OHS committee to monitor and oversee all areas ■ operation managers receive legal compliance training
Information risk	■ accidental or intentional unauthorised use, modification, disclosure or destruction of information resources, resulting in compromised confidentiality, integrity or availability of information	■ implementation of information risk management systems, including information security awareness, education and training programmes ■ ongoing development and review of information risk management policies, standards and procedures ■ control measures in place to protect and to ensure the confidentiality, integrity and availability of information
Compliance risk	■ legal or regulatory sanctions, financial loss or loss to reputation that the group may suffer as a result of its failure to comply with all laws, regulations, codes of conduct and standards of good practice applicable to its financial services activities	■ legal supports business in complying with current and emerging regulatory developments, including money laundering and terrorist financing control, identifying and managing market abuse and mitigating reputational risk
Legal risk	■ loss relating to ambiguity, errors and omissions in lease agreements/contracts resulting in the inadequate protection of the interests and assets of Redefine, or the exposure to possible litigation	■ electronic leasing management system which encapsulates the fully functional leasing guidelines, document management system ■ quality control of the physical storage of the document and levels of authority ■ tenant is not allowed to occupy the premises until the lease agreement is signed by both parties
Insurable risk	■ includes fire risk, disaster risk, political-act risk, riot risk, loss of income risk	■ properties all insured based on replacement cost as well as loss of income ■ adequacy of insurance cover regularly reviewed
Governance Risk	■ impact on reputation or potential legal proceedings resulting in a negative financial impact or adverse publicity ■ exposure to potentially significant workers' compensation liabilities, financial loss, and negative publicity	■ the implementation of an independent board evaluation strategy which is a formal method designed to facilitate board development scheme

Introduction

Redefine's remuneration philosophy and strategy supports the group strategy in that it governs processes that align predetermined strategic goals with the organisational behaviour required to meet and exceed these goals. During the 2012 financial year, a great deal of attention was given to correctly position both the nature and the scale of remuneration relative to national and industry comparator groups and best practice. Steps were also taken to ensure alignment with the regulatory and governance requirements and specifically those of King III.

Redefines' remuneration philosophy and strategy

Philosophy

The company's primary employment philosophy is to attract self-starting high-calibre, appropriately skilled employees who subscribe to the values and culture of the company. Employees are recognised as being integral to the achievement of corporate objectives and accordingly are remunerated for the contribution that they deliver. Accordingly, a culture of enterprise and innovation is encouraged and appropriate rewards are linked to this.

Strategy

The manner in which the company remunerates its employees reflects the dynamics of the market and the context in which it operates. Remuneration practices, at all times, are aligned with the strategic direction and specific value drivers of the business. As such, remuneration plays a critical role in attracting and retaining high-performing employees and motivating them to achieve business objectives. Redefine's remuneration practices reinforce, encourage and promote superior performance. Remuneration is not a standalone management process, but rather fully integrated into other management processes aligned to achieving business objectives. The strategic principles included in the remuneration strategy are aligned to and in support of the overall human resources strategy which in itself supports the overall business strategy.

The reward strategy is designed to align itself with the company's business strategy and the execution of that strategy. This will maximise the performance and effectiveness of the company, thus increasing stakeholder returns. In order to meet the objectives, the company aspires to be one that:

- attracts the appropriate talent
- is able to retain key employees over a period of time
- rewards and motivates employees
- is regarded as a high-performing company
- rewards exceptional performance
- creates wealth for skilled employees linked to their value add and company performance

By employing the appropriate talent, rewarding them correctly and integrating non-financial rewards such as career growth, training and work-life integration, the company attracts and retains employees and grows unitholder value through a culture of high performance.

In order to achieve this, the company is in the process of establishing, developing and managing the most appropriate talent pool and, through a culture of performance, ensuring the right skills are in place to implement and deliver on the company's strategy.

Remuneration framework

Redefine's remuneration structure is split into two components: which serve different purposes as set out below:

- Total guaranteed remuneration (TGP). Attraction and retention of talented high-performing people. Guaranteed remuneration is a powerful attraction and retention tool as it addresses immediate stability and security needs and is not at risk pay.
- Variable remuneration. Variable remuneration depends upon certain performance levels being achieved. The company offers variable remuneration as follows:
  - Short-term incentives (STIs) – Support and reinforce desired behaviour and performance over a 12-month period at all levels and, although primarily a performance incentive tool, can act as a retention mechanism when implemented. The STI incentive is not a condition of employment, but is at management's discretion based on individual performance against a predetermined set of performance criteria.
  - Long-term incentives (LTIs) – Support and reinforce desired behaviour and performance over a period longer than 12 months. These are primarily retention and performance schemes targeted at senior and executive management and key employees. The schemes use market surveys to assess reward and links performance criteria to the interest of unitholders with various degrees of stretch and minimum vesting criteria.

An overview of executive directors' remuneration structure

The different components of the remuneration framework paid to executive directors are summarised in the table below:

Components	Purpose	Performance period and measures	Operation and delivery
Annual cost to company (TGP)	Core element that reflects market value of role and individual performance	Reviewed annually based on performance against contracted criteria and market surveys	Benchmarked against national and industry comparator groups and positioned on average on the 75th percentile
Benefits (TGP)	Retirement and group risk benefits	Reviewed annually	Included in comparator benchmarking
Annual bonus (STI)	Create a high-performance culture through a cash bonus in relation to performance against predetermined criteria	Annual	Based on predetermined performance criteria for the company and individual performance with stretch targets. Cash settlement capped at 100% of annual cost to company
Long-term incentives (LTI)	Alignment with unitholder interests	Share appreciation scheme. Vesting over a four-year period	Annual total unitholder return

- Other financial mechanisms. The company recognises that there is a need to be flexible and to adjust to market forces as they arise. The company has the flexibility for example to pay scarcity allowances, commission, retention monies and sign-on bonuses as required.
- Other non-financial rewards. The Remuneration Strategy focuses on tangible remuneration components which are aligned to the business strategy. However, there are other important aspects of the strategy such as recognition, training, career development, positive feedback, established performance management systems, flexible working hours, work-life-balance, employee wellness, succession and challenging job descriptions.

The company regularly benchmarks remuneration to the national market and industry-specific remuneration information. The company targets the median to upper quartile for all positions. The company targets high-performing individuals who can contribute to creating unitholder wealth.

Grading and profiling of positions:

The company uses the Paterson grading system. All jobs have detailed job descriptions. Although no formal grading is in place, the annual correlation exercise is used as a guide.

The alignment of corporate strategy to the Remuneration Strategy is depicted in the table below.

Alignment of corporate and remuneration strategy

Strategic point	Impact on remuneration	Remuneration strategy in support of organisational strategy
Grow shareholder value	Need to attract and retain talent at certain levels in the organisation	Well-structured guaranteed remuneration – market related – median and above.
	Need to be preferred employer	Good incentive schemes, short term and long term, that have strong retention element.
	Employees to be incentivised to meet performance targets aligned to strategy	Stable professional working environment.
		Above industry-specific market median for remuneration.
		Good robust long-term and short-term incentive schemes.
Consistent shareholder returns	Attract and retain good talent	Well-structured guaranteed remuneration – market related – median and above.
		Good incentive schemes, short term and long term, that have a strong retention element and performance elements – both schemes equally important as short-term benefit should not be driven at the expense of long-term gain.

This strategy can be summarised in application to employee groupings as follows:

Application of strategy to employee groupings

Employee grouping	Guaranteed remuneration		Short-term incentive	Long-term incentive
	Fees	TGP	Annual bonus	Share incentive schemes
Non-executive directors	✓			
Executive directors		✓	✓	✓
Management and staff		✓	✓	By invitation

Audit and risk committee members	Greg Heron (chairman) Bernard Nackan Roger Rees (appointed 27 September 2012) Gerald Leissner (resigned 22 February 2012) Leonard Brehm (appointed 8 March 2012, passed away 4 July 2012)

Audit and risk committee attendees	PKF – attends as group independent external auditor Probity Business Services – attends as company secretary Executive directors Group financial management Internal audit

Composition of the committee

The audit and risk committee meets at least four times per year, in line with financial reporting quarterly deadlines. During the 2012 financial year, the committee met on four occasions. All members of the committee are independent non-executive directors and are financially literate, with the requisite levels of expertise and skill. Attendance and dates of the meetings have been disclosed on pages 101 of the governance section.

Activities

The committee receives and reviews detailed reports from management, the internal auditors and the external auditors. Areas of regular discussion include the following:

Financial reporting
- accounting policies
- key judgements including the valuations of investment properties
- impact of future financial reporting standards
- going-concern assessment
- corporate governance
- budgets and forecasts
- funding
- tax status

Risk and internal control
- key risks facing Redefine
- annual report on the effectiveness of internal controls
- whistle-blowing
- insurance
- BEE
- information technology

Internal audit
- adoption of the internal audit charter
- assessment of the internal audit effectiveness
- internal audit plans on a three-year rolling period
- review of findings and recommendations made by internal audit and management responses
- action plans for follow-up on unsatisfactory findings

External audit
- review of the independence of the external auditor, including the pre-approval of the non-audit services provided
- approval of the audit budget for the year
- annual audit planning, conclusions and final opinion reports
- audit engagement letters
- management report items identifying the effectiveness of controls and recommendations for corrective action

External audit

PKF (Jhb) Inc is the external auditor of all group companies with the exception of the RIN group, which is audited by KPMG Inc. During the year, PKF (Jhb) Inc provided certain non-audit services, including tax reviews and advice; reviews of information technology systems and applications as well as certain agreed-upon procedures. The audit and risk committee is satisfied that the non-audit services provided by PKF (Jhb) Inc are insignificant and do not affect their independence.

Internal audit

The internal audit department has unrestricted access to the chairman and members of the audit and risk committee.

The audit and risk committee considers the internal audit division to be an independent, objective body providing assurance to governance, risk and control activities. The team comprises qualified and experienced personnel to ensure the delivery of a relevant and high-quality, risk-based audit service.

Responsibilities of the internal audit department are governed by a charter approved by the audit and risk committee and the board. Internal audit has unrestricted access to all information and staff in order to discharge its responsibilities.

Internal audit reviews the significant business, strategic, governance, risk and controls. The internal audit department provides the audit and risk committee with a level of assurance for the governance, control and risk management of the group.

To ensure the independence of internal audit, the department reports directly to the audit committee. The committee reviews and approves the annual internal audit plan, which approves the strategic risk-based internal audit plan. The head of internal audit has unrestricted access to all employees and directors of the organisation. Frequent discussions are held with the audit and risk committee chairman and the group executive committee.

The internal audit department formally reports any material findings and matters of significance to the audit committee on a quarterly basis. The report highlights all actual and potential risks to the business and whether or not these risks are being appropriately managed or controlled. Progress updates on unsatisfactory audit findings are followed up and reported back to the audit and risk committee until resolved.

The internal audit department follows a risk-based approach audit methodology, which is updated annually. The annual audit plan is determined after consideration and assessment of all risks facing the group, including coverage of significant operating segments. The internal audit department reviews the ICT general and application controls of the company to ensure satisfactory ICT governance and assurance.

The key duties of the internal audit function include:

- evaluating the company's governance processes
- performing an objective assessment of the effectiveness of risk management and the internal control network
- systematically analysing and evaluating business processes and associated controls
- providing a source of information where appropriate, regarding instances of fraud, corruption, unethical behaviour and irregularities
- follow-up on ethics hotline calls
- facilitation of enterprise-wide risk management process.

Statutory duties

In the conduct of its statutory duties, the committee:

- has been satisfied that the external auditor, PKF, is independent of the company in terms of the Companies Act. Requisite assurance was sought and provided by PKF that internal corporate governance processes within PKF support its claim to independence
- agreed, in consultation with executive management, to the engagement letter, audit plan and budgeted fees for the 2012 year. Actual fees are envisaged to be in line with those agreed to in the audit fee budget
- pre-approved all non-audit service arrangements with PKF. The nature and extent of these services has been reviewed to ensure the fees for these services do not become so significant as possibly to impact any perception on their independence
- is of the opinion that significant internal financial controls are effective, based on control processes in place, assurances obtained from management and the issues raised by the internal and external auditors in their various management reports
- is satisfied that the internal audit function is adequately resourced and is operating effectively in terms of both the mandate and agreed audit plan
- has considered and has satisfied itself of the appropriateness of the expertise and adequacy of resources of the finance function of the company. The committee confirms the company's financial director, Andrew Konig, has the necessary expertise and experience to carry out his duties
- recommended the integrated annual report to the board for approval, based on processes and assurances obtained
- through its review of the 2013 budget and discussions with management, reported to the board it supported management's view that the company will be a going concern in the foreseeable future
- reviews the critical risks facing the company on an ongoing basis. The risk analysis and the company's response to these risks can be found on pages 102 to 104 of this report. The committee is reasonably satisfied adequate compensating controls are in place to mitigate the identified key risks.

Greg Heron
Chairman
Audit and risk committee

When Redefine embarked on a journey of rebranding the business at the beginning of 2012, it was the perfect opportunity to re-evaluate our CSI and sponsorship strategies and ensure these are aligned with our overall business strategy.

The Property Sector Charter also came into effect, and was gazetted on 1 June 2012. Addressing inequalities in the sector and focusing on its potential and growth enhancement, it has established targets and qualitative undertakings in respect of each element of BEE.

Considering these factors, we re-evaluated the initiatives supported by Redefine in the past and considered various proposals from NGOs, schools, universities and orphanages.

For 2012, Redefine has made a contribution of R1,25 million to Johannesburg City Parks for the installation of a park and playground area at the Johannesburg Zoo. This contribution will enhance the zoo's offering to the public. All zoo-goers – including many from disadvantaged communities without adequate children's play facilities – will benefit from the world-class play equipment.

Johannesburg Zoo is a popular learning and recreation facility, and is visited by thousands of people – a high percentage of whom are disadvantaged families and school groups from the broader Johannesburg metropole.

The value of this recreation space should not be underestimated:

- playgrounds create a safe space for visitors from various communities to interact, play and exercise
- many children do not have playground facilities at school or near their home
- play facilities have cognitive and physical development aspects. Much of the equipment is designed to stimulate children's physical and mental development.

During the installation of the facility, we will also indirectly participate in job creation.

Future strategy

Redefine's employees will actively participate in this project during the next financial year. Monthly excursions to the park are being planned for orphanages and other NGOs. These outings will be hosted by Redefine employees.

Redefine's long-term CSI strategy is to invest our efforts in education and children. We believe that investing in parks and playgrounds and other educational initiatives for children is an important step in mobilising the potential of all South Africans. We are in the process of identifying further initiatives, and will finalise our partnership with other stakeholders during the next financial year.

The social and ethics committee oversees sustainability and the approval and implementation of an environmental policy was a key objective.

Redefine recognises the need to ensure a balance between environmental, social and economic factors as pillars upon which to create a sustainable business. Within this we acknowledge environmental responsibility as a core principle that guides the company and upon which our future success rests. We have identified three specific areas of environmental responsibility which require our focus. Firstly, we need to understand how our business impacts the environment and thus how we can take control of our own environmental footprint. Secondly, we must be aware of and respond to external environmental challenges and monitor how they impact our business. Thirdly, we must realise that we have a significant influence on our staff, shareholders, tenants, partners and suppliers and must endeavour to create awareness and change at all levels of society where we can have an impact.

We aim to have a positive impact on the environment and our environmental policy sets out our commitment and actions for achieving this.

We acknowledge that without making the right resources available to implement this policy it will not have the impact that we desire. We are thus committed to making the resources available to ensure the effective integration, management and implementation of this policy. These resources will include external expertise to advise us on specific environmental issues that need resolving as well as training our own staff to ensure that they have the desired level of competence required to implement this policy. Creating awareness and training will extend to our suppliers and partners who will be asked to evaluate their own environmental performance on an annual basis.

Environmental policy and impacts

Redefine has drawn up a detailed environmental policy that aims at accurately measuring and reducing our environmental impacts. Due to the nature of our business, Redefine is recognised as a low impact company, with most of our carbon emissions emanating from electricity usage. Water, fuel and waste make up most of the remainder. The key impacts identified as relevant to our environmental performance are electricity efficiency, water efficiency, waste reduction and behaviour change among our tenants and staff.

Curbing our electricity usage is as vital to cutting our operational costs as it is to environmental mitigation. Real-time electricity loggers are installed at approximately 66% of our buildings – with the remainder to be similarly equipped. An immediate objective is to reduce electricity consumption by 5% per square metre per annum.

A specialist has been engaged to assist Redefine to measure impacts and compile our first Carbon Footprint Assessment. We anticipate this will be finalised by early 2013. This quantitative data will form the basis for the company to set goals across key environmental aspects. An online tool has been deployed to gather key quantitative and qualitative data from our employees and staff regarding their own footprint, as well as what they feel is important for the company in the future.

We are in the process of expanding our goals to include other key environmental aspects. Once our first carbon footprint is complete we will be in a better position to set these goals and to implement a comprehensive environmental management system. We aim to have this footprint assessment independently verified by an external company.

Once we have these targets in place and better understand our environmental impacts and opportunities, we will look to implementing a comprehensive environmental management system.

Redefine is also undertaking a detailed Sustainability Reporting 'Gap' Assessment to ensure we identify the most material reporting standards to adhere to in the future.

A budget has been allocated to build environmental awareness and gain the buy-in of our employees and tenants. We are currently working with an external education provider to customise and roll-out awareness courses.

Simplification of accounting for the investment in RIN going forward will better reflect the robust financial position of Redefine, which was enhanced this year through raising capital, optimising debt levels and substantial gains in the fair value of local property assets.


R650 million
capital raised at a tight discount

Directors' responsibility and approval

for the year ended 31 August 2012

The directors are responsible for the preparation and fair presentation of the company and group annual financial statements of Redefine Properties Limited, comprising the statement of financial position at 31 August 2012 and statements of comprehensive income, changes in equity and cash flows for the year then ended. To achieve the highest standards of financial reporting, these financial statements have been drawn up to comply with International Financial Reporting Standards (IFRS) and with the Companies Act no 71 of 2008 (the Companies Act), as amended.

The directors' responsibility includes the design, implementation and maintenance of internal controls that will ensure the preparation, integrity and fair presentation of the financial statements and other financial information included in this report, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The directors have reviewed the appropriateness of the accounting policies and conclude that estimates and judgements are reasonable. They are of the opinion that the financial statements fairly present the financial position of the group at 31 August 2012 and of its financial performance and cash flows for the year to 31 August 2012. The external auditors, who have unrestricted access to all records and information, as well as to the audit and risk committee, concur with this statement. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate. The unqualified audit report of PKF (Jhb) Inc. is presented on page 115.

In addition, the directors have also reviewed the cash flow forecast for the year to 31 August 2013 and believe that the company and the group have adequate resources to continue in operation for the foreseeable future. Accordingly, the annual financial statements have been prepared on a going concern basis. These financial statements support the viability of the company and of the group.

The annual financial statements were approved by the board of directors on 31 October 2012 and are signed on its behalf by:

D Gihwala
Chairman

M Wainer
Chief executive officer

Certificate by company secretary

In terms of section 88(2)(e) of the Companies Act we declare that to the best of our knowledge, for the year ended 31 August 2012, Redefine Properties Limited has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Companies Act and that such returns are true, correct and up to date.

Probity Business Services (Proprietary) Limited
Company Secretary

31 October2012

Independent auditors' report

To the unitholders of Redefine Properties Limited

We have audited the consolidated and separate financial statements of Redefine Properties Limited set out on pages 124 to 183, which comprise the statements of financial position as at 31 August 2012, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Redefine Properties Limited as at 31 August 2012, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 31 August 2012, we have read the directors' report, the report of the audit committee and certificate by the company secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these report we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

PKF (Jhb) Inc.

PKF (Jhb) Inc.
Registered Auditor
Chartered Accountant (SA)
Registration number 1994/001166/21

Director: Paul Badrick

Sandton
31 October 2012

Directors' report

To the unitholders of Redefine Properties Limited

We have pleasure in presenting the annual financial statements of Redefine Properties Limited for the year ended 31 August 2012.

Corporate overview

Redefine is a listed property loan stock company. It derives rental income from investments in office, retail and industrial properties, distributions from listed security investments and income from properties developed for trading.

Nature of the business

The nature of business and operations are commented on in detail in the company overview section on pages 6 to 13 of the integrated annual report.

Financial results

The financial results for the year ended 31 August 2012 are set out in detail on pages 124 to 183 of these annual financial statements.

International Financial Reporting Standards

The financial statements are prepared in terms of IFRS.

Year under review

The year under review is comprehensively covered in the chairman's, chief executive's and financial director's statements on pages 30 to 51.

Share and debenture capital

The company's authorised unit capital consists of 3 500 000 000 ordinary shares of 0,1 cent each. Each share is indivisibly linked to a debenture of 173,58 (2011: 180) cents. This linkage means that each share may only be traded as a linked unit together with the debenture with which it is linked.

As a result of the Arrowhead unbundling the nominal value of the debenture decreased from 180 cents to 173,58 cents.

Pursuant to the general authority granted at the annual general meeting in February 2012, an additional 76 201 642 linked units were issued at an issue price of R8,53 per unit on 12 July 2012. At 31 August 2012 there were 2 776 373 744 linked units in issue.

Dividends and interest distributions

No dividend has been paid or declared during the year under review as the company distributes all its income as debenture interest.

The following distributions were declared per linked unit during the year:

- Distribution number 46 of 31,5 cents for the six months ended 29 February 2012 paid on 28 May 2012
- Distribution number 47 of 32,5 cents for the six months ended 31 August 2012 which will be paid on 26 November 2012

Directorate

The directors of the company at the date of this report were:
D Gihwala (Chairman)
M Wainer* (Chief Executive Officer)
MN Flax
GJ Heron
MK Khumalo
AJ Konig* (Financial Director)
HK Mehta
B Nackan
DJ Perton+
RW Rees+
DH Rice*+ (Chief Operating Officer)

** Executive*
+British

MN Flax, MK Khumalo, B Nackan and RW Rees retire at the forthcoming annual general meeting and are all eligible for re-election.

The following changes to the directorate took place during the year:
GGL Leissner resigned on 22 February 2012
L Brehm was appointed on 8 March 2012 and passed away on 4 July 2012
RW Rees was appointed on 27 September 2012.

Directors' interests

The interests of the directors in the linked units of Redefine at 31 August 2012 were as follows:

	Beneficial			
	Direct	**Indirect**	**Associate**	**Total**
MN Flax	**–**	**7 361 105**	**661 456**	**8 022 561**
D Gihwala	**–**	**4 200 000**	**–**	**4 200 000**
GJ Heron	**–**	**90 000**	**–**	**90 000**
MK Khumalo	**–**	**1 400 000**	**–**	**1 400 000**
AJ Konig	**–**	**–**	**–**	**–**
GGL Leissner	**–**	**35 000**	**–**	**35 000**
HK Mehta	**197 345**	**28 811 639**	**–**	**29 008 984**
B Nackan	**9 000**	**–**	**–**	**9 000**
D Perton	**22 008**	**–**	**–**	**22 008**
DH Rice	**163 000**	**–**	**–**	**163 000**
M Wainer	**4 951 989**	**13 055 661**	**189 943**	**18 197 593**
	5 343 342	**54 953 405**	**851 399**	**61 148 146**

There have been no changes in these holdings between the year-end and the date of this report.

At 31 August 2011, the interests of the directors in the linked units of Redefine were as follows:

	Beneficial			
	Direct	Indirect	Associate	Total
MN Flax	–	7 861 105	661 456	8 522 561
D Gihwala	–	4 200 000	–	4 200 000
GJ Heron	–	4 639 206	–	4 639 206
MK Khumalo	–	1 400 000	–	1 400 000
AJ Konig	–	–	–	–
GGL Leissner	–	–	35 000	35 000
HK Mehta	197 345	27 295 238	–	27 492 583
B Nackan	9 000	–	–	9 000
D Perton	22 008	–	–	22 008
DH Rice	163 000	–	–	163 000
M Wainer	4 951 989	13 055 661	189 943	18 197 593
	5 343 342	58 451 210	886 399	64 680 951

Fees earned for services as non-executive directors

	2012 R000	2011 R000
D Gihwala (*Chairman*)	**260**	200
MN Flax	**240**	83
GJ Heron	**370**	265
MK Khumalo	**200**	165
GGL Leissner	**148**	225
HK Mehta	**200**	165
B Nackan	**315**	255
D Perton	**200**	165
	1 933	1 523

Executive directors' remuneration

	Salary and allowances R000	Bonuses and performance-related payments R000	Other benefits and payments R000	Retirement benefits R000	Total R000
2012					
AJ Konig	**2 505**	**1 500**	**111**	**288**	**4 404**
DH Rice	**2 257**	**1 800**	**143**	**206**	**4 406**
M Wainer	**3 112**	**2 400**	**155**	**–**	**5 667**
	7 874	**5 700**	**409**	**494**	**14 477**
2011					
BH Azizollahoff[1]	988	650	43	95	1 776
JA Finn[2]	464	683	1 816	48	3 011
MN Flax[3]	1 060	550	44	57	1 711
AJ Konig[4]	1 519	–	21	180	1 720
DH Rice	1 828	850	92	164	2 934
M Wainer	2 630	1 500	110	–	4 240
	8 489	4 233	2 126	544	15 392

[1] *Resigned 28 February 2011*
[2] *Resigned 16 November 2010*
[3] *Resigned as an executive director on 28 February 2011, and was appointed as a non-executive director on the same day*
[4] *Appointed 12 January 2011*

Three highest paid executives who are not directors

	Salary and allowances R000	Bonuses and performance related payments R000	Other benefits and payments R000	Retirement benefits R000	Total R000
2012	**4 276**	**850**	**234**	**150**	**5 510**
2011	3 605	850	92	103	4 650

Due to their specialised skills and the highly competitive South African property environment, the board does not wish to disclose this information for each of the individuals but has instead disclosed the total salaries of the three employees concerned.

Details of share appreciation rights awarded to the executive directors

	Opening		Awarded		Forfeited		Closing	
	Strike price (R)	Number of units	Strike price (R)	Number of units	Strike price (R)	Number of units	Strike price (R)	Number of units
2012								
AJ Konig	7,00	1 600 000			–	–	6,50*	1 600 000
			7,50	750 000	–	–	7,00*	750 000
DH Rice	7,00	1 600 000			–	–	6,50*	1 600 000
			7,50	750 000	–	–	7,00*	750 000
M Wainer	7,00	2 600 000			–	–	6,50*	2 600 000
			7,50	600 000	–	–	7,00*	600 000
		5 800 000		2 100 000		–		7 900 000
2011								
BH Azizollahoff	7,00	1 600 000	–	–	7,00	(1 600 000)	–	–
JA Finn	7,00	1 600 000	–	–	7,00	(1 600 000)	–	–
MN Flax	7,00	1 600 000	–	–	7,00	(1 600 000)	–	–
AJ Konig	–	–	7,00	1 600 000	–	–	7,00	1 600 000
DH Rice	7,00	1 600 000	–	–	–	–	7,00	1 600 000
M Wainer	7,00	2 600 000	–	–	–	–	7,00	2 600 000
		9 000 000		1 600 000		(4 800 000)		5 800 000

The appreciation rights vest in equal tranches of 25% on the following dates:
- 3 September 2012
- 4 September 2013
- 1 September 2014
- 1 September 2015

* As a result of the unbundling of Arrowhead and the resultant decrease in share price and net asset value of the company the remuneration and nominations committee reviewed the strike price of the share appreciation rights in issue and approved a decrease of R0,50 for both tranches to R6,50 and R7,00 respectively.

On 3 September the first 25% tranche vested. The 10 day VWAP for the share price was R9,26.

Fees earned for services as non-executive directors of Redefine Properties International Limited (a subsidiary company)

Director	Fees (Rands)
GJ Heron	120 000
B Nackan	120 000
M Wainer (remitted to Redefine Properties Limited)	385 838

Service contracts

Executive directors retire from their positions and from the board (as executive directors) at the age of 65. The executive directors are subject to one calendar month's written notice under their current employment contracts.

Going concern

The directors consider that the group has adequate resources to continue operating for the foreseeable future and that it is appropriate to adopt the going-concern basis in preparing the group financial statements. The company has reasonably satisfied the liquidity and solvency test as required by the Companies Act and the directors have satisfied themselves that the group is in a sound financial position and that it has access to sufficient funding facilities to meet its foreseeable cash requirements.

Major linked unitholders

Beneficial unitholders holding in excess of 5% of the units in issue, are detailed on page 88 of the annual report.

Interest in subsidiaries

Details of Redefine's interest in subsidiaries at 31 August 2012 are as follows:

Name of subsidiary	Country of incorpo-ration	Net profit/ (loss) R000	Issued share capital R000	Indebted-ness R000	Shares at cost R000	31 August 2012 Total R000
Madison Property Fund Managers Holdings Limited and subsidiaries	South Africa	51 206	–	198 468	80 399	**278 867**
Redefine Properties International Limited	South Africa	(1 844 274)	415	–	1 119 674	**1 119 674**
Freedom Square (Proprietary) Limited	Namibia	(13 694)	205	–	439	**439**
Redefine Retail (Proprietary) Limited	South Africa	31 179	–	1 839 692	–	**1 839 692**
Evening Star 768 (Proprietary) Limited	South Africa	395	–	325 646	233 801	**559 447**
Fountainhead Property Trust Management Limited	South Africa	910	1 000	–	127 810	**127 810**
Total		**(1 774 278)**	**1 620**	**2 363 806**	**1 562 123**	**3 925 929**

Events after balance sheet date

Subsequent to year-end Redefine Properties International Limited announced the conclusion of an agreement to extend and restructure their R1,5 billion Delta facility as well as the restructuring of their VBG portfolio.

Discussions are ongoing on the Gamma facility with a Standstill agreement currently in place.

Secretary

Probity Business Services (Proprietary) Limited will continue to render company secretarial services to the company.

Special resolutions

The following special resolutions were registered for Redefine Properties Limited and its subsidiaries, having been passed by the unitholders to the date of this report:

Company	Nature of special resolution	Date passed	Date registered
Redefine Properties Limited			
Shareholder special resolutions	Approval of directors' remuneration for their services as directors as required by section 66 of the Companies Act No 71 of 2008, as amended	28 October 2011	Not required to be registered
	Approval of financial assistance to Arrowhead, a related or inter-related company to Redefine, as required by section 45 of the Companies Act, subject to the board being satisfied that the terms of the financial assistance are fair and reasonable to the company, and immediately after providing the financial assistance, the company would satisfy the solvency and liquidity requirement contemplated in the Act	28 October 2011	Not required to be registered

Company	Nature of special resolution	Date passed	Date registered
	Approval of financial assistance to Arrow Creek, a related or inter-related company to Redefine, as required by section 45 of the Companies Act, subject to the board being satisfied that the terms of the financial assistance are fair and reasonable to the company, and immediately after providing the financial assistance, the company would satisfy the solvency and liquidity requirement contemplated in the Act	28 October 2011	Not required to be registered
	Approval of financial assistance to a related or inter-related company to Redefine, as required by section 45 of the Companies Act, subject to the board being satisfied that the terms of the financial assistance are fair and reasonable to the company, and immediately after providing the financial assistance, the company would satisfy the solvency and liquidity requirement contemplated in the Act to endure until the annual general meeting of the company to be held in 2012	28 October 2011	Not required to be registered
	Approval to amend Redefine's Memorandum of Incorporation to allow shareholders' meetings to be conducted by electronic communication as contemplated in section 63 of the Companies Act	28 October 2011	2 December 2011 (effective 28 October 2011)
	Approval to amend Redefine's Memorandum of Incorporation to allow electronic communication with shareholders as contemplated in the Companies Act	28 October 2011	2 December 2011 (effective 28 October 2011)
	Repurchase of linked units – allowing the company or any of its subsidiaries, by way of a general approval, to acquire the linked units by the company, in terms of the JSE Limited and the Companies Act No 71 of 2008, as amended	22 February 2012	Not required to be registered
	Approval of financial assistance to a related or inter-related company to Redefine, as required by section 45 of the Companies Act, subject to the board being satisfied that the terms of the financial assistance are fair and reasonable to the company, and immediately after providing the financial assistance, the company would satisfy the solvency and liquidity requirement contemplated in the Act to endure until the annual general meeting of the company to be held in 2013	22 February 2012	Not required to be registered

Company	Nature of special resolution	Date passed	Date registered
Redefine Properties Limited Debenture special resolutions	Approval to amend Redefine's debenture trust deed to allow for debenture holders' meetings to be conducted by electronic communication with debenture holders	28 October 2011	Not required to registered
	Authorisation of the unbundling and the repayment whereby Redefine may distribute, by way of unbundling transaction and as a partial repayment of Redefine's debenture capital, to all its linked unitholders, all the Arrowhead linked units	28 October 2011	Not required to registered
	Repurchase of linked units – resolved that the directors be authorised to acquire linked units of the company subject to the listings requirements of the JSE and the Companies Act No 71 of 2008, as amended	22 February 2012	Not required to be registered
	Grant of authority to issue up to 3% of the company's issued linked units for cash, subject to the Listing Requirements of the JSE and Companies Act No 71 of 2008, as amended	22 February 2012	Not required to be registered
Redefine Properties International Limited	Repurchase of linked units – allowing the company or any of its subsidiaries, by way of a general approval, to acquire the linked units by the company, in terms of the JSE Limited and the Companies Act No 71 of 2008, as amended	30 January 2012	Not required to be registered
	Approval of financial assistance to a related or inter-related companies, as required by section 45 of the Companies Act, subject to the board being satisfied that the terms of the financial assistance are fair and reasonable to the company, and immediately after providing the financial assistance, the company would satisfy the solvency and liquidity requirement contemplated in the Act to endure until the annual general meeting of the company to be held in 2013	30 January 2012	Not required to be registered

Company	Nature of special resolution	Date passed	Date registered
	Authority to issue shares to a related or inter-related company in terms of section 41(1) of the Companies Act No 71 of 2008, as amended	30 January 2012	Not required to be registered
	Approval of non-executive directors' remuneration for their services as directors as required by section 66 of the Companies Act No 71 of 2008, as amended	30 January 2012	Not required to be registered
	Amendment of the Memorandum of Incorporation to permit all payments to members to be made by electronic funds transfer and to permit directors to determine that any payment below R50 (fifty rand) not be paid out and be regarded as an unclaimed distribution	30 January 2012	17 February 2012 (effective 30 January 2012)
	Grant of authority for the company to undertake a specific issue of linked units for cash in order to fund its participation in the capital raising by its subsidiary Redefine International P.L.C., which specific issue of linked units will be by way of a pro rata offer of linked units to all the company's linked unitholders	7 September 2012	Not required to be registered

Consolidated statements of financial position

for the year ended 31 August 2012

	Note	GROUP 2012 R000	GROUP 2011 R000	COMPANY 2012 R000	COMPANY 2011 R000
ASSETS					
Non-current assets		**43 376 376**	40 036 545	**29 159 994**	23 567 096
Investment properties		**29 735 776**	28 847 983	**21 157 731**	17 363 701
– Fair value of investment properties for accounting purposes	2	**28 754 581**	27 775 325	**20 304 440**	16 488 631
– Straight-line rental income accrual	3	**651 223**	694 099	**651 223**	694 099
– Properties under development	4	**329 972**	378 559	**202 068**	180 971
Listed securities	5	**5 341 485**	4 664 346	**3 810 174**	4 664 346
Goodwill	6	**2 753 971**	2 570 534	**–**	–
Intangible assets	7	**1 905 363**	1 279 075	**–**	–
Interest in associates and joint ventures	8	**1 963 050**	1 236 726	**–**	–
Loans receivable	9	**1 527 301**	1 323 126	**168 015**	107 081
Other financial assets	10	**5 349**	12 938	**–**	–
Guarantee fees receivable	11	**50 000**	21 349	**50 000**	21 349
Property, plant and equipment	12	**94 081**	80 468	**48 145**	40 370
Interest in subsidiaries	13	**–**	–	**3 925 929**	1 370 249
Current assets		**1 245 426**	1 680 759	**656 370**	816 216
Properties held-for-trading	14	**25 833**	31 052	**25 833**	31 052
Trade and other receivables	15	**678 791**	742 666	**386 704**	468 730
Guarantee fees receivable	11	**21 349**	–	**21 349**	–
Loans receivable	9	**12 546**	51 210	**12 546**	51 210
Listed security income		**155 574**	195 683	**174 075**	247 255
Cash and cash equivalents	16	**351 333**	660 148	**35 863**	17 969
Non-current assets held-for-sale	17	**2 134 453**	2 646 183	**312 869**	2 596 480
Total assets		**46 756 255**	44 363 487	**30 129 233**	26 979 792
EQUITY AND LIABILITIES					
Shareholders' interest		**15 250 599**	14 785 027	**12 530 179**	11 614 794
Share capital and premium	18	**11 660 936**	11 788 301	**11 665 079**	11 792 712
Reserves		**3 589 663**	2 996 726	**865 100**	(177 918)
Non-current liabilities – Debenture capital	19	**4 791 714**	4 831 731	**4 801 915**	4 842 309
Linked unitholders' interest		**20 042 313**	19 616 758	**17 332 094**	16 457 103
Non-controlling interests (NCI)		**1 301 316**	2 271 224	**–**	–
Total unitholders' interest		**21 343 629**	21 887 982	**17 332 094**	16 457 103
Other non-current liabilities		**15 259 932**	17 962 566	**9 884 034**	8 125 054
Interest-bearing liabilities	20	**12 648 732**	16 166 163	**7 665 458**	6 592 344
Interest rate swaps	21	**468 064**	358 090	**411 231**	279 467
Other financial liabilities	22	**62 767**	11 516	**62 767**	11 516
Deferred taxation	24	**2 080 369**	1 426 797	**1 744 578**	1 241 727
Current liabilities		**8 921 389**	4 425 578	**2 913 105**	2 351 523
Trade and other payables	25	**953 012**	1 037 126	**568 035**	497 091
Interest-bearing liabilities	20	**6 793 374**	2 158 496	**1 430 051**	810 043
Interest rate swaps	21	**72 046**	187 693	**–**	–
Other financial liabilities	22	**15 948**	–	**15 948**	–
Provisions	23	**161 769**	–	**–**	–
Taxation payable		**28 078**	49 074	**–**	49 025
Linked unitholders for distribution	35	**897 162**	993 189	**899 071**	995 364
Non-current liabilities held-for-sale	17	**1 231 305**	87 361	**–**	46 112
Total equity and liabilities		**46 756 255**	44 363 487	**30 129 233**	26 979 792
Number of linked units in issue		**2 760 497***	2 684 295	**2 766 374***	2 690 172
Net asset value per linked unit (excluding deferred tax and NCI) (cents)		**801,40**	783,95	**689,59**	657,91
Net tangible asset value per linked unit (excluding deferred tax and NCI) (cents)		**632,62**	640,54	**689,59**	657,91

** Net of treasury units*

Consolidated statements of comprehensive income

for the year ended 31 August 2012

	Note	GROUP 2012 R000	GROUP 2011 R000	COMPANY 2012 R000	COMPANY 2011 R000
Revenue					
Property portfolio		**3 289 183**	2 754 905	**2 392 772**	2 529 497
– Contractual rental income		**3 332 059**	2 763 122	**2 435 648**	2 537 714
– Straight-line rental income accrual		**(42 876)**	(8 217)	**(42 876)**	(8 217)
Listed security income		**360 917**	342 367	**511 000**	430 117
Dividends in specie received from subsidiaries		**–**	–	**–**	8 559 053
Fee income		**103 372**	205 485	**39 946**	125 038
Hotel revenue		**286 266**	157 628	**–**	–
Trading income		**12 414**	36 556	**8 605**	35 868
Total revenue		**4 052 152**	3 496 941	**2 952 323**	11 679 573
Operating costs		**(788 818)**	(732 648)	**(532 546)**	(608 737)
Administration costs		**(232 117)**	(158 787)	**(118 180)**	(84 730)
Net operating income	26	**3 031 217**	2 605 506	**2 301 597**	10 986 106
Changes in fair values of properties, listed securities and financial instruments	27	**227 078**	532 305	**1 732 301**	504 657
Amortisation of intangibles	7	**(101 105)**	(96 808)	**–**	–
Impairment of financial assets, property, plant and equipment, and goodwill	28	**–**	(848 713)	**(38 666)**	(9 036 172)
Equity accounted profit/(loss)	8	**105 629**	(19 988)	**–**	–
Income from operations		**3 262 819**	2 172 302	**3 995 232**	2 454 591
Net interest		**(1 712 981)**	(937 467)	**(644 724)**	(643 266)
– Interest paid	29	**(1 912 318)**	(1 098 871)	**(767 395)**	(729 636)
– Interest received	30	**199 337**	161 404	**122 671**	86 370
Foreign exchange (loss)/gain	31	**(36 656)**	1 649	**(22 957)**	(4 107)
Income before debenture interest		**1 513 182**	1 236 484	**3 327 551**	1 807 218
Debenture interest	35	**(1 742 715)**	(1 825 321)	**(1 746 476)**	(1 829 317)
(Loss)/profit before taxation		**(229 533)**	(588 837)	**1 581 075**	(22 099)
Taxation	32	**(537 318)**	25 575	**(538 057)**	20 707
(Loss)/profit for the year		**(766 851)**	(563 262)	**1 043 018**	(1 392)
– Redefine shareholders		**342 079**	(519 311)	**1 043 018**	(1 392)
– Non-controlling interests		**(1 108 930)**	(43 951)	**–**	–
Other comprehensive income					
Exchange differences on translation of foreign operations		**451 351**	107 598	**–**	–
Revaluation of PPE (net of deferred taxation)		**–**	4 644	**–**	–
Total comprehensive (loss)/income for the year		**(315 500)**	(451 020)	**1 043 018**	(1 392)
– Redefine shareholders		**621 476**	(267 349)	**1 043 018**	(1 392)
– Non-controlling interests		**(936 976)**	(183 671)	**–**	–
– Actual number of linked units in issue (000)		**2 760 497***	2 684 295*	**2 766 374**	2 690 172
– Weighted number of linked units in issue		**2 694 914**	2 684 295	**2 700 790**	2 690 172
– Earnings and diluted earnings per linked unit (cents)		**77,36**	48,65		
– Headline earnings and diluted headline earnings per linked unit (cents)		**125,02**	71,22		
– Distribution per linked units (cents)		**64,00**	68,00		

**Net of treasury shares*

The reconciliation between earnings and headline earnings and distributable earnings is disclosed in note 33.

Consolidated statements of changes in equity

for the year ended 31 August 2012

	Share capital R000	Share premium R000	Non-distributable reserve R000	Accumulated profit/(loss) R000	Non-controlling interests R000	Total R000
GROUP						
Balance as at 31 August 2010	2 685	11 785 616	3 591 082	(230 774)	652 839	15 801 448
Shares issued to non-controlling interests	–	–	–	–	1 573 501	1 573 501
Issue of capital instrument	–	–	–	–	158 630	158 630
Loss for the year	–	–	–	(519 311)	(43 951)	(563 262)
Transfer to non-distributable reserve	–	–	551 979	(551 979)	–	–
Revaluation of property, plant and equipment (net of deferred tax)	–	–	4 644	–	–	4 644
Foreign currency translation reserve	–	–	247 318	–	(139 720)	107 598
Transactions with non-controlling interests	–	–	(95 181)	(1 052)	69 925	(26 308)
Balance as at 31 August 2011	**2 685**	**11 785 616**	**4 299 842**	**(1 303 116)**	**2 271 224**	**17 056 251**
Issue of ordinary shares	**76**	**499 752**	**–**	**–**	**–**	**499 828**
Unbundling	**–**	**(623 252)**	**–**	**–**	**–**	**(623 252)**
Issue and preliminary expenses written off	**–**	**(3 941)**	**–**	**–**	**–**	**(3 941)**
Profit/(loss) for the year	**–**	**–**	**–**	**342 079**	**(1 108 930)**	**(766 851)**
Transfer from non-distributable reserve (net of deferred tax)*	**–**	**–**	**(4 183 150)**	**4 183 150**	**–**	**–**
Foreign currency translation reserve	**–**	**–**	**279 397**	**–**	**171 954**	**451 351**
Transactions with non-controlling interests	**–**	**–**	**–**	**(39 176)**	**63 434**	**24 258**
Dividends paid to non-controlling interests	**–**	**–**	**–**	**–**	**(12 495)**	**(12 495)**
Non-controlling interests on acquisition of subsidiary	**–**	**–**	**–**	**10 637**	**(83 871)**	**(73 234)**
Balance as at 31 August 2012	**2 761**	**11 658 175**	**396 089**	**3 193 574**	**1 301 316**	**16 551 915**
COMPANY						
Balance as at 31 August 2010	2 690	11 790 022	(58 052)	(118 474)	–	11 616 186
Loss for the year	–	–	–	(1 392)	–	(1 392)
Transfer to non-distributable reserve	–	–	562 089	(562 089)	–	–
Balance as at 31 August 2011	**2 690**	**11 790 022**	**504 037**	**(681 955)**	**–**	**11 614 794**
Issue of ordinary shares	**76**	**499 752**	**–**	**–**	**–**	**499 828**
Unbundling	**–**	**(623 520)**	**–**	**–**	**–**	**(623 520)**
Issue and preliminary expenses written off	**–**	**(3 941)**	**–**	**–**	**–**	**(3 941)**
Profit for the year	**–**	**–**	**–**	**1 043 018**	**–**	**1 043 018**
Transfer from non-distributable reserve (net of deferred tax)*	**–**	**–**	**(504 037)**	**504 037**	**–**	**–**
Balance as at 31 August 2012	**2 766**	**11 662 313**	**–**	**865 100**	**–**	**12 530 179**

** The directors have taken the decision to transfer all non-distributable earnings back to retained earnings other than the FCTR.*

Consolidated statements of cash flows

for the year ended 31 August 2012

	Note	GROUP 2012 R000	GROUP 2011 R000	COMPANY 2012 R000	COMPANY 2011 R000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations	34	**3 227 398**	2 819 013	**2 659 686**	2 443 380
Interest paid		**(1 536 754)**	(1 098 871)	**(767 395)**	(729 636)
Interest received		**157 904**	161 404	**104 770**	86 370
Distributions paid	35	**(1 838 742)**	(1 288 462)	**(1 842 768)**	(1 291 282)
Distributions paid to non-controlling interests		**(92 860)**	(47 969)	**–**	–
Taxation paid		**(103 365)**	–	**(84 231)**	–
Net cash (utilised)/generated in operating activities		**(186 419)**	545 115	**70 062**	508 832
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition and development of investment properties		**(3 338 672)**	(3 246 058)	**(3 289 668)**	(766 432)
Acquisition of listed securities		**(434 611)**	(325 583)	**(436 569)**	(325 584)
Acquisition of property, plant and equipment		**(18 380)**	(323 686)	**(13 175)**	(159 847)
Acquisition of subsidiaries	36	**(684 500)**	–	**(684 500)**	–
Net loans advanced to subsidiaries		**–**	–	**–**	264 959
Proceeds on disposal of investment properties		**1 641 275**	709 897	**1 641 275**	634 514
Proceeds on disposal of listed securities		**574 135**	144 481	**574 135**	144 481
Proceeds on the disposal of property, plant and equipment		**23**	121 332	**23**	–
Loans (advanced to) /repaid by related parties		**(163 978)**	(272 241)	**(143 015)**	510 270
Dividend received from associates		**141 782**	66 323	**–**	–
Investment in associates		**(325 580)**	(107 788)	**–**	–
Cash balances of subsidiaries acquired (net of acquisition costs)		**18 161**	460 214	**–**	–
Cash acquired due to group restructure		**–**	–	**–**	71 680
Other financial assets acquired		**–**	(8 823)	**–**	–
Net cash (utilised)/generated from investing activities		**(2 590 345)**	(2 781 932)	**(2 351 494)**	374 041
CASH FLOWS FROM FINANCING ACTIVITIES					
Linked units issued		**650 000**	–	**650 000**	–
Linked units issued to non-controlling interests		**109 963**	1 075 081	**–**	–
Issue expenses		**(3 941)**	–	**(3 941)**	–
Increase/(decrease) in interest-bearing borrowings		**1 637 381**	1 209 886	**1 653 267**	(876 621)
Net cash generated/(utilised) from financing activities		**2 393 403**	2 284 967	**2 299 326**	(876 621)
Net movement in cash and cash equivalents		**(383 361)**	48 150	**17 894**	6 252
Cash and cash equivalents at beginning of year		**660 148**	606 980	**17 969**	11 717
Effect of foreign exchange fluctuations on acquisition		**74 546**	5 018	**–**	–
Cash and cash equivalents at end of year	16	**351 333**	660 148	**35 863**	17 969

1. Accounting policies

Redefine Properties Limited was incorporated on 26 August 1999 under the laws of the Republic of South Africa. The consolidated financial statements for the year ended 31 August 2012 comprise the company and its subsidiaries (together referred to as the group) and the group's interest in associates and jointly controlled entities. The preparation of the financial statements was supervised by Andrew Konig CA(SA), the group's financial director.

The financial statements and group financial statements have been prepared in accordance with IFRS, the AC 500 series issued by the Accounting Practices Board or its successor, the JSE listings requirements and the Companies Act and the regulations thereto.

The financial statements are prepared on the historical cost basis except for investment properties, listed securities, non-current assets held-for-sale and certain financial instruments which are carried at fair value, and incorporate the principal accounting policies set out below.

Fair value adjustments do not affect the calculation of distributable earnings; however they do affect the net asset value per linked unit to the extent that the adjustments are made to the carrying value of the assets and liabilities.

These accounting policies have been applied consistently with the previous year.

The consolidated financial statements are presented in South African Rand, which is the company's functional currency. All financial information presented in Rand has been presented to the nearest thousand.

1.1 Basis of consolidation

The group financial statements include those of the holding company and enterprises controlled by the company. Control is achieved when the company has the power to govern the financial and operating policies of an investee enterprise.

(a) Subsidiaries

Subsidiaries are entities over which the company has the power to govern the financial and operating policies of the entities so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account.

In the separate financial statements of the company, investments in subsidiaries are accounted for at cost and adjusted for impairment if applicable.

The consolidated financial statements incorporate the assets, liabilities, income, expenses and cash flows of the group and all entities controlled by the group. The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit or loss from the date of acquisition or up to the date of disposal. Inter-company transactions, balances and unrealised profits or losses between group companies are eliminated on consolidation.

All business combinations which occurred on or after 1 September 2009 were accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the group. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

The group measures goodwill at the acquisition date as follows:

- the fair value of the consideration transferred; plus
- the recognised amount of the non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Where the excess is negative this is immediately recognised in profit or loss as a gain on a bargain purchase.

A "business" is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants.

A "business combination" is defined as a transaction or other event in which an acquirer obtains control of one or more businesses.

If a business combination results in the termination of pre-existing relationships between the group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in profit or loss.

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

Costs associated with the issue of debt or equity securities are recorded directly in the statement of changes in equity.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Business combinations which occurred before 1 September 2009 were accounted for using the purchase method of accounting. The assets and liabilities acquired were assessed and included in the statement of financial position at their estimated fair values to the group at acquisition date.

Transactions with non-controlling interest holders

The group applies a policy of treating transactions with non-controlling interest holders as transactions with equity holders of the group. Disposals to non-controlling interest holders that do not result in the loss of control, result in gains and losses for the group that are recorded directly in the statement of changes in equity. The difference between any consideration paid and the relevant share of the net asset value acquired from minority interests is recorded directly in the statement of changes in equity.

(b) Associates and joint ventures

Associates are companies over which the group has significant influence but not control.

Joint ventures are those entities over which the group exercises joint control in terms of a contractual agreement and whose activities require unanimous consent for strategic, financial and operating decisions.

In the separate financial statements of the company, investments in associates and joint ventures are accounted for at cost and adjusted for impairment if applicable.

In the consolidated financial statements associates and joint ventures are accounted for using the equity method of accounting and are initially recognised at cost. The group's share of post acquisition profits or losses is recognised in profit or loss and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

Where the group acquires an additional shareholding or where it obtains significant influence such that an investment which was previously accounted for as an investment under IAS 39 is now deemed to be an associate undertaking, the group's previously held interest is re-measured to fair value through profit or loss for the period. The cost of the associate is determined as the fair value of the original investment plus the fair value of any additional consideration given to achieve significant influence.

Goodwill arising on acquisition is included in the carrying amount of the investment and is treated in accordance with the group's accounting policy for goodwill.

Dividends from associates and joint ventures are included in the carrying value of the investment.

Where the group's share of losses of associates and joint ventures exceeds the carrying amount of the group's net investment in the associate and joint venture the investment is carried at nil.

Additional losses are only recognised to the extent that the group has incurred obligations or made payments on behalf of the associate or joint venture.

Unrealised gains arising from transactions with associates and joint ventures are eliminated to the extent of the group's interest in these enterprises. Unrealised losses are eliminated in the same way except that they are only eliminated to the extent that there is no evidence of impairment.

(c) Jointly controlled assets

In respect of its interest in jointly controlled assets, the group recognises in its financial statements:

- its share of the jointly controlled assets, classified according to the nature of the assets;
- any liabilities that it has incurred;

- its share of any liabilities incurred jointly with the other venture's in relation to the joint venture;
- any income from the sale or use of its share of the output of the joint venture, together with its share of any expenses incurred by the joint venture; and
- any expenses that it has incurred in respect of its interest in the joint venture.

1.2 Financial instruments

Financial Instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial instruments are recognised in the statement of financial position when the group becomes party to the contractual provisions of the instrument. Any gains or losses on these instruments do not affect distributable earnings.

The group de-recognises a financial asset when the contractual rights to the cash flows from the assets expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the group is recognised as a separate asset or liability. Regular way purchases and sales of financial assets are accounted for at trade date, i.e. the date that the group commits itself to purchase or sell the asset.

The group de-recognises a financial liability when the group's obligations specified in the contract expire or are discharged or cancelled.

Financial assets and liabilities are initially measured at fair value including transaction costs (other than financial instruments classified as fair value through profit or loss where the transaction costs incurred are immediately expensed in profit or loss). Subsequent to initial recognition, these instruments are measured as follows:

Financial assets

- Listed securities are measured at fair value through profit or loss, less the accrual for distributions receivable which is included in current assets;
- Listed security income receivables are measured at amortised cost using the effective interest rate method less accumulated impairments;
- Loans receivable are measured at amortised cost using the effective interest rate method less any accumulated impairments;
- Other financial assets are measured at fair value through profit or loss;
- Trade and other receivables are stated at amortised cost using the effective interest rate method less any accumulated impairments;
- Cash and cash equivalents are measured at amortised cost using the effective interest rate method; and
- Guarantee fees receivable are measured at amortised cost using the effective interest rate method less any accumulated impairments.

Financial liabilities

- Debenture capital is considered as a financial liability and is recognised at amortised cost using the effective interest rate method (see linked units below);
- Interest-bearing borrowings are recognised at amortised cost using the effective interest rate method;
- Interest rate swaps are held-for-trading financial instruments measured at fair value through profit or loss (see derivative financial instruments below);
- Financial guarantee contracts are measured at the higher of fair value or the amount initially recognised less accumulated amounts recorded as income to date;
- Trade and other payables are stated at amortised cost using the effective interest rate method; and
- Linked unit holders for distribution are measured at amortised cost using the effective interest rate method.

Linked units

Each and every ordinary share issued is irrevocably linked to a debenture. The debentures are redeemable at the option of the holder and accrue interest half yearly. As a result of this contractual obligation to deliver cash the group classifies the debentures issued as a liability, and the interest that accrues as an interest expense through profit or loss. The debentures issued are initially recognised at fair value. As mentioned above, debenture capital is subsequently carried at amortised cost using the effective interest rate method.

For all financial instruments carried at amortised cost using the effective interest rate method, where the effects of discounting are not considered to be material, these instruments are not discounted as their carrying values approximate their amortised cost values.

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the group has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The group assesses all receivables held at amortised cost for impairment at each financial year-end. An impairment loss is calculated as the difference between the asset's carrying value and the present value of the estimated future cash inflows discounted at the asset's original effective interest rate. Impairment losses are recognised in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of the impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

1.3 Investment properties

Investment properties, both freehold and leasehold, are properties held for the purpose of earning rental income and for capital appreciation. Investment properties are initially recorded at cost and include transaction costs on acquisition. Subsequent expenditure to add to or to replace a part of the property is capitalised at cost. The carrying amount of any replaced part is written off to profit or loss when replaced.

Leasehold properties that are leased out to tenants under operating leases are classified as investment properties as appropriate, and included in the statement of financial position at fair value. Land interests held under an operating lease are classified and accounted for as investment property on a property by property basis when they are held to earn rentals or for capital appreciation on both the land and the property. Any such property interest under an operating lease classified as investment property is carried at fair value.

Tenant installations and lease commissions are carried at cost less accumulated amortisation. Amortisation is provided to write down the cost, less residual value, by equal instalments over the period of the lease.

Investment properties are valued annually and adjusted to fair value as at the reporting date.

The portfolio is valued annually. For the purposes of the independent valuation at 31 August 2012, all properties above R20 million were valued. Independent valuations were also obtained for a portion of the properties under R20 million. Properties under R20 million are valued externally on a three-year rotational basis.

Any gain or loss arising from a change in the fair value of the investment property is included in profit or loss for the period to which it relates. Changes in fair value are excluded from the calculation of distributable earnings.

Gains and losses on the disposal of investment properties are recognised in profit or loss and are calculated as the difference between the sale price and the carrying value of the property.

1.4 Properties under development

Properties under development comprises the costs of the land and development and is stated at fair value. If the fair value cannot be reasonably determined it is stated at cost and is not depreciated. Investment property acquired that requires development is transferred from investment properties to properties under development when development commences. On completion of the development these properties will become part of investment properties.

1.5 Goodwill

Goodwill arises on the acquisition of a business and represents the excess of the cost of the acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. Negative goodwill is recognised immediately in profit or loss.

Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

1.6 Intangible assets

Intangible assets with an indefinite useful life are stated at cost less accumulated impairment losses. These intangible assets are tested for impairment annually by comparing the recoverable amount with its carrying amount. Useful life is reviewed at each period-end to determine whether events and circumstances continue to support an indefinite useful life assessment. If they do not, the change in useful life assessment from indefinite to finite is accounted for as a change in estimate.

Intangible assets with finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of the assets. Assets are amortised to their residual values. The amortisation methods, residual values as well as useful lives are reviewed at each period-end and adjusted if necessary.

The estimated useful lives of the right to manage property assets are 15 years.

1.7 Property, plant and equipment

Land and buildings are shown at fair value based on periodic valuations less subsequent depreciation. Any gain or loss arising from a change in fair value is accounted for directly in other comprehensive income.

All other plant and equipment are recorded at cost less depreciation and impairment.

Property, plant and equipment are depreciated on a straight-line basis over the current useful lives of the assets. The estimated useful lives of the assets are:

Computer hardware	5-6 years
Computer software	3 years
Furniture and fittings and office equipment	3 years
Motor vehicles	5 years
Buildings	50 years

Land is not depreciated as it is deemed to have an indefinite life.

The useful lives, depreciation methods and residual values are assessed at each financial period-end and adjusted accordingly.

Subsequent expenditure is capitalised when it is probable that future economic benefits will flow to the group and its cost can be reliably measured. All other expenditure is recognised as an expense in the period in which it is incurred.

Gains and losses on the disposal of property, plant and equipment are recognised in profit or loss and are calculated as the difference between the sales price and the carrying value of the item of property, plant and equipment sold.

1.8 Impairment of non-financial assets

The carrying value of assets is reviewed for impairment at each reporting date. Assets are impaired when events or changes in circumstances indicate that the carrying values may not be recoverable.

If such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amounts.

Recoverable amount is determined as the higher of fair value less costs to sell or value in use. Where it is not possible to estimate the recoverable amount for an individual asset, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing the value in use, the estimated cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, goodwill is allocated to the cash-generating unit expected to benefit from the synergies of the business combination.

Impairment losses and the reversal of impairment losses are recognised in profit or loss other than those relating to revalued assets, in which case the impairment or reversal of impairment is accounted for as a revaluation decrease or increase respectively. In the case of a cash-generating unit, an impairment is first allocated to goodwill and then to the other assets in the cash-generating unit on a pro rata basis. Impairments to goodwill are not subsequently reversed. An impairment loss is only reversed if there is an indication that the impairment loss no longer exists and the recoverable amount increases as a result of a change in estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior years.

1.9 Properties held for trading

Properties held for trading comprise properties acquired as well as properties developed with the intention of disposing for a profit, and are recorded at the lower of cost and net realisable value.

Costs include all costs of purchase, transaction costs, costs of conversion and other costs incurred in bringing the properties to their present condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of selling.

1.10 Non-current assets held-for-sale and disposal groups

A non-current asset or a disposal group comprising assets and liabilities is classified as held-for-sale if it is expected that its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and the sale is highly probable to occur within one year. For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset or disposal group.

Where the group is committed to a sale plan involving the loss of control of a subsidiary it classifies all the assets and liabilities of that subsidiary as held-for-sale when the criteria set out above and detailed in IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are met, regardless of whether the group will retain a non-controlling interest in its former subsidiary after the sale.

On initial classification as held-for-sale, generally, non-current assets and disposal groups are measured at the lower of the previous carrying amount and fair value less costs to sell, with any adjustments taken to profit or loss (or other comprehensive income in the case of a revalued asset). The same applies to gains and losses on subsequent re-measurement. However, certain items such as financial assets within the scope of IAS 39 and investment property within the scope of IAS 40 continue to be measured in accordance with those standards.

Impairment losses subsequent to classification of assets as held-for-sale are recognised in profit or loss.

Increases in fair value less costs to sell assets that have been classified as held-for-sale are recognised in profit or loss to the extent that the increase is not in excess of any cumulative impairment loss previously recognised in respect of the asset. Assets classified as held-for-sale are not depreciated.

Gains and losses on re-measurement and impairment losses subsequent to classification as disposal groups and non-current assets held for sale are shown within continuing operations in profit or loss, unless they qualify as discontinued operations.

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

1.11 Share capital and share premium

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares are shown as a deduction from equity.

1.12 Treasury linked units

Where a subsidiary company holds linked units in the holding company, the consideration paid to acquire these units is deducted from linked unitholders' equity as treasury stock. When these units are sold or reissued, any consideration received is included in linked unitholders' equity.

1.13 Provisions

Provisions are recognised when there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Such provisions are calculated on a discounted basis where the effect is material to the original undiscounted provision. The rate applied is a market-related rate adjusted for the risks associated with the obligation. The carrying amount of the provision increases in each period to reflect the passage of time and the unwinding of the discount and the movement is recognised in profit or loss within interest costs. Provisions are not recognised for future operating losses however provisions are recognised for onerous contracts where a contract is expected to be loss making (and not merely less profitable than expected).

1.14 Revenue recognition

1.14.1 Property portfolio revenue

Property portfolio revenue comprises operating lease income and operating cost recoveries from the letting of investment properties. Operating lease income is recognised on a straight-line basis over the term of the lease.

Contingent rents (turnover rentals) are included in revenue when the amounts can be reliably measured. Premiums to terminate leases are recognised in profit or loss as they arise.

1.14.2 Listed securities revenue

Distributions from listed securities are recognised on a time apportionment basis over the effective holding period.

1.14.3 Property trading income

Property trading income represents income from development units sold and is recognised once:

- The risks and rewards of ownership have transferred;

- The group no longer has managerial involvement;
- The amount of revenue and costs can be measured reliably; and
- It is probable that the economic benefits from the sale will flow.

1.14.4 Interest received

Interest earned on cash invested with financial institutions is recognised on an accrual basis using the effective interest method. Where Redefine issues linked units at a market price that includes accrued interest, the accrued interest portion of the price is included in interest received as antecedent divestiture of distribution.

1.14.5 Hotel revenue

Hotel revenue is recognised when rooms are occupied and hotel-related services are rendered.

1.14.6 Fee income

Fee income is recognised on an accrual basis in accordance with the substance of the relevant agreements and measured at fair value of the consideration receivable.

1.15 Employee benefits

1.15.1 Short-term benefits

The cost of the short-term employee benefits is recognised during the period in which the employees render the related service. Short-term employee benefits are measured on an undiscounted basis. The accrual for employee entitlements to salaries, bonuses and annual leave represents the amount which the group has a present legal or constructive obligation to pay as a result of the employees' services provided up to the reporting date.

1.15.2 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the group pays fixed contributions to a separate entity and will have no legal or constructive obligation to pay further amounts if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

1.15.3 Share appreciation scheme

The group operates a cash-settled share appreciation scheme which is recognised at fair value in the statement of financial position over the vesting period up to and including settlement date with a corresponding charge to profit or loss. The liability is re-measured at each reporting date, using the Black Scholes model to reflect the revised fair value adjusted for changes in assumptions. Changes in the fair value are recognised in profit or loss.

1.16 Borrowing costs

Borrowing costs that are directly attributable to the development or acquisition of qualifying assets are capitalised to the cost of that asset until such time as it is substantially ready for its intended use.

The capitalisation rate is arrived at by reference to the actual rate payable on borrowings for development purposes; or with regard to that part of the development cost financed out of general funds, to the average rate.

All other borrowing costs are expensed in the period in which they are incurred.

1.17 Foreign currency

1.17.1 Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit or loss. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at the foreign exchange rates ruling on the dates that the values are determined.

1.17.2 Foreign operations

Exchange differences arising from the translation of the net investment in foreign operations are taken to the foreign currency translation reserve (FCTR). They are released into the profit or loss upon disposal. On consolidation, the statement of financial position of foreign subsidiaries is translated at the closing rate and the statement of comprehensive income is translated at the average rate for the period. Differences arising are taken to the FCTR.

The movement in the FCTR during the reporting period is accounted for in other comprehensive income.

1.18 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case it is recognised in equity or other comprehensive income respectively.

The charge for current tax is based on the results for the period as adjusted for items which are non-assessable or disallowed and any tax payable in respect of previous years. It is calculated using rates that have been enacted or substantially enacted by the reporting date.

Deferred income tax is provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises:

- from the initial recognition of goodwill in a business combination; or
- from the initial recognition of other assets and liabilities in a transaction which is not a business combination and affects neither accounting profit nor taxable income; or
- differences related to investments in subsidiaries and jointly ventures to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability settled. Deferred tax on the fair value adjustment on investment properties and listed securities has been provided at the capital gains taxation rate based on the manner in which each asset is expected to be realised.

Deferred tax adjustments are recognised in profit or loss.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities and they relate to income tax levied by the same authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

1.19 Operating segments

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components. An operating segment's operating results are reviewed regularly by the group's executive committee to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

1.20 Leases

Group as a lessee

Where the group leases property and has substantially all the risks and rewards of ownership, the leases are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in interest-bearing liabilities. The interest element of the finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The properties acquired under finance leases are recognised at fair value in terms of IAS 40 and are not depreciated.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

Group as a lessor

Properties leased to third parties under operating leases are included in investment property in the statement of financial position. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term. This does not affect distributable earnings.

1.21 Earnings, headline earnings and distributable earnings per share

Earnings per share is calculated on the weighted average number of shares in issue, net of treasury shares, in respect of the year and is based on profit attributable to unitholders. Headline earnings per share are calculated in terms of the requirements set out in Circular 3/2009 issued by SAICA.

1.22 Key estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect amounts reported in the financial statements. Actual results may differ from these estimates. Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which they were revised and in any future periods affected. Information on key estimates and assumptions which have the most significant effect on the financial statements are set out in the following notes in the financial statements:

- Fair value of financial instruments – All financial instruments, regardless of their IAS 39 categorisation, are initially recorded at fair value [adjusted for transaction costs for all those financial instruments other than those classified as at fair value through profit or loss]. The fair value of a financial instrument on initial recognition is normally the transaction price, that is the fair value of the consideration paid or received. Subsequent to initial recognition, the fair values of financial instruments measured at fair value that are quoted in active markets are based on bid prices for the assets. When quoted prices are not available, fair values are determined by using valuation techniques that refer as far as possible to observable market data. These include comparison with similar instruments where market observable prices exist. The carrying values of all financial instruments approximate their fair values. In the case of short-term and trade receivables, the impact of discounting is not material and the carrying amount therefore approximates fair value. The judgement as to whether a market is active may include, for example, consideration of factors such as the magnitude and frequency of trading activity, the availability of prices and the size of bid/offer spreads. In inactive markets, obtaining assurance that the transaction price provides evidence of fair value or determining the adjustments to transaction prices that are necessary to measure the fair value of the asset or liability requires additional work during the valuation process. The majority of valuation techniques employ only observable market data, and so the reliability of the fair value measurement is high. However, certain financial assets and liabilities are valued on the basis of valuation techniques that feature one or more significant market inputs that are unobservable and, for them, the derivation of fair value is more judgemental. A financial asset or liability in its entirety is classified as valued using significant unobservable inputs if a significant proportion of that asset or liability's carrying amount is driven by unobservable inputs. In this context, 'unobservable' means that there is little or no current market data available for which to determine the price at which an arm's length transaction is likely to occur. It generally does not mean that there is no market data available at all upon which to base a determination of fair value. Furthermore, in some cases the majority of the fair value derived from a valuation technique with significant unobservable inputs may be attributable to observable inputs. For more information refer to note 40.4
- Goodwill – Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the group to estimate the future cash flows expected to arise from the cash-generating unit at a suitable discount rate in order to calculate the present value – refer note 6 for further information.
- Investment properties – The portfolio is valued annually. For the purposes of the independent valuation at 31 August 2012, all properties above R20 million were valued. Independent valuations were also obtained for a portion of the properties under R20 million. Properties under R20 million are valued externally on a three-year rotational basis. By obtaining external valuations from accredited valuators for the majority of the portfolio, management is of the opinion that the risk relating to estimation uncertainty has been mitigated. Refer to note 1.3 and note 2 for further information.
- Property, plant and equipment – the determination of the useful life and residual values of property, plant and equipment is subject to management estimation. The group regularly reviews all of its depreciation rates and residual values to take account of any changes in circumstances, and any changes that could affect prospective depreciation charges and asset carrying values – refer to note 12 for more information.
- Trade and other receivables – allowance for doubtful debts – The group assesses its doubtful debt allowance at each reporting date. Key assumptions applied are the estimated recovery rates and future market conditions that could affect recovery. For more detail on the allowance please see note 40.1 credit risk management for more information.

- Deferred taxation – Deferred tax assets are raised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. Assessment of future taxable profit is performed at every reporting date, in the form of future cash flows using a suitable growth rate. Refer note 24 for more detail on deferred taxation.
- Taxation – note 32. The group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which the determination is made.
- Business combinations – On the acquisition of a company or a business, a determination of the fair value and useful life of intangible assets acquired is performed, which requires the application of management judgement. Future events could cause the assumptions used by the group to change which would have a significant impact on the results and net position of the group. Refer to note 7 for more detail on intangible assets.
- Business combination versus asset acquisition – The directors have assessed the properties acquired and have concluded that in their view these acquisitions are property acquisition in terms of IAS 40 and are therefore accounted for in terms of that standard. In the opinion of the directors these properties did not constitute a business as defined in terms of IFRS 3, as there were not adequate processes identified within these properties to warrant classification as businesses.

1.23 Standards and interpretations applicable not yet effective

There are new or revised Accounting Standards and Interpretations in issue that are not yet effective. These include the following Standards and Interpretations that are material to the business of the group and may have an impact on future financial statements, or those for which the impact has not as yet been assessed.

Amendments to IAS 1 *Presentation of Items in Other Comprehensive Income*

The amendments to IAS 1 require companies preparing financial statements in accordance with IFRSs to group together items within other comprehensive income that may be reclassified to profit or loss. The amendments also reaffirm existing requirements that items in other comprehensive income and profit or loss should be presented as either a single statement or two consecutive statements. The amendment will be adopted by the group for the first time for its financial reporting period ending 31 August 2013 and will be applied retrospectively.

IAS 32 *Financial Instruments – Presentation (amendments)*

IAS 32 (amended) will be adopted by the group for the first time for its financial reporting period ending 31 August 2015. The amendment will be applied retrospectively. The amendments clarify that an entity currently has a legally enforceable right to set off if that right is not contingent on a future event, and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. The amendments further clarify that gross settlement is equivalent to net settlement if, and only if, the gross settlement mechanism has features that eliminate or result in insignificant credit and liquidity risk, and process receivables and payables in a single settlement process or cycle.

The impact on the financial statements for the group has not yet been determined.

IFRS 7 *Financial Instruments – Disclosures (amendments)*

IFRS 7 (amended) will be adopted by the group for the first time for its financial reporting period ending 31 August 2014. The amendment will be applied retrospectively.

The amendments include minimum disclosure requirements related to financial assets and financial liabilities that are offset in the statement of financial position, or subject to enforceable master netting arrangements or similar agreements. They include a tabular reconciliation of gross and net amounts of financial assets and financial liabilities, separately showing amounts offset and not offset in the statement of financial position.

The impact on the financial statements for the group has not yet been determined.

IFRS 9 *Financial Instruments*
IFRS 9 will be adopted by the group for the first time for its financial reporting period ending 31 August 2016.The standard will be applied retrospectively, subject to transitional provisions.

IFRS 9 addresses the following and will replace the relevant sections of IAS 39:
- The classification and measurement of financial assets
- The classification and measurement of financial liabilities
- The de-recognition of financial assets and liabilities.

Under IFRS 9 there are two options in respect of the classification of financial assets, namely, financial assets measured at amortised cost or at fair value. Financial assets are measured at amortised cost when the business model is to hold assets in order to collect contractual cash flows and when they give rise to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets are measured at fair value.

Embedded derivatives are no longer separated from hybrid contracts that have a financial asset host.

IFRS 9 has retained in general the requirements of IAS 39 for financial liabilities, except for the following two aspects:
- Fair value changes for financial liabilities (other than financial guarantees and loan commitments) designated at fair value through profit or loss, that are attributable to the changes in the credit risk of the liability, will be presented in other comprehensive income. The remaining amount of the fair value change is recognised in profit or loss. However, if this requirement creates or enlarges an accounting mismatch in profit or loss, then the whole fair value change is presented in profit or loss. The determination as to whether such presentation would create or enlarge an accounting mismatch is made on initial recognition and is not subsequently reassessed.
- Derivative liabilities that are linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured, are measured at fair value.

IFRS 9 incorporates the guidance in IAS 39 dealing with fair value measurement and accounting for derivatives embedded in a host contract that is not a financial asset, as well as the requirements of IFRIC 9 *Reassessment of Embedded Derivatives.*

The impact on the financial statements for the group has not yet been estimated as the standard is not yet finalised.

IFRS 10 *Consolidated Financial Statements*
IFRS 10 will be adopted by the group for the first time for its financial reporting period ending 31 August 2014. The standard will be applied retrospectively, subject to transitional provisions.

IFRS 10 introduces a single model to assess control for all investees. The standard will replace the current guidance in IAS 27 and SIC 12.

IFRS 10 states that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

IFRS 10 has introduced a model that will require increased judgement for the group in determining if it controls an investee.

Other key changes include:
- De facto control is taken into account to determine if the investor has control over the investee.
- Substantive voting rights are used to establish if the investor controls the investee, as opposed to the current guidance in IAS 27 that requires that current exercisable potential voting rights are taken into account. The impact on the financial statements for the group has not yet been estimated.

IFRS 11 *Joint Arrangements*

IFRS 11 will be adopted by the group for the first time for its financial reporting period ending 31 August 2014. The standard will be applied retrospectively, subject to transitional provisions. IFRS 11 requires that joint arrangements be accounted for as follows:

- Joint operations that include operations that do not have a separate vehicle, or are established in a separate vehicle (i.e. jointly controlled entity) but are overcome by form or contract, will be accounted for using line-by-line accounting for the underlying assets and liabilities.
- Joint ventures that are separate vehicles (i.e. jointly controlled entities) are now required to apply equity accounting.

The impact on the financial statements for the group is likely to be only on additional disclosures as the current accounting policy is already in line with the above.

IFRS 12 *Disclosure of Interests in Other Entities*

IFRS 12 will be adopted by the group for the first time for its financial reporting period ending 31 August 2014. The standard will be applied retrospectively, subject to transitional provisions.

IFRS 12 introduces a single standard for disclosure requirements in subsidiaries, joint arrangements, associates and unconsolidated structured entities.

Structured entities are entities that are designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. The disclosure requirements encompass risk exposures for the sponsor of such an entity even if it no longer has any contractual involvement.

IFRS 12 expands the disclosure requirements for these entities with the aim to enable the users to evaluate:

- the nature of, and risks associated with an entity's interests in other entities
- the effects of those interests on the entity's financial position, financial performance and cash flows.

The impact on the financial statements for the group has not yet been determined.

IFRS 13 *Fair Value Measurement*

IFRS 13 will be adopted by the group for the first time for its financial reporting period ending 31 August 2014. The standard will be applied prospectively with no requirement to apply the requirements of IFRS 13 in the comparative period. IFRS 13 introduces a single source of guidance for fair value measurements and:

- defines fair value
- establishes a framework for fair value measurements
- sets out disclosure requirements for fair value measurements.

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, i.e. an exit price.

The fair value hierarchy disclosures (introduced in IFRS 7 for financial instruments) are extended to non-financial assets and liabilities measured at fair value. This disclosure is also required for non-recurring fair value measurements.

The impact on the financial statements for the group has not yet been estimated.

		GROUP		COMPANY	
		2012 R000	2011 R000	**2012 R000**	2011 R000
2.	**Investment properties**				
2.1	**Net carrying value**				
	Cost	**22 761 632**	20 913 007	**13 073 645**	9 894 248
	Fair value surplus	**5 992 949**	6 862 318	**7 230 795**	6 594 383
	Balance at end of year	**28 754 581**	27 775 325	**20 304 440**	16 488 631
2.2	**Movement for the year**				
	Investment properties at beginning of year	**27 775 325**	20 553 136	**16 488 631**	304 490
	On acquisition of subsidiaries	**–**	27 432	**–**	–
	Additions at cost	**3 084 457**	3 445 922	**3 021 416**	1 000 605
	Impact of reverse acquisition	**–**	6 300 944	**–**	–
	Arising on group restructure	**–**	–	**–**	17 892 225
	Recognition of finance leases	**–**	112 539	**–**	–
	Disposals at fair value	**(846 021)**	(634 514)	**(248 346)**	(634 514)
	Change in fair value	**(869 369)**	344 464	**636 413**	394 932
	Tenant installations and lease commissions	**(46 577)**	1 697	**(46 577)**	1 697
	– Capitalised	**14 457**	78 431	**14 457**	78 431
	– Amortised	**(61 034)**	(76 734)	**(61 034)**	(76 734)
	Transferred to/(from) properties under development (note 4)	**202 286**	(119 219)	**202 286**	(119 219)
	Transfer from non-current assets held-for-sale (note 17)	**332 843**	35 600	**332 843**	35 600
	Transfer to non-current assets held-for-sale (note 17)	**(2 411 049)**	(2 395 401)	**(125 102)**	(2 395 401)
	Straight-line rental income adjustment (note 3)	**42 876**	8 217	**42 876**	8 216
	Translation differences	**1 489 810**	94 508	**–**	–
	Balance at end of year	**28 754 581**	27 775 325	**20 304 440**	16 488 631
2.3	**Reconciliation to independent valuations**				
	Investment properties at valuation at end of year	**28 754 581**	27 775 325	**20 304 440**	16 488 631
	Straight-line rental income accrual (note 3)	**651 223**	694 099	**651 223**	694 099
	Independent valuations at 31 August	**29 405 804**	28 469 424	**20 955 663**	17 182 730

Full details of freehold and leasehold investment properties owned by the company are contained in a register of investment properties which is open for inspection by the unitholders at the registered office of the company.

2. Investment properties continued

2.3 Reconciliation to independent valuations continued

Valuations were obtained from the following valuers who are all registered valuers in terms of Section 19 of the Property Valuers Professional Act (Act No 47 of 2000):

South African Portfolio

Asset Valuation Services
DDP Valuers
Mills Fitchet Gauteng
Mills Fitchet KZN
Mills Fitchet Magnus Penny
Eris Property Group
Old Mutual Properties
Glenross
Alternative Real Estate

UK Portfolio

Savills Advisory Services Limited
BNP Paribas Real Estate Jersey
DTZ Eurexi
Jones Lange Lasalle
STZ Debenham Tie Leung

The remainder of the portfolio was valued by the directors. The majority of valuations were performed using the discounted cash flow methodology and the remaining properties were valued using the capitalisation method. Both methods used are based on an open-market basis with consideration given to the future earnings potential and applying an appropriate capitalisation rate and discount rate to a property.

Borrowing costs of R17,8 million (2011: R3,5 million) were capitalised to investment property using the average weighted cost of debt for the company.

First mortgage bonds have been registered over South African investment property (which includes investment property reclassified as held-for-sale), with a fair value of R16,4 billion (2011: R16,9 billion) as security for secured interest-bearing liabilities of R8 billion (2011: R8 billion).

First mortgage bonds have been registered over UK investment property (which includes investment property reclassified as held-for-sale), with a fair value of R9,9 billion as security for secured interest-bearing liabilities of R11,3 billion.

	GROUP		COMPANY	
	2012 R000	2011 R000	**2012 R000**	2011 R000
3. Straight-line rental income accrual				
Balance at beginning of year	**694 099**	702 316	**694 099**	2 107
Group restructure	**–**	–	**–**	700 209
Arising during the year (note 2)	**(42 876)**	(8 217)	**(42 876)**	(8 217)
Balance at end of year	**651 223**	694 099	**651 223**	694 099
4. Properties under development				
At cost				
At beginning of year	**378 559**	395 077	**180 971**	–
Arising on group restructure	**–**	–	**–**	61 752
Development costs	**223 631**	380	**223 383**	–
Change in fair value	**(95 908)**	(62 285)	**–**	–
Disposals	**–**	(75 383)	**–**	–
Transferred (to)/from investment properties (note 2)	**(202 286)**	119 219	**(202 286)**	119 219
Translation differences	**25 976**	1 551	**–**	–
Balance at end of year	**329 972**	378 559	**202 068**	180 971

		GROUP 2012 R000	GROUP 2011 R000	COMPANY 2012 R000	COMPANY 2011 R000
5.	**Listed securities portfolio**				
5.1	**At fair value**				
	Hyprop Investments Limited	**5 287 983**	4 122 626	**3 460 556**	4 122 626
	Oryx Properties Limited	**–**	155 731	**–**	155 731
	Dipula Income Fund	**–**	385 989	**–**	385 989
	Arrowhead Properties Limited – A units	**27 285**	–	**27 285**	–
	Arrowhead Properties Limited – B units	**23 772**	–	**23 772**	–
	Fountainhead Property Trust	**2 445**	–	**–**	–
	Cromwell Property Group	**–**	–	**298 561**	–
	Balance at end of year	**5 341 485**	4 664 346	**3 810 174**	4 664 346
5.2	**Movement for the year**				
	Balance at beginning of year	**4 664 346**	5 099 485	**4 664 346**	–
	Arising on group restructure	**–**	–	**–**	4 248 279
	Additions	**48 448**	360 219	**304 190**	360 219
	Disposals	**(447 768)**	(144 481)	**(1 252 703)**	(144 481)
	Arising on business combination	**2 322**	–	**–**	–
	Transfer to investment in associates	**–**	(962 548)	**–**	–
	Changes in fair values	**1 248 160**	314 999	**252 112**	200 329
	Transfer to non-current assets held for sale (note 17)	**(174 668)**	–	**(174 668)**	–
	Unbundling	**645**	–	**–**	–
	Translation differences	**–**	(3 328)	**16 897**	–
	Balance at end of year	**5 341 485**	4 664 346	**3 810 174**	4 664 346

				Number of units held	
5.3	**Details of listed securities**	Stock exchange	% held	**2012**	2011
	Hyprop Investments Limited ("Hyprop")	JSE	30,41	**73 937 121**	75 937 121
	Oryx Properties Limited ("Oryx")	NSX	–	**–**	14 554 269
	Dipula Income Fund ("Dipula")	JSE	–	**–**	66 549 872
	Arrowhead Properties Limited – A units	JSE	3,02	**4 134 212**	–
	Arrowhead Properties Limited – B units	JSE	3,02	**4 134 212**	–
	Fountainhead Property Trust	JSE	0,03	**291 720**	–

The investment in Oryx was transferred to non-current assets held-for-sale during the year as the directors have decided that it will be recovered through sale rather than through use.

In line with the group's strategy to exit non-core listed security investments Redefine disposed of its stake in Dipula during the year.

Hyprop (and in the prior year Dipula and Oryx) have not been accounted as investments in associates even though Redefine held more than 20% of the voting rights in those entities. In assessing all the relevant factors that determined whether an entity has significant influence over another, management had concluded that they did not have significant influence over these entities and consequently they were accounted for as equity investments held at fair value though profit or loss.

The factors considered include the fact that the group's investments in property loan stock companies could be considered to be similar to a mutual fund or unit trust arrangement and that any representation on the board of directors is considered to be in a protective as opposed to a participative role.

The fair values of these investments are based on the closing price on the JSE at 31 August 2012, less an accrual for distributions, included separately on the statement of financial position as listed security income receivable.

Listed securities to the value of R4,1 billion have been encumbered as set out in note 20.

	GROUP 2012 R000	GROUP 2011 R000

6. Goodwill

	2012 R000	2011 R000
Reconciliation of goodwill		
Balance at beginning of year	**2 570 534**	3 304 985
Acquired through business combinations (note 36)	**183 437**	–
Impairment	**–**	(654 940)
Reclassification	**–**	(79 511)
Balance at end of year	**2 753 971**	2 570 534
For the purpose of annual impairment testing, goodwill is allocated to the following cash-generating units expected to benefit from the synergies of the business combination in which the goodwill arises:		
– ApexHi, Ambit and Madison	**2 570 534**	2 570 534
– Fountainhead Property Trust Management Limited and Evening Star 768 Trading (Proprietary) Limited (Fountainhead Manco)	**183 437**	–
	2 753 971	2 570 534

Discounted cash flow valuations, used in the impairment test, are based on the cash flow forecasts in respect of the continuing use of the cash-generating unit, discounted at the 30-day yield of 7,5% (2011: 8,2%).

The following key assumptions were used in calculating the cash flow forecasts used in the impairment test.

ApexHi, Ambit and Madison

– distribution generated by the South African portfolio of 57,7 cents;
– growth rate of between 5,5% and 7,0%; and
– a yield of 7,5%.

Fountainhead Manco

– vacancy rates of 6%;
– asset management fees will increase by an average annual amount of 4,6% based on Fountainhead Property Trust enterprise value;
– average rental increases of 4%;
– operating expenses will increase by 9%
– all profits will be distributed and thus no normal tax is payable; and
– a discount rate of 14,25%.

The goodwill relating to Redefine International Holdings Limited (RIHL) was impaired during the 2011 financial year.

7. Intangibles

7.1 Carrying amount

	2012 R000	2011 R000
The right to manage property – Redefine	**754 268**	817 124
– Cost	**942 835**	942 835
– Amortisation	**(188 567)**	(125 711)
The right to manage property – Fountainhead	**655 133**	–
Management contract – RI	**495 962**	461 951
– Cost	**615 683**	529 632
– Amortisation	**(119 721)**	(67 681)
Balance at end of year	**1 905 363**	1 279 075

		GROUP 2012 R000	GROUP 2011 R000
7.	**Intangibles** continued		
7.2	**Movement for the year**		
	Balance at beginning of year	**1 279 075**	1 377 825
	Impact of reverse acquisition	**–**	180
	Amortisation	**(101 105)**	(96 808)
	Arising on business combination (note 36)	**655 133**	–
	Impairment	**–**	(6 547)
	Translation differences	**72 260**	4 425
	Balance at end of year	**1 905 363**	1 279 075

The right to manage property – Redefine arose on the business combination of ApexHi, Ambit and Madison on 1 July 2009. The remaining amortisation period is 142 months (2011: 154 months).

The management contract for RI arose on the business combination of RIFM on 1 October 2009. The remaining amortisation period is 146 months (2011: 158 months).

The right to manage property – Fountainhead was acquired in terms of the business combination with Fountainhead ManCo and Evening Star on 1 August 2012 (refer to note 36). In terms of the Fountainhead Property Trust trust deed, this results in a perpetual right to manage property and as such this has not been amortised.

The group tests intangibles with an indefinite useful life annually for impairments.

The following key assumptions were used in calculating the value in use of the right to manage property – Fountainhead:
- vacancy rates of 6%;
- asset management fees will increase by an average annual amount of 4,6% based on Fountainhead – Property Trust enterprise value;
- average rental increases of 4%;
- operating expenses will increase by 9%;
- all profits will be distributed and thus no normal tax is payable; and
- a discount rate of 14,25%.

		GROUP 2012 R000	GROUP 2011 R000
8.	**Investments in associates and joint ventures**		
8.1	**Carrying amount**		
	Joint ventures (note 8.4)	**28 915**	30 687
	– Gross consideration	**110 067**	88 092
	– Dividend paid	**(5 622)**	(5 622)
	– Share of equity accounted results	**(68 181)**	(45 234)
	– Translation differences	**(7 349)**	(6 549)
	Associate – Cromwell Property Group (note 8.5)	**1 934 135**	1 206 039
	– Gross consideration	**1 722 707**	1 152 066
	– Dividend paid	**(205 889)**	(49 704)
	– Share of equity accounted results	**156 298**	29 098
	– Translation differences	**261 019**	74 579
	Balance at end of year	**1 963 050**	1 236 726

		GROUP	
		2012 **R000**	2011 R000
8.	**Investments in associates and joint ventures** continued		
8.2	**Movement for the year**		
	Balance at beginning of year	**1 236 726**	346 227
	Transferred from listed securities	**–**	962 548
	Acquisitions	**592 616**	214 140
	Equity accounted results for the year	**105 629**	(19 988)
	Share of distributable profit/(losses)	**181 025**	(15 938)
	Fair value adjustments (net of deferred tax)	**(75 396)**	(4 050)
	Loans repaid	**–**	(96 240)
	Translation differences	**185 641**	73 976
	Disposal	**–**	(10 111)
	Deemed disposal on associate becoming a subsidiary (note 8.6)	**(1 378)**	(167 503)
	Dividend paid	**(156 184)**	(66 323)
	Balance at end of year	**1 963 050**	1 236 726
8.3	**Group's share of post-acquisition reserves**		
	Fair valuation reserves		
	Share of reserves at beginning of year	**–**	31 494
	Share of loss for the year	**(75 396)**	(4 050)
	Disposal	**–**	(27 444)
	Share of fair valuation reserves at end of year	**(75 396)**	–
	Accumulated profit/(loss)		
	Share of reserves at beginning of year	**(16 134)**	(80 396)
	Share of profit/(loss) for the year	**181 025**	(15 938)
	Disposal	**–**	17 334
	Deemed disposal on associate becoming a subsidiary	**(1 378)**	62 866
	Share of accumulated profit/(loss) at end of year	**163 513**	(16 134)
	Total post-acquisition reserves	**88 117**	(16 134)

8.4 Joint ventures

The group's investments in jointly controlled entities currently consist of the following:
- 50% in Pearl House Swansea Limited, a jointly controlled entity with Sandgate Properties Limited;
- 50% in Swansea Estates Limited, a jointly controlled entity with Sandgate Properties Limited;
- 50% in Ciref NEPI Holdings Limited, a joint venture with New Europe Property Investments;
- 50% in 26 The Esplanade No 1 Limited, a joint venture with Rimstone Limited;
- 50% in Ciref Crawley Limited, a joint venture with Graymont Limited;
- 50% in Redefine Wigan Limited, a jointly controlled entity with Sandgate Properties Limited;
- 50% in CIREF Coventry Limited, a jointly controlled entity with Sandgate Properties Limited; and
- 50,5% interest in RI Menora German Holdings S.a.r.l, a joint venture with Menora Mivtachim.

8.5 Cromwell Property Group

Cromwell Property Group is a property investment company listed on the Australian Stock Exchange.

The closing price of Cromwell on 31 August 2012 was 75 (2011: 72) Australian cents per security and the total fair value of shares held is AUD 237,1 million (R2,07 billion) (2011: AUD 115,7 million (R1,18 billion)) at the period-end.

An impairment test was performed using the fair value (as quoted on the Australian Stock Exchange). As the fair value exceeds the carrying value no impairment was necessary.

8. Investments in associates and joint ventures continued

8.5 Cromwell Property Group continued

The Redefine Group held 316 169 013 (27,0%) of the issued linked units at 31 August 2012.

There are no restrictions on the ability of Cromwell to transfer funds to its unitholders in the form of cash, distributions and loan repayments.

The group's holding in Cromwell increased to 27,3% post year-end.

With effect from 4 March 2011 the group's shareholding in Cromwell was reclassified from the listed security portfolio to an investment in associate.

8.6 Deemed disposal on associate becoming a subsidiary

In the previous year the group's shareholding of 27,73% in Wichford (Wichford P.L.C.) was cancelled and deemed to be disposed of as a result of the reverse acquisition. Refer to note 36.

In the current year Redefine International Fund Managers (RIFM) increased its shareholding in Redefine Retail Management Limited from 50% to 100% with effect from 1 March 2012.

8.7 Summarised financial statements

The following are the summarised statements of financial position and statements of profit or loss of the associated companies:

	Assets R000	Liabilities R000	Revenues R000	Profit /(loss) R000
2012				
Cromwell Property Group	**16 022 902**	**9 143 335**	**1 531 821**	**189 135**
Joint ventures	**2 595 449**	**3 838 730**	**240 409**	**(288 032)**
	18 618 351	**12 982 065**	**1 772 230**	**(98 897)**
2011				
Cromwell Property Group	17 736 058	9 611 768	2 016 068	976 061
Joint ventures	1 871 112	2 795 527	143 980	(25 548)
	19 607 170	12 407 295	2 160 048	950 513

	GROUP 2012 R000	GROUP 2011 R000	COMPANY 2012 R000	COMPANY 2011 R000
9. Loans receivable				
Aengus Lifestyle Properties (Proprietary) Limited	**–**	51 210	**–**	51 210
The loan was repaid during the current year.				
In the prior year the loan bore interest at 14,58% per annum and was repayable on 29 February 2012.				
The loan was secured by a mortgage bond over an investment property valued at R52 million.				
The Nest Trust	**–**	18 808	**–**	18 808
The loan was repaid during the current year.				
In the prior year interest was charged at prime on the first R4,2 million and at prime plus 3% on amounts in excess of R4,2 million.				

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	R000	R000	**R000**	R000
9. Loans receivable continued				
Josdel 137 (Proprietary) Limited	**–**	–	**–**	20 912
The loan was written off during the current financial year.				
In the prior year the loan was unsecured and interest was charged at the prime rate.				
Eagle Creek Investments 40 (Proprietary) Limited	**–**	292	**–**	292
The loan was repaid during the current year.				
In the prior year the loan was unsecured and bore interest at the prime lending rate plus 3%.				
Schroders (C.I.) Limited	**–**	5 349	**–**	–
In the prior year the loan was represented by security deposits with banks.				
The security deposits bore interest at 6,725% per annum.				
Corovest Mezzanine Capital Limited	**1 425 183**	1 285 770	**–**	–
The loans are secured, bear interest at rates between 10% and 12% per annum.				
Maturity was between one and three years however repayment is not expected within the next 12 months.				
Pearl House Swansea Limited	**992**	1 337	**–**	–
The loan is unsecured and bears interest at rates between 0% and 7% per annum.				
The loan is repayable on demand but the expectation is that the term will be greater than 12 months.				
Swish Property Sixteen (Pty) Limited	**12 546**	11 570	**12 546**	11 570
The loan bears interest at 1,5% below prime per annum.				
The loan is repayable on 25 May 2013.				
Secured by second mortgage bond over investment property.				
Arrowcreek Investments 227 (Pty) Limited	**100 000**	–	**100 000**	–
The loan bears interest at the prime rate plus 1,25% per annum.				
The loan is repayable as follows: R80 million on the 29 June 2014 and R20 million on 28 August 2014.				
Secured by second mortgage bond over investment properties and by a first mortgage bond over the Upper East Side Hotel.				

		GROUP		COMPANY	
		2012	2011	**2012**	2011
		R000	R000	**R000**	R000
9.	**Loans receivable** continued				
	ITB FMZ Waldkraiburg B.V.	**1 126**	–	**–**	–
	The loan is unsecured and bears interest at rates between 0% and 7% per annum.				
	The loan is repayable on demand but the expectation is that the term will be greater than 12 months.				
	Freedom Square (Pty) Limited	**–**	–	**68 015**	55 499
	The loan is unsecured and bears interest at the Namibian prime rate (currently 9,75%) per annum.				
	The loan is repayable on demand but the expectation is that the term will be greater than 12 months.				
	Total loans receivable	**1 539 847**	1 374 336	**180 561**	158 291
	Current portion	**12 546**	51 210	**12 546**	51 210
	Non-current portion	**1 527 301**	1 323 126	**168 015**	107 081
10.	**Other financial assets**				
	Consist of:				
	Unlisted investments	**2 972**	4 166	**–**	–
	Derivative financial assets (interest rate caps)	**2 377**	8 772	**–**	–
		5 349	12 938	**–**	-
11.	**Guarantee fees receivable**				
	Receivable from BEE participants	**71 349**	21 349	**71 349**	21 349
	Current portion	**(21 349)**	–	**(21 349)**	–
	Non-current asset portion	**50 000**	21 349	**50 000**	21 349
	The guarantee fees are payable by BEE participants as a result of the group's undertaking to guarantee repayment of their loans to banks for the funding of Redefine and Dipula B-linked units acquired by BEE participants.				
12.	**Property, plant and equipment**				
	Computer equipment	**44 895**	36 248	**43 951**	35 599
	– Cost	**65 526**	51 354	**60 087**	47 218
	– Accumulated depreciation	**(20 631)**	(15 106)	**(16 136)**	(11 619)
	Furniture and fittings	**47 312**	42 276	**2 320**	2 827
	– Cost	**60 550**	48 638	**6 054**	5 691
	– Accumulated depreciation	**(13 238)**	(6 362)	**(3 734)**	(2 864)
	Motor vehicles	**108**	178	**108**	178
	– Cost	**647**	647	**520**	520
	– Accumulated depreciation	**(539)**	(469)	**(412)**	(342)
	Buildings	**1 553**	1 553	**1 553**	1 553
	Office equipment	**213**	213	**213**	213
	– Cost	**267**	267	**267**	267
	– Accumulated depreciation	**(54)**	(54)	**(54)**	(54)
	Balance at end of year	**94 081**	80 468	**48 145**	40 370

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	R000	R000	**R000**	R000

12. Property, plant and equipment continued

12.1 Movement for the year

	2012 R000	2011 R000	**2012 R000**	2011 R000
Balance at beginning of year	**80 468**	211 257	**40 370**	–
Group restructure	**–**	–	**–**	179 753
– Computer equipment	**–**	–	**–**	35 392
– Furniture and fittings	**–**	–	**–**	2 547
– Motor vehicles	**–**	–	**–**	238
– Buildings	**–**	–	**–**	141 576
Acquisitions	**18 708**	203 297	**13 175**	158 095
– Computer equipment	**13 696**	9 653	**12 892**	8 886
– Furniture and fittings	**5 012**	42 097	**283**	1 622
– Motor vehicles	**–**	3	**–**	3
– Buildings	**–**	151 325	**–**	147 365
– Office equipment	**–**	219	**–**	219
Disposals	**(22)**	(866)	**(22)**	–
– Computer equipment	**(22)**	–	**(22)**	–
– Buildings	**–**	(866)	**–**	–
Depreciation	**(11 205)**	(16 179)	**(5 378)**	(12 793)
– Computer equipment	**(5 093)**	(9 259)	**(4 518)**	(8 680)
– Furniture and fittings	**(6 042)**	(3 499)	**(790)**	(1 309)
– Motor vehicles	**(70)**	(113)	**(70)**	(63)
– Buildings	**–**	(3 301)	**–**	(2 734)
– Office equipment	**–**	(7)	**–**	(7)
Revaluation – Buildings	**–**	6 440	**–**	–
Impairment – Buildings	**–**	(182 305)	**–**	(178 577)
Transfer to non-current assets held-for-sale	**–**	(141 098)	**–**	(106 108)
Translation differences	**6 132**	(78)	**–**	–
Balance at end of year	**94 081**	80 468	**48 145**	40 370

The Oasis Care Centre was sold during the financial year to Arrowcreek 227 (Proprietary) Limited. The Oasis Care Centre was included in non-current assets held-for-sale in the prior year. The Oasis Care Centre is located at erf 6246 Montague Gardens, Cape Town. The Oasis Care Centre was revalued on 31 August 2011 by the directors using the same valuation methods as disclosed in investment properties (note 2). The revaluation surplus was credited to non-distributable reserves, net of deferred taxation. On the historic cost basis the book value at 31 August 2011 would have been R26,5 million. The land and buildings were encumbered.

The Upper East Side was sold during the financial year to Arrowcreek 227 (Proprietary) Limited. The Upper East Side was included in non-current-assets held-for-sale in the prior year. The Upper East Side is located at erf 14109, Woodstock, Cape Town. The Upper East Side was revalued on 31 August 2011 based on the market price. An impairment of R182,3 million has been recognised in the 2011 financial year profit and loss. On the historic cost basis the book value at 31 August 2011 would have been R267,3 million.

		GROUP 2012 R000	GROUP 2011 R000	COMPANY 2012 R000	COMPANY 2011 R000
13.	**Interest in subsidiaries**				
	Shares at cost (note 13.1)			**1 562 123**	1 123 382
	Costs incurred less impairment			**1 576 095**	1 135 529
	Less: Pre-acquisition distributions			**(13 972)**	(12 147)
	Loans to subsidiaries			**2 363 806**	246 867
				3 925 929	1 370 249
13.1	**Movement in shares at cost net of impairment**				
	Opening balance			**1 123 382**	15 365 379
	Acquisitions net of pre-acquisition distributions (note 13.2)			**477 407**	188 457
	Disposals			**–**	(2 166)
	Arising on group restructure (note 13.4)			**–**	856 694
	Repayment of investment			**–**	(6 429 137)
	Impairment (note 13.3)			**(38 666)**	(8 855 845)
	Closing balance			**1 562 123**	1 123 382
13.2	**Acquisitions during the year include:**				
	Evening Star Trading 768 (Proprietary) Limited			**233 800**	–
	Fountainhead Property Trust Management Limited			**127 810**	–
	Redefine Properties International Limited			**115 797**	188 457
				477 407	188 457
13.3	**Impairment**				
	Redefine Properties International Limited (RIN) is a property loan stock company listed on the Johannesburg Stock Exchange (JSE).				–

Redefine held 224 295 505 – 53,98% (2011: 201 432 988 – 54,1%) of the issued linked units at 31 August 2012.

The closing price of RIN on 31 August 2012 was R5,30 (2011: R6,35).

The total fair value of shares is R1,19 billion (2011: R1,28 billion) at the period-end.

An impairment test was performed using the fair value as quoted on the JSE. As the fair value was less than the carrying value (including distributions receivable), an impairment of R38,6 million was recognised.

Redefine wrote off all goodwill relating to RIN and Redefine International Holdings Limited during the financial year ended 31 August 2011 (refer note 28).

	GROUP 2012 R000	GROUP 2011 R000	COMPANY 2012 R000	COMPANY 2011 R000
13. Interest in subsidiaries continued				
13.4 Group restructure				
On 1 September 2010 Redefine, the company, embarked on a group restructure in terms of section 47 of the Income Tax Act whereby all assets and liabilities of the subsidiaries (ApexHi, Redefine Opco and Spearhead) were distributed to the holding company. The effect of the rationalisation on the company is set out below:				
Investment properties			–	18 654 186
– Fair value of investment properties for accounting purposes			–	17 892 225
– Straight-line rental income accrual			–	700 209
– Properties under development			–	61 752
Listed securities			–	4 248 279
Loans receivable			–	649 495
Guarantee fees receivable			–	58 387
Property, plant and equipment			–	179 753
Interest in subsidiaries			–	856 694
Properties held-for-trading			–	128 317
Trade and other receivables			–	320 794
Listed security income			–	133 130
Cash and cash equivalents			–	71 680
Non-current assets held-for-sale			–	351 359
Total assets			–	25 652 074
Interest-bearing liabilities			–	(6 241 239)
Interest rate swaps			–	(117 149)
Intercompany loans			–	(9 052 501)
Other financial liabilities			–	(6 323)
Deferred taxation			–	(1 247 149)
Trade and other payables			–	(428 660)
Total liabilities			–	(17 093 021)
Net assets – settled through dividend in specie			–	8 559 053
14. Properties held-for-trading				
Properties acquired and developed for sale	**25 833**	31 052	**25 833**	31 052

		GROUP 2012 R000	GROUP 2011 R000	COMPANY 2012 R000	COMPANY 2011 R000
15.	**Trade and other receivables**				
	Trade receivables	67 164	63 414	39 319	33 373
	Less: Provision for doubtful debts	(19 693)	(8 711)	(14 097)	(8 550)
		47 471	54 703	25 222	24 823
	Deposits and prepayments	44 205	86 560	36 041	69 438
	Loans receivable	10 119	22 758	–	7 143
	Municipal recoveries	26 748	15 314	26 748	15 314
	Debtors for properties sold	1 500	1 500	1 500	1 500
	Capital gains taxation refundable	–	10 216	–	10 215
	Attfund fee	–	114 035	–	114 035
	Rates clearances	80 773	148 072	80 773	148 072
	Consideration receivable on disposal of subsidiaries	69 903	61 913	–	–
	Service charge recoverable from tenants	23 026	20 587	–	–
	Asset management fees receivable	5 831	–	–	–
	Amount receivable in respect of disposal of listed securities	157 383	–	157 383	–
	Net receivables – Corovest Mezzanine Capital Limited	80 216	68 516	–	–
	Interest receivable	6 611	3 448	–	–
	Other receivables	125 005	135 044	59 037	78 190
		678 791	742 666	386 704	468 730
16.	**Cash and cash equivalents**				
	For the purpose of cash flow statement, cash and cash equivalents comprise:				
	Unrestricted cash balances	190 308	528 449	35 863	17 969
	Restricted cash balances	161 025	131 699	–	–
		351 333	660 148	35 863	17 969
	Restricted cash balances relate to amounts held on deposit with solicitors in respect of potential future transactions.				
	Material bank balances are with Standard Bank, Lloyds, Goldman Sachs and Investec – all of which have an investment grade Moody's credit rating of A3 and above.				
17.	**Non-current assets and liabilities held-for-sale**				
17.1	**Non current assets held-for-sale comprise:**				
	– Arrowhead investment properties	–	1 720 900	–	1 720 900
	– Arrowcreek investment properties	–	225 000	–	225 000
	– Arrowcreek Upper East Side Hotel	–	85 000	–	85 000
	– Arrowcreek jointly controlled assets	–	144 483	–	94 780
	– Listed securities	174 668	–	174 668	–
	– Local investment property (note 17.3)	138 201	470 800	138 201	470 800
	– International investment property (note 17.4)	1 821 584	–	–	–
	Non-current liabilities held-for-sale comprise:				
	– Arrowcreek liabilities	–	(87 361)	–	(46 112)
	– Interest-bearing liabilities (note 17.4)	(1 231 305)	–	–	–
	Balance at end of year	903 148	2 558 822	312 869	2 550 368

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	R000	R000	**R000**	R000

17. Non-current assets and liabilities held-for-sale continued

17.2 Movement for the year

	2012 R000	2011 R000	**2012 R000**	2011 R000
At beginning of year	**2 558 822**	351 359	**2 550 368**	–
Group restructure	**–**	–	**–**	351 359
Disposals	**(2 606 344)**	(294 460)	**(2 204 426)**	(294 460)
Transferred to investment properties	**(332 843)**	(35 600)	**(332 843)**	(35 600)
Transfer from investment properties	**2 411 049**	2 395 401	**125 102**	2 395 401
Transfer from listed securities	**174 668**	–	**174 668**	–
Transfer from interest-bearing liabilities	**(1 231 305)**	–	**–**	–
Fair value adjustments	**4 809**	–	**–**	–
Translation differences	**(75 708)**	–	**–**	–
Net jointly controlled assets transferred	**–**	142 122	**–**	133 668
Balance at end of year	**903 148**	2 558 822	**312 869**	2 550 368

Non-current assets held-for-sale consist of investment properties and listed securities that will be recovered through sale rather than through use.

17.3 Local

Sale agreements have been entered into for the sale of six retail, two office and one industrial (2011: seven industrial, eight office and four retail) properties.

Of the properties included in the opening balance, 15 (2011: six) were sold during the year for proceeds of R299 million (2011: R294 million).

Three (2011: one) investment properties which were included in the opening balance were transferred back to investment properties. The fair value of the properties was R168,2 million (2011: R35,6 million).

One property which was included as held-for-sale in 2011 is still classified as held-for-sale.

17.4 International

VBG

On 8 October 2012 RIN announced the restructure of the VBG portfolio. The restructuring and refinancing of the VBG portfolio and financing facilities will result in RIN owning a 50% interest in the VBG assets together with a major pension fund as its joint venture partner. The VBG portfolio consists of four properties with a fair value of R998,6 million and related interest-bearing debt of R1,2 billion.

Delta

On 15 October 2012 RIN announced the restructure of the Delta portfolio. The Delta portfolio consists of 16 properties with a fair value of R863,2 million. The disposal proceeds will be utilised to settle a portion of the debt included in interest-bearing borrowings (note 20).

17. Non-current assets and liabilities held for sale continued

Included in the prior year were the following:

Arrowhead Properties Limited (Arrowhead)

In the prior year an agreement was entered into for the sale of 98 investment properties consisting of 25 industrial, 30 office and 42 retail properties to Arrowhead.

94 properties were sold to Arrowhead for proceeds of R1,51 billion which was settled as follows:
- R675,8 million in cash;
- R835 million settled in Arrowhead linked units, of which R796 million was unbundled to Redefine linked unitholders.

Unitholder approval was obtained for the transaction. Three of the properties were transferred back to investment property with a fair market value of R164,6 million. One property was sold to the pre-emptive buyer for cash proceeds of R28,7 million.

Arrowcreek Investments 227 (Proprietary) Limited (Arrowcreek)

In the prior year an agreement was entered into with Arrowcreek for the disposal of a portfolio of 12 properties, Redefine's interest in a number of jointly controlled assets, the Upper East Side Hotel and the shares in and claims against Upper East Side Hotel (Pty) Limited.

The aggregate purchase consideration was R358,3 million plus an amount equal to the third-party debt and undertakings owed by the jointly controlled assets at the Arrowcreek transaction effective date.

The purchase price was settled as follows:
- Cash received of R258,3 million;
- Arrowcreek assumed the third-party debt of the jointly controlled assets; and
- R100 million is outstanding as a vendor loan (refer to note 9)

Unitholder approval was obtained for the vendor loan.

	GROUP		COMPANY	
	2012 R000	2011 R000	**2012 R000**	2011 R000
18. Share capital and share premium				
18.1 Authorised				
3 500 000 000 (2011: 3 500 000 000) ordinary shares of 0,1 cent each	**3 500**	3 500	**3 500**	3 500
18.2 Issued				
2 766 373 744 (2011: 2 690 172 102) ordinary shares of 0,1 cent each	**2 767**	2 691	**2 766**	2 690
Less: 5 876 766 treasury shares (2011: 5 876 766)	**(6)**	(6)	**–**	–
Balance at end of year	**2 761**	2 685	**2 766**	2 690
18.3 Share premium				
Balance at beginning of year	**11 785 616**	11 785 616	**11 790 022**	11 790 022
Unbundling – Arrowhead	**(623 252)**	–	**(623 520)**	–
Share issue costs	**(3 941)**	–	**(3 941)**	–
Premium on shares issued	**499 752**	–	**499 752**	–
Balance at end of year	**11 658 175**	11 785 616	**11 662 313**	11 790 022
Total share capital and share premium	**11 660 936**	11 788 301	**11 665 079**	11 792 712

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	R000	R000	**R000**	R000
18. Share capital and share premium continued				
18.4 Reconciliation of the number of shares in issue				
Balance at beginning of year	**2 684 295**	2 684 295	**2 690 172**	2 690 172
Issued during the year	**76 202**	–	**76 202**	–
Balance at end of year	**2 760 497**	2 684 295	**2 766 374**	2 690 172
The issue of each share is irrevocably linked to one debenture, together comprising one linked unit (note 19).				
76 201 641 shares were issued as a result of an accelerated book build during the year. The issue price of each linked unit was R8,53.				
19. Debenture capital				
19.1 Authorised				
3 500 000 000 (2011: 3 500 000 000) ordinary debentures of 173,58 (2011: 180) cents each	**6 300 000**	6 300 000	**6 300 000**	6 300 000
19.2 Issued				
2 766 373 744 (2011: 2 690 172 102) debentures of 173,58 (2011: 180) cents	**4 801 915**	4 842 309	**4 801 915**	4 842 309
Less: 5 876 766 treasury unit debentures (2011: 5 876 766)	**(10 201)**	(10 578)	**–**	–
Balance at end of year	**4 791 714**	4 831 731	**4 801 915**	4 842 309
19.3 Movement for the year				
Balance at beginning of year	**4 831 731**	4 831 731	**4 842 309**	4 842 309
Unbundling – Arrowhead	**(172 288)**	–	**(172 665)**	–
Issued during the year	**132 271**	–	**132 271**	–
Balance at end of year	**4 791 714**	4 831 731	**4 801 915**	4 842 309
19.4 Reconciliation of the number of debentures in issue				
Balance at beginning of year	**2 684 295**	2 684 295	**2 690 172**	2 690 172
Issued during the year	**76 202**	–	**76 202**	–
Balance at end of year	**2 760 497**	2 684 295	**2 766 374**	2 690 172

(a) The debentures are irrevocably linked to the issued ordinary shares of the company and can only be sold together with the relevant linked shares.
(b) The debentures are unsecured and are subordinated in favour of the company's other creditors.
(c) Interest accrues to the debenture holder half yearly. The interest entitlement on each debenture will in aggregate be 100% of the group's net operating income for that distribution period. The net operating income as defined in the debenture trust deed excludes capital items and the effects of straight-lining of leases.
(d) In terms of the trust deed, the debentures are redeemable by special resolution at the instance of the debenture holders, on five years' notice, at any time after 23 February 2025. Full details and the terms and conditions of the debentures are set out in the trust deed which is available for inspection.

At the date of issue the directors considered the fair value of the debentures to be 180 cents. This value is in line with the issue of the debentures in terms of the original debenture trust deed and this established the issue price/fair value of the debenture portion of the linked unit. After the unbundling the face value of the debentures decreased to 173,58 cents. The units issued subsequently were issued on the same basis with the understanding that the debenture portion is 173,58 cents and that the return on this was linked to the risk profile of the debentures – being subordinated debt. The directors are of the view that 173,58 cents is the fair value of a debenture. The remaining amount received was recognised as equity as this represents the unitholders' residual interest in the net assets of the company.

			GROUP 2012 R000	GROUP 2011 R000	COMPANY 2012 R000	COMPANY 2011 R000
20. Interest-bearing borrowings						
Interest-bearing borrowings consist of:						
Bank loans (note 20.1)			**18 461 931**	18 136 052	**8 274 489**	7 400 149
Less: Deferred finance costs			**(37 513)**	(36 815)	**–**	–
Finance leases (note 20.3)			**131 441**	153 710	**–**	–
Bonds and commercial paper (note 20.4)			**821 000**	–	**821 000**	–
Non-controlling interest shareholder loans (note 20.2)			**65 247**	71 712	**20**	2 238
Total interest-bearing borrowings			**19 442 106**	18 324 659	**9 095 509**	7 402 387
Non-current interest-bearing borrowings						
Bank loans			**11 977 838**	15 968 099	**7 165 438**	6 590 106
Less: Deferred finance costs			**(25 794)**	(27 358)	**–**	–
Finance leases			**131 441**	153 710	**–**	–
Bonds and commercial paper			**500 000**	–	**500 000**	–
Non-controlling interest shareholder loans			**65 247**	71 712	**20**	2 238
Total non-current borrowings			**12 648 732**	16 166 163	**7 665 458**	6 592 344
Current interest-bearing borrowings						
Bank loans			**6 484 093**	2 167 953	**1 109 051**	810 043
Less: Deferred finance costs			**(11 719)**	(9 457)	**–**	–
Finance leases			**–**	–	**–**	–
Bonds and commercial paper			**321 000**	–	**321 000**	–
Non-controlling interest shareholder loans			**–**	–	**–**	–
Total current borrowings			**6 793 374**	2 158 496	**1 430 051**	810 043
20.1 Bank loans						
Secured variable rate loans – South Africa						
	Capital repayment date	Rate				
Absa	31 Dec 2014	1-month JIBAR + 1,95%	**1 179 798**	1 170 526	**1 179 798**	1 170 526
	30 Jun 2015	3-month JIBAR + 1,85%	**726 602**	608 642	**726 602**	608 642
			453 196	561 884	**453 196**	561 884
Nedbank			**973 405**	1 199 315	**973 405**	1 199 315
	27 Jan 2014	Prime – 2,00%	**105 000**	105 000	**105 000**	105 000
	27 Jan 2014	1-month JIBAR + 1,62%	**700 749**	744 166	**700 749**	744 166
	30 Jun 2015	3-month JIBAR + 1,40%	**19 797**	25 907	**19 797**	25 907
	1 Aug 2017	3-month JIBAR + 1,40%	**5 319**	6 213	**5 319**	6 213
	2 Feb 2018	3-month JIBAR + 1,40%	**650**	166 266	**650**	166 266
	1 Sep 2017	Prime – 1,50%	**68 628**	78 450	**68 628**	78 450
	1 Mar 2017	Prime – 1,50%	**281**	332	**281**	332
	27 Jan 2014	Prime – 1,50%	**72 981**	72 981	**72 981**	72 981
Standard Bank			**1 348 776**	913 799	**1 348 776**	913 799
	31 Oct 2015	Prime – 1,50%	**17 410**	12 514	**17 410**	12 514
	31 Mar 2016	1-month JIBAR + 1,67%	**759 318**	280 567	**759 318**	280 567
	30 Mar 2015	3-month JIBAR + 1,85%	**181 646**	158 145	**181 646**	158 145
	31 Mar 2013	1-month JIBAR + 2,42%	**390 402**	462 573	**390 402**	462 573
Standard Bank Syndicated	31 Aug 2013	1-month JIBAR + 2,00%	**531 000**	531 000	**531 000**	531 000

			GROUP 2012 R000	GROUP 2011 R000	COMPANY 2012 R000	COMPANY 2011 R000
20. Interest bearing borrowings continued						
20.1 Bank loans continued						
Secured variable rate loans – South Africa continued						
	Capital repayment date	Rate				
Rand Merchant Bank			**2 000 000**	1 183 934	**2 000 000**	1 183 934
	28 Jul 2015	3-month JIBAR + 1,6%	**875 000**	436 056	**875 000**	436 056
	28 Jul 2017	3-month JIBAR + 1,85%	**1 125 000**	747 878	**1 125 000**	747 878
Total secured variable rate loans – South Africa			**6 032 979**	4 998 574	**6 032 979**	4 998 574
Secured variable rate loans – International						
Allied Irish Bank	15 Sep 2013	LIBOR + 2,5%	**84 430**	74 991	**–**	–
Royal Bank of Scotland			**231 631**	255 644	**–**	–
	30 Jun 2015	LIBOR + 2,5%	**–**	28 803	**–**	–
	19 Sep 2014	EURIBOR + 1,2%	**191 010**	187 127	**–**	–
	19 Sep 2014	EURIBOR + 1,2%	**40 621**	39 714	**–**	–
HSBC	1 Sep 2016	LIBOR + 2.5%	**155 226**	–	**–**	–
			–	13 595	**–**	–
KBC	15 Apr 2012	LIBOR + 2,5%	**–**	8 266	**–**	–
	15 Apr 2012	LIBOR + 2,5%	**–**	5 329	**–**	–
Aareal	30 Nov 2015	LIBOR + 2,45%	**1 003 962**	873 053	**–**	–
Bayern LB			**171 034**	167 794	**–**	–
	31 Oct 2017	EURIBOR + 1,3%	**77 426**	75 959	**–**	–
	31 Oct 2017	EURIBOR + 1,3%	**93 608**	91 835	**–**	–
Investec	24 Feb 2013	BBSY + 4%	**331 340**	199 824	**–**	–
Landesbank Berlin	27 Apr 2016	LIBOR + 2,5%	**551 394**	479 628	**–**	–
Lloyds TSB	12 May 2013	LIBOR + 1,15%	**616 083**	529 975	**–**	–
SNS Property Finance	17 Jul 2014	EURIBOR + 2,3%	**208 614**	194 466	**–**	–
Talisman*			**–**	966 237	**–**	–
	15 Jan 2012	EURIBOR + 1,1%	**–**	437 621	**–**	–
	15 Apr 2011	EURIBOR + 1,1%	**–**	528 616	**–**	–
Windermere			**4 209 261**	3 888 693	**–**	–
	15 Oct 2012	LIBOR + 0,75%	**2 674 308**	1 310 640	**–**	–
	15 Oct 2012	LIBOR + 0,75%	**1 534 953**	2 278 790	**–**	–
	15 Apr 2014	EURIBOR + 0,85%	**–**	299 263	**–**	–
Total secured variable rate loans – International			**7 562 975**	7 643 900	**–**	–
Unsecured variable rate loans – South Africa						
	Capital repayment date	Rate				
Standard Finance Isle of Man			**285 721**	245 786	**285 721**	245 786
	28 Feb 2015	LIBOR + 4,3%	**102 237**	87 947	**102 237**	87 947
	23 May 2013	LIBOR + 3,5%	**183 484**	157 839	**183 484**	157 839
Total unsecured variable rate loans – South Africa			**285 721**	245 786	**285 721**	245 786

20. Interest bearing borrowings continued

20.1 Bank loans continued

	Capital repayment date	Rate	GROUP 2012 R000	GROUP 2011 R000	COMPANY 2012 R000	COMPANY 2011 R000
Unsecured variable rate loans – International						
Standard Bank Isle of Man	1 May 2012	LIBOR + 6,00%	–	62 214	–	–
Total unsecured variable rate loans – International			–	62 214	–	–
Secured fixed rate loans – South Africa						
Absa			–	200 000	–	200 000
			1 955 789	1 955 789	1 955 789	1 955 789
Standard Bank	31 Mar 2016	10,32%	500 000	500 000	500 000	500 000
	31 Mar 2016	10,67%	451 249	451 249	451 249	451 249
	31 Mar 2016	10,66%	584 540	584 540	584 540	584 540
	31 Mar 2016	11,93%	220 000	220 000	220 000	220 000
	31 Mar 2016	11,32%	200 000	200 000	200 000	200 000
Total secured fixed rate loans – South Africa			1 955 789	2 155 789	1 955 789	2 155 789
Secured fixed rate loans – International						
Aviva			574 856	1 258 588	–	–
	11 Jun 2029	6,37%	145 990	127 344	–	–
	30 Nov 2011	6,49%	–	197 589	–	–
	3 Jul 2027	6,29%	–	567 154	–	–
	18 Sep 2031	6,44%	203 109	174 915	–	–
	14 Sep 2035	6,10%	225 757	191 586	–	–
Barclays			89 128	87 435	–	–
	10 Dec 2012	5,75%	42 494	41 511	–	–
	10 Dec 2012	5,91%	46 634	45 924	–	–
UBS	05 Oct 2018	LIBOR + 1,25%	158 300	155 790	–	–
Valovis	30 Nov 2014	4,95%	51 581	51 004	–	–
Coronation Capital Limited	31 Dec 2012	4,00%	104 034	125 696	–	–
Corovest Mezzanine Capital Limited	16 Feb 2015	9,00%	1 457 499	1 242 515	–	–
Loans secured by cash deposits	2012	7,00%	–	7 501	–	–
CEL Portfolio Limited & Co. KG	31 Aug 2029	–	8 262	7 938	–	–
Total secured fixed rate loans – International			2 443 660	2 936 467	–	–
Unsecured fixed rate loans – International						
Corovest Mezzanine Capital Limited	30 Apr 2014	10,00%	180 807	93 322	–	–
Total unsecured fixed rate loans – International			180 807	93 322	–	–
Total bank loans			18 461 931	18 136 052	8 274 489	7 400 149

* *Talisman 3 and Talisman 4 loans form part of the VBG portfolio, and have been transferred to non-current liabilities held-for-sale at year-end (note 17).*

			GROUP		COMPANY	
			2012	2011	**2012**	2011
			R000	R000	**R000**	R000

20. Interest bearing borrowings continued

20.2 Non-controlling interest shareholder loans

	Capital repayment date	Rate	GROUP 2012 R000	GROUP 2011 R000	COMPANY 2012 R000	COMPANY 2011 R000
United Property Management (Pty) Limited	18 Aug 2014	Namibian prime	**65 227**	63 700	**–**	–
Dream World Investments 69 (Pty) Limited	No fixed terms**	Prime	**–**	2 164	**–**	2 164
Other			**20**	5 848	**20**	74
			65 247	71 712	**20**	2 238

** *Payment is not expected to be within 12 months*

20.3 Finance leases

Obligations under finance leases at the reporting dates are analysed as follows:

	GROUP 2012 R000	GROUP 2011 R000	COMPANY 2012 R000	COMPANY 2011 R000
Gross finance leases liabilities repayable:				
Not later than one year	**6 162**	7 837	**–**	–
Later than one year not later than five years	**24 650**	31 348	**–**	–
Later than one year not later than five years	**433 319**	557 169	**–**	–
	464 131	596 354	**–**	–
Less: Finance charges allocated to future periods	**(332 690)**	(442 644)	**–**	–
Present value of minimum lease payments	**131 441**	153 710	**–**	–
Present value of finance lease liabilities repayable:				
Not later than one year	**4 197**	507	**–**	–
Later than one year not later than five years	**15 045**	20 987	**–**	–
Later than five years	**112 199**	132 216	**–**	–
Present value of minimum lease payments	**131 441**	153 710	**–**	–

20.4 Bonds and commercial paper

	Capital repayment date	Rate	GROUP 2012 R000	GROUP 2011 R000	COMPANY 2012 R000	COMPANY 2011 R000
Bonds	30 Mar 2015	3 month JIBAR + 0,23%	**500 000**	–	**500 000**	–
Commercial paper	6 Dec 2012	3 month JIBAR + 1,4%	**321 000**	–	**321 000**	–
Total bonds and commercial paper			**821 000**	–	**821 000**	–

The average all-in interest rate in respect of total group borrowings is 6,91% (2011: 6,86%).

Excluding the international non-recourse debt, the average all-in local interest rate is 8,92% (2011: 9,57%).

Total group borrowings represent 50,7% (2011: 51%) of the value of property assets and listed securities.

Total South African borrowings represent 32,2% (2011: 29%) of the value of property assets and listed securities, refer to note 41.

Group interest-bearing borrowings have been secured by mortgage loans over investment property and pledges over listed securities and investment in associates to the value of R31,6 billion (2011: R36,4 billion).

Local interest-bearing borrowings have been secured by mortgage loans over investment property and pledges over listed securities to the value of R20,5 billion (2011: R20,6 billion).

Certain loans are repayable in the next 12 months in terms of the original loan agreements. At the reporting date the directors are currently negotiating a refinancing deal which will extend the repayment period outside of the next financial year. In the unlikely event that the loans will not be renegotiated, the group has adequate available facilities with other institutions to replace these loans.

During the year Redefine restructured and renegotiated certain loans.

		Nominal value R000	Maturity	Rate	GROUP 2012 R000	GROUP 2011 R000	COMPANY 2012 R000	COMPANY 2011 R000
21.	**Derivatives**							
	South Africa							
	Interest rate swap agreements	40 000 000	5 Dec 2011	9,99%	**–**	389	**–**	389
		230 000 000	8 Oct 2018	10,48%	**54 762**	48 780	**54 762**	48 780
		413 795 000	12 Nov 2018	8,86%	**61 053**	46 314	**61 053**	46 314
		230 000 000	12 Aug 2020	7,72%	**20 634**	10 412	**20 634**	10 412
		295 000 000	12 Feb 2018	7,70%	**26 917**	16 041	**26 917**	16 041
		100 000 000	17 Feb 2014	7,19%	**3 412**	3 724	**3 412**	3 724
		100 000 000	1 Jun 2014	7,50%	**4 642**	4 803	**4 642**	4 803
		160 000 000	12 May 2016	7,58%	**12 348**	8 817	**12 348**	8 817
		250 000 000	1 Jun 2016	8,06%	**23 831**	18 974	**23 831**	18 974
		140 000 000	11 Nov 2018	10,64%	**33 871**	30 058	**33 871**	30 058
		200 000 000	1 Jul 2013	9,74%	**–**	14 351	**–**	14 351
		270 000 000	12 Aug 2020	7,72%	**23 308**	11 358	**23 308**	11 358
		355 000 000	14 Feb 2018	7,70%	**31 444**	18 357	**31 444**	18 357
		190 000 000	12 May 2016	7,58%	**14 323**	10 058	**14 323**	10 058
		100 000 000	17 Feb 2014	7,19%	**3 359**	3 633	**3 359**	3 633
		100 000 000	1 June 2014	7,50%	**4 563**	4 710	**4 563**	4 710
		85 000 000	5 Dec 2015	6,84%	**4 165**	–	**4 165**	–
		215 000 000	7 Dec 2015	6,84%	**10 810**	–	**10 810**	–
		250 000 000	16 Feb 2015	6,37%	**7 586**	–	**7 586**	–
		250 000 000	16 Feb 2017	6,94%	**13 250**	–	**13 250**	–
		100 000 000	3 Jul 2015	5,76%	**1 510**	–	**1 510**	–
		250 000 000	1 Jun 2016	8,06%	**23 364**	18 435	**23 364**	18 435
		200 000 000	31 Aug 2017	6,56%	**21 824**	–	**21 824**	–
	Swaption							
		413 795 000	12 Nov 2018	8,86%	**10 255**	10 253	**10 255**	10 253
	International							
	Interest rate swap agreements	2 674 308 091	15 Oct 2012	4,95%	**12 337**	58 320	**–**	–
		1 534 953 057	20 Oct 2012	4,77%	**7 461**	97 078	**–**	–
		–	22 Apr 2014	4,19%	**–**	26 787	**–**	–
		–	30 Jun 2015	2,03%	**–**	783	**–**	–
		84 430 102	19 Sep 2015	1,54%	**826**	945	**–**	–
		101 778 694	15 Apr 2014	4,61%	**7 132**	8 468	**–**	–
		90 336 620	15 Apr 2014	4,20%	**5 719**	6 556	**–**	–
		41 001 717	15 Apr 2014	4,20%	**2 571**	2 949	**–**	–
		224 106 742	4 Mar 2013	2,45%	**3 272**	24 252	**–**	–
		906 645 905	30 Nov 2015	2,32%	**43 903**	3 341	**–**	–
		101 774 167	4 Mar 2013	5,45%	**5 482**	3 514	**–**	–
		230 275 510	1 Aug 2014	4,89%	**21 008**	20 174	**–**	–
		616 082 600	9 May 2013	2,73%	**9 070**	13 149	**–**	–
		50 815 122	8 Oct 2018	0,73%	**1 385**	–	**–**	–
		110 688 601	8 Oct 2018	0,73%	**3 056**	–	**–**	–
		155 226 029	30 Sep 2016	1,69%	**5 657**	–	**–**	–
	Balance at end of year				**540 110**	545 783	**411 231**	279 467
	Reflected under:							
	Non-current liabilities				**468 064**	358 090	**411 231**	279 467
	Current liabilities				**72 046**	187 693	**–**	–
	Total derivatives				**540 110**	545 783	**411 231**	279 467

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	R000	R000	**R000**	R000

22. Other financial liabilities

Consist of:				
Employee share appreciation scheme (note 22.1)	**24 886**	5 193	**24 886**	5 193
Financial guarantee contract (note 11)	**53 829**	6 323	**53 829**	6 323
	78 715	11 516	**78 715**	11 516
Reflected under:				
Non-current liabilities	**62 767**	11 516	**62 767**	11 516
– Employee share appreciation scheme	**15 260**	5 193	**15 260**	5 193
– Financial guarantee contract	**47 507**	6 323	**47 507**	6 323
Current liabilities	**15 948**	–	**15 948**	–
– Employee share appreciation scheme	**9 626**	–	**9 626**	–
– Financial guarantee contract	**6 322**	–	**6 322**	–
	78 715	11 516	**78 715**	11 516

22.1 Employee share appreciation scheme

Redefine has a share appreciation scheme. This scheme allows various employees to earn long-term incentives based on the appreciation of the share price over the strike price. The rights to these incentives vest equally over three to four years commencing September 2012 and each September thereafter until 2015. The market price is calculated as the volume weighted average price at which the linked unit traded on the JSE for the ten business days prior to the vesting date.

Movement for the year				
Opening balance	**5 193**	2 273	**5 193**	2 273
Charge to profit or loss for the year	**19 693**	2 920	**19 693**	2 920
Closing balance	**24 886**	5 193	**24 886**	5 193
Movement for the year – number of units				
Opening balance	**13 800 000**	17 625 000	**13 800 000**	17 625 000
Awarded R7,00 (2011: R6,50)*	**5 253 750**	1 600 000	**5 253 750**	1 600 000
Forfeited R6,50*	**–**	(5 425 000)	**–**	(5 425 000)
Closing balance	**19 053 750**	13 800 000	**19 053 750**	13 800 000

* *Following the unbundling, the strike price was decreased by R0,50 to R6,50 and R7,00 for the initial and second awards respectively.*

The fair value of the share appreciation scheme has been calculated using the Black Scholes Option Pricing Model with the following assumptions:	**25% vesting each year from September 2012 to September 2015**	**33,3% vesting each year from September 2013 to September 2015**
Strike price	R6,50	R7,00
Current price	R8,30	R8,30
Dividend yield (%)	6,90	6,90
Volatility (%)^	20,00	20,00
First tranche of scheme payable	September 2012	September 2013
Last tranche of scheme payable	September 2015	September 2015

The first tranche of the share incentive scheme will be paid on 6 September 2012 and therefore R9,6 million has been disclosed as a current liability.

^ *based on a combination of Redefine's historical volatility adjusted for future expectations*

		GROUP 2012 R000	GROUP 2011 R000	COMPANY 2012 R000	COMPANY 2011 R000
23.	**Provisions**				
	Balance at beginning of year	–	–	–	–
	Charged to profit or loss	161 769	–	–	–
	Balance at end of year	161 769	–	–	–
	External loan facilities to the jointly controlled entities owned by the RIN, which have a nominal value of R2,65 billion (£197,97 million) are cross collateralised against properties held directly by the group. These external loan liabilities are in excess of the value of the properties held by the jointly controlled entities. A provision has been created in the current year based on the estimated potential future cash outflows for the group related to this cross collateralisation.				
24.	**Deferred taxation**				
	Arising on:				
	Revaluation of property and listed securities investments	1 586 283	1 197 878	1 645 237	1 197 878
	Other timing differences	519 955	324 797	118 175	139 727
	Assessed loss	(25 869)	(95 878)	(18 834)	(95 878)
		2 080 369	1 426 797	1 744 578	1 241 727
	At beginning of year	1 426 797	1 488 356	1 241 727	64 334
	Group restructure (note 13.4)	–	–	–	1 247 149
	Acquired through business combination (note 36)	176 540	18 618	–	–
	Movement per profit or loss	472 646	(82 256)	502 851	(69 756)
	Translation differences	4 386	2 079	–	–
	Balance at end of year	2 080 369	1 426 797	1 744 578	1 241 727
	The capital gains inclusion rate was changed from 50% to 66,6% and is effective for Redefine from 1 September 2012. Deferred tax is provided at 18,6% (2011: 14%) on investment property and listed securities.				
25.	**Trade and other payables**				
	Trade payables	73 019	69 358	12 744	11 348
	Accrued expenses	183 397	248 991	172 645	140 387
	Tenant deposits	90 456	90 568	90 365	90 268
	Tenant receipts paid in advance	116 629	112 531	79 274	74 815
	Municipal expenses	82 975	87 522	82 975	87 522
	VAT	59 517	44 046	34 178	17 553
	Sundry creditors	125 899	144 999	77 410	75 198
	Accrued reverse acquisition costs	–	64 610	–	–
	RIN underwrite fee (note 42)	–	–	18 444	–
	Accrued interest Corovest Mezzanine Capital Limited	88 051	69 345	–	–
	Accrued interest	74 724	69 206	–	–
	Subsidiary distribution payable to non-controlling interests	58 345	35 950	–	–
	Balance at end of year	953 012	1 037 126	568 035	497 091

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	R000	R000	**R000**	R000
26. Net operating income				
Net operating income includes the following charges:				
Amortisation and depreciation	**112 310**	112 988	**5 378**	12 792
Auditor's remuneration	**7 260**	4 628	**2 346**	2 243
– External auditor	**7 170**	4 600	**2 256**	2 215
– Internal audit	**90**	28	**90**	28
Asset management fees	**–**	–	**–**	8 500
Staff costs	**157 686**	136 730	**128 174**	110 591
Defined contribution fund	**5 227**	3 848	**5 227**	3 848
Property management fees	**15 831**	45 829	**15 799**	46 892
Valuation fees paid to third parties	**1 700**	1 923	**1 695**	1 620
Trading property cost of sales	**12 804**	49 542	**12 804**	41 817
27. Changes in fair value and gains/(losses) on disposal of investments				
Property portfolio	**(948 292)**	264 079	**648 877**	376 837
– realised	**(30 412)**	(20 863)	**(30 412)**	(20 863)
– unrealised	**(917 880)**	284 942	**679 289**	397 700
Listed securities	**1 248 836**	346 353	**1 230 265**	231 683
– realised	**77 769**	(3 273)	**1 110 532**	(3 273)
– unrealised	**1 171 067**	349 626	**119 733**	234 956
Interest rate swaps – mark to market	**(5 865)**	(97 302)	**(131 762)**	(138 800)
Profit on sale of investment in associate	**–**	25 715	**–**	35 825
Loss on sale of subsidiary (note 27.1)	**(27 633)**	–	**–**	–
Deemed loss on associate becoming a subsidiary	**–**	(5 362)	**–**	–
Loss on sale of jointly controlled assets	**(15 312)**	–	**(15 312)**	–
Other	**(24 656)**	(1 178)	**233**	(888)
	227 078	532 305	**1 732 301**	504 657
27.1 Loss on sale of subsidiary				
RIN disposed of four subsidiaries during the financial year ended 31 August 2012.				
28. Impairment of financial assets, property, plant and equipment and goodwill				
Property, plant and equipment	**–**	(182 305)	**–**	(180 327)
Goodwill	**–**	(654 940)	**–**	–
Intangible assets	**–**	(6 547)	**–**	–
Impairment of associate loans	**–**	(4 921)	**–**	–
Impairment of investment in subsidiaries	**–**	–	**(38 666)**	(8 855 845)
	–	(848 713)	**(38 666)**	(9 036 172)

Impairment to investment in subsidiaries relates to the write down of RIN – refer to note 13.3.

In the prior year impairments related to the following:

- PPE related to the write down of the Upper East Side Hotel to the net realisable value based on the disposal to Arrowcreek;
- Goodwill related to write down of goodwill recognised on consolidation of RIHL and RIN listing;
- Intangible assets related to the write down of the West Orchards Coventry loan where various rights were relinquished; and
- Investment in subsidiaries arose on the group restructure (refer note 13). This was substantially offset by the dividend in specie received from the subsidiaries.

All impairments other than the goodwill and intangible assets related to the local operating segment.

		GROUP 2012 R000	GROUP 2011 R000	COMPANY 2012 R000	COMPANY 2011 R000
29.	**Interest paid**				
	Subsidiary debenture interest paid to non-controlling interests	**(107 623)**	(74 135)	**–**	–
	Interest paid on interest-bearing borrowing	**(1 804 695)**	(1 024 736)	**(767 395)**	(729 636)
		(1 912 318)	(1 098 871)	**(767 395)**	(729 636)
30.	**Interest received**				
	Interest received on cash invested	**131 512**	161 404	**8 396**	64 955
	Antecedent interest	**17 901**	–	**17 901**	–
	Vendor loans	**40 784**	–	**40 784**	–
	Other	**9 140**	–	**9 139**	–
	Interest received from subsidiaries	**–**	–	**46 451**	21 415
		199 337	161 404	**122 671**	86 370
	Antecedent interest arises when Redefine issues linked units at a market price that includes accrued interest.				
31.	**Foreign exchange (loss)/gain**				
	Foreign exchange (loss)/gain	**(36 656)**	1 649	**(22 957)**	(4 107)
32.	**Taxation**				
	Normal	**(64 673)**	(56 681)	**(35 206)**	(49 049)
	– Current	**(64 468)**	(56 681)	**(34 952)**	(49 049)
	– Adjustment to prior year	**(205)**	–	**(254)**	–
	Deferred	**(472 645)**	82 256	**(502 851)**	69 756
		(537 318)	25 575	**(538 057)**	20 707
	Reconciliation between applicable taxation rate and effective taxation rate				
	SA normal taxation rate applied to income before taxation	**64 269**	164 874	**(442 701)**	6 188
	Taxation effect of:				
	– Capital gains taxation payable at lower rate	**374 594**	68 396	**370 324**	47 025
	– Disallowable expenditure	**(9 366)**	(307 572)	**(7 923)**	(24 179)
	– Exempt income	**36 469**	98 890	**–**	–
	– Capital gains tax paid	**(34 952)**	(49 048)	**(34 952)**	(49 048)
	– Deferred tax asset not recognised in respect of tax losses	**(3 834)**	(5 299)	**–**	–
	– Assessed loss utilised	**1 177**	6 796	**–**	–
	– Recognition of tax losses previously not recognised	**–**	40 721	**–**	40 721
	– Foreign rate differential	**87 997**	9 698	**–**	–
	– Withholding tax	**(3 321)**	(1 928)	**–**	–
	– Other taxes paid	**(205)**	–	**(254)**	–
	– Change in the capital gains tax inclusion rate	**(424 121)**	–	**(422 551)**	–
	– Exempt foreign investment property revaluation	**(447 207)**	–	**–**	–
	– Losses in overseas tax jurisdictions	**(178 818)**	–	**–**	–
	– Other	**–**	47	**–**	–
		(537 318)	25 575	**(538 057)**	20 707

	GROUP 2012 R000	2011 R000

33. Earnings, headline earnings and distributable earnings

Earnings per linked unit are calculated on the weighted average number of units of 2 694 913 598 (2011: 2 684 295 336) and net income before taxation and interest distributions to linked unitholders of R1,7 billion (2011: R1,8 billion).

	GROUP 2012 R000	2011 R000
Reconciliation of earnings/(loss), headline earnings and distributable earnings		
Profit/(loss) for the year attributable to Redefine shareholders	**342 079**	(519 311)
Changes in fair values of properties (net of deferred taxation)	**1 249 136**	(280 558)
Changes in fair value of properties	**948 293**	(285 141)
Deferred taxation	**300 843**	4 583
Impairment of PPE and goodwill	**–**	837 245
Capital gains tax	**35 206**	49 000
Headline profit attributable to shareholders	**1 626 421**	86 376
Debenture interest	**1 742 715**	1 825 321
Headline earnings attributable to linked unitholders	**3 369 136**	1 911 697
Changes in fair values of listed securities and financial instruments (net of deferred taxation)	**(985 969)**	(311 471)
Changes in fair values of listed securities and financial instruments	**(1 175 371)**	(247 164)
Deferred taxation	**189 402**	(64 307)
Fair value interest adjustment	**365 584**	–
Amortisation of intangibles (net of deferred taxation)	**83 505**	79 208
Amortisation of intangibles	**101 105**	96 808
Deferred taxation	**(17 600)**	(17 600)
Impairment of financial assets	**–**	11 468
Align consolidated foreign profits with anticipated dividends	**8 781**	2 694
Straight-line rental income accrual	**42 876**	8 217
Foreign exchange loss/(gain)	**36 656**	(1 649)
Fair value adjustment of associates and non-controlling interests	**(1 163 292)**	60 915
Fee income from foreign subsidiary	**8 312**	–
Capital write-offs included in administration costs	**(22 874)**	6 387
Swaption included in net interest	**–**	10 000
Pre-acquisition income on Hyprop units acquired in prior year	**–**	47 855
Distributable earnings attributable to linked unitholders	**1 742 715**	1 825 321

No calculation of diluted headline earnings per share has been performed as there are no convertible securities in issue.

		GROUP		COMPANY	
		2012 R000	2011 R000	**2012 R000**	2011 R000
34.	**Cash generated from operations**				
	(Loss)/profit before taxation	**(229 533)**	(588 837)	**1 581 075**	(22 099)
	Adjusted for:				
	Non-cash flow items	**(101 859)**	551 295	**(1 543 958)**	77 232
	Interest paid	**1 912 318**	1 098 871	**767 395**	729 636
	Interest received	**(199 337)**	(161 404)	**(122 671)**	(86 370)
	Debenture interest	**1 742 715**	1 825 321	**1 746 476**	1 829 317
	Operating income before working capital changes	**3 124 304**	2 725 246	**2 428 317**	2 527 716
	Working capital changes	**103 094**	93 767	**231 369**	(84 336)
	Trade, listed security income and other receivables	**161 393**	(130 215)	**155 207**	(133 596)
	Properties held for trading	**5 219**	–	**5 219**	–
	Trade and other payables	**(63 518)**	223 982	**70 943**	49 260
		3 227 398	2 819 013	**2 659 686**	2 443 380
	Non-cash flow items				
	Depreciation and amortisation	**112 310**	112 984	**5 378**	12 793
	Impairments	**–**	848 713	**38 666**	9 036 172
	Fair value adjustments	**(227 078)**	(532 305)	**(1 732 301)**	(504 657)
	Straight-line lease accrual	**42 876**	8 217	**42 876**	8 217
	Foreign exchange loss/(gain)	**36 656**	(1 649)	**22 957**	4 107
	Guarantee fee income	**(2 493)**	–	**(2 493)**	–
	Equity accounted results of associate	**(105 629)**	19 988	**–**	–
	Distributions from subsidiaries	**–**	–	**–**	(8 559 053)
	Other non-cash flow items	**(19 535)**	18 613	**19 925**	2 919
	Lease commissions and amortised tenant installations	**61 034**	76 734	**61 034**	76 734
		(101 859)	551 295	**(1 543 958)**	77 232
35.	**Distributions paid**				
	Distributions payable at beginning of year	**(993 189)**	(456 330)	**(995 364)**	(457 329)
	Distributions declared	**(1 742 715)**	(1 825 321)	**(1 746 476)**	(1 829 317)
	Distributions payable at end of year	**897 162**	993 189	**899 072**	995 364
		(1 838 742)	(1 288 462)	**(1 842 768)**	(1 291 282)

	GROUP 2012 R000

36. Business combinations

2012

On 1 August 2012 the group acquired 100% of the share capital and the loan claims of Evening Star Trading 768 Proprietary Limited and Fountainhead Property Trust Management Limited for R684,5 million.

The acquired businesses contributed revenues of R5,1 million and net profit after tax of R4,1 million to the group for one month since acquisition. These amounts have been calculated using the group's accounting policies.

If the businesses had been acquired on 1 September 2011, management estimates that the revenue and profit after tax from these businesses would have been R61 million and R48,7 million respectively.

	GROUP 2012 R000
Purchase consideration:	
Cost of shares acquired	**361 610**
Loan claims acquired	**322 890**
Total purchase consideration	**684 500**

The assets and liabilities as at 1 August 2012 arising from the acquisition are as follows:

	Provisional fair value R000	Acquiree's carrying amount R000
Cash and cash equivalents	**18 161**	18 161
Listed securities	**2 322**	2 322
Intangible assets	**655 133**	279 000
Trade and other receivables	**9 886**	9 886
Trade and other payables	**(6 316)**	(6 316)
Shareholders' loan	**(322 890)**	(322 890)
Tax liabilities	**(1 583)**	(1 583)
Deferred tax	**(176 540)**	6 897
Fair value of net assets	**178 173**	(14 523)
Goodwill*	**183 437**	
Shareholders' loan acquired	**322 890**	
Total cash flow on acquisition	**684 500**	
Purchase consideration settled in cash	**684 500**	
Cash and cash equivalents in subsidiary acquired	**(18 161)**	
Cash outflow on acquisition	**666 339**	

* *The goodwill arises as a result of the expected synergies from the acquisition.*

The business combinations have been accounted for using provisional figures in terms of IFRS 3 *Business Combinations*. The excess of the purchase price over the company's provisional net assets has been reflected as goodwill and intangible assets. Due to the fact that the effective date of the combination was near to year-end, the finalisation of the acquired asset valuations was not complete at reporting date. A detailed assessment of assets, liabilities and contingent liabilities acquired will be completed by the 2013 financial year-end and the required adjustments passed.

36. Business combinations continued

2011

On 13 July 2011 the boards of Wichford and RIHL announced that they had reached agreement on the terms of the reverse acquisition. The transaction was undertaken in terms of which Wichford made a recommended all share offer (the offer) for the entire issued ordinary share capital of RIHL (the reverse acquisition). Under the terms of the offer RIHL shareholders received 7,2 Wichford shares for each RIHL share. The share register was then consolidated with one new share for every 7,2 shares held. Following the adoption of the reverse acquisition accounting in accordance with IFRS 3, RIHL has been identified as the accounting acquirer. On 23 August 2011, the reverse acquisition between Wichford and RIHL became unconditional in all respects, establishing RI (Redefine International P.L.C) with a primary listing on the LSE.

Following the reverse acquisition, the cancellation of RIHL's previously equity accounted investment in Wichford (refer note 8) and the subsequent issue of ordinary shares to the RIHL shareholders, RIN became the majority shareholder in the company with a shareholding of 65,59%. Non-controlling interest (NCI) shareholders in RIHL hold approximately 14,07% and previous Wichford shareholders (other than RIHL shareholders) hold approximately 20,34% of the shares in the company.

		GROUP 2011 R000
36.1	**Consideration transferred**	
	In accordance with IFRS 3, the consideration transferred by RIHL to the company is based on the number of shares RIHL would have had to issue to give the shareholders of the company the same percentage equity interest in the combined entity that results from the reverse acquisition, i.e. a 20,34% equity interest:	
	Previous shareholding of the company	831 324
	Shares deemed to be in issue to reflect the same percentage as above	3 255 712
		4 087 035
	Number of issued shares in RIHL	452 182
	Hypothetical shares to be issued to all RIHL shareholders	115 462
	RIHL share price as at 23 August 2011 (cents per share)	524,2
	Value of shares to be issued to reflect the same percentage as above	605 267
	Value of 115 461 609 shares at share price of 524,2 cents per share on 23 August 2011	605 267
36.2	**Identifiable assets acquired and liabilities assumed**	
	Investment property	6 300 944
	Trade and other receivables	43 423
	Loans and borrowings	(5 621 124)
	Derivative financial instruments	(215 493)
	Deferred tax	(18 618)
	Trade and other payables	(176 758)
	Total identifiable net assets excluding cash acquired	312 374
	Cash acquired	460 215
	Cash and cash equivalents – unrestricted	372 596
	Cash and cash equivalents – restricted	87 619
	Total identifiable net assets	772 589
36.3	**Goodwill**	
	Goodwill was recognised as a result of the acquisition as follows:	
	Total consideration transferred	605 266
	Fair value of existing interest in the company	167 503
	Fair value of identifiable net assets	(772 589)
	Goodwill	180

Prior to the business combination RIHL impaired the investment in Wichford by R9,4 million. The impairment is included in the equity accounted losses line item on the statement of comprehensive income.

RIN's group financial statements have been prepared assuming an acquisition date of 31 August 2011, with the statement of comprehensive income reflecting the income and expenses of RIHL only for the 12 months ended 31 August 2011. If the acquisition occurred on 1 September 2010, RI's management estimate that their consolidated revenue would have been R755 million and consolidated loss for the year would have been R496 million. In determining these amounts, RIN's management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition occurred on 1 September 2010.

	GROUP 2012 R000	GROUP 2011 R000	COMPANY 2012 R000	COMPANY 2011 R000
37. Commitments				
37.1 Capital commitments				
Property acquisitions*	**1 321 934**	3 124 858	**1 254 294**	3 124 858
Property under development	**494 388**	167 350	**494 388**	167 350
Capital improvements on investment properties	**460 505**	317 894	**425 275**	283 330
– approved and committed	**425 275**	239 830	**425 275**	239 830
– approved and not yet committed	**35 230**	78 064	**–**	43 500
	2 276 827	3 610 102	**2 173 957**	3 575 538

**The agreements governing the acquisition of the Nicol Grove Precinct properties from Zenprop remain subject to various regulatory approvals. The long-stop date after transfer of each of the Nicol Grove Precinct properties is 31 December 2012, which date may be extended to a date no later than 31 July 2013, after which date either party shall be entitled to cancel the agreement relating to those properties. The acquisition value of the Nicol Grove Precinct properties is R825 million.*

	GROUP 2012 R000	GROUP 2011 R000	COMPANY 2012 R000	COMPANY 2011 R000
37.2 Operating expense commitments				
Contractual commitments are in respect of general maintenance of lifts, escalators and air conditioning installations				
– Due within one year	**163 859**	116 043	**163 859**	116 043
– Due within two to five years	**60 205**	190 947	**60 205**	190 947
– Due beyond five years	**–**	129 732	**–**	129 732
	224 064	436 722	**224 064**	436 722
37.3 Operating lease commitments				
Commitments due in respect of leases entered into by Redefine on leasehold property				
– Due within one year	**12 806**	10 033	**12 806**	10 033
– Due within two to five years	**31 839**	26 492	**31 839**	26 492
– Due beyond five years	**277 502**	103 107	**277 502**	103 107
	322 147	139 632	**322 147**	139 632
38. Minimum lease payments receivable				
Minimum lease payments comprise contractual rental, income, excluding the straight-line lease adjustments, and operating expense recoveries due in terms of signed lease agreement on investment properties				
– Receivable within one year	**3 272 256**	3 072 172	**2 315 024**	2 236 823
– Receivable within two to five years	**8 680 105**	8 111 872	**5 278 941**	5 075 621
– Receivable beyond five years	**10 065 258**	11 718 693	**5 496 430**	7 235 018
	22 017 619	22 902 737	**13 090 395**	14 547 462

39. Contingent liabilities and guarantees

Suretyships limited to R309 million (2011: R137 million) have been provided relating to BEE initiatives.

At the date of this report the company has provided guarantees in respect of the loans to Clearwater to a maximum of R72,3 million (2011: R183 million).

RIN entered into a guarantee agreement with IHG Hotels Limited, the contingent liability is not expected to exceed R4 million.

In the prior year, liabilities of the Redefine jointly controlled assets had been guaranteed to a maximum amount of R30,8 million.

40. Financial risk management

The group's financial instruments consist mainly of deposits with banks, interest-bearing liabilities, derivative instruments, amounts due from subsidiaries, associates and third parties, guarantee fees, trade and other receivables, trade and other payables, listed securities, debentures and linked unitholders for distribution. In respect of the aforementioned financial instruments, book value approximates fair value. Exposure to market, credit and liquidity risk arises in the normal course of business.

The group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk.

While risk management is the ultimate responsibility of the board of directors, the board has delegated this responsibility to the audit and risk committee which is responsible for developing and monitoring the group's risk management policies.

The group's risk management policies are established to ensure:

- improved risk management and control;
- the efficient allocation of funds to maximise returns;
- the maintenance of acceptable levels of risk within the group as a whole; and
- efficient liquidity management and control of funding.

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

	GROUP		COMPANY	
	2012 R000	2011 R000	**2012 R000**	2011 R000
40.1 Credit risk management				
Potential areas of credit risk consist of trade receivables and short-term cash investments. Trade receivables are widely spread over a large customer base. The financial positions of these customers are monitored on an ongoing basis. All specific doubtful debts have been impaired at year-end and management did not consider there to be any material credit risk exposure that was not already covered by an impairment adjustment.				
The impairment allowance at 31 August 2012 was R19,7 million (2011: R8,7 million) net of tenant deposits or guarantees held as security. The company held tenant cash deposits and guarantees with a fair value of R14,1 million at 31 August 2012 (2011: R8,6 million).	**19 693**	8 711	**14 097**	8 550

The specifically impaired receivables relate to tenants who have either been summonsed for non-payment, vacated the premises or who have a history of payment default. It is expected that a portion of the specifically impaired receivables will be recovered.

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	R000	R000	**R000**	R000

40. Financial risk management continued

40.1 Credit risk management continued

	GROUP 2012 R000	GROUP 2011 R000	COMPANY 2012 R000	COMPANY 2011 R000
Ageing of impaired trade receivables				
Not more than 30 days	**10 779**	4 997	**5 184**	4 836
More than 30 days but not more than 60 days	**511**	982	**511**	982
More than 60 days but not more than 90 days	**646**	389	**645**	389
More than 90 days	**7 757**	2 343	**7 757**	2 343
Total	**19 693**	8 711	**14 097**	8 550
Movements on the allowance for the impairment of trade receivables are as follows:				
Opening balance	**8 711**	9 653	**8 550**	9 492
Impairment losses recognised on receivables	**16 410**	7 472	**10 815**	7 472
Impairment losses reversed on receivables	**(5 428)**	(8 414)	**(5 268)**	(8 414)
Closing balance	**19 693**	8 711	**14 097**	8 550

The allowance for impaired receivables and receivables written off are included in property expenses.

Amounts charged to the allowance will be written off when all avenues for recovery have been exhausted and there is no expectation that any further cash will be received.

At reporting date no geographic area, rental sector or size of tenant had been identified as a specific credit risk.

Receivables past due but not impaired

Receivables are considered to be "past due" when they are uncollected one day or more beyond their contractual due date.

As at 31 August 2012, trade receivables of R25,2 million (2011: R175,5 million) were considered past due but not impaired. These include varied customers with no recent history of payment default.

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	R000	R000	**R000**	R000
The ageing of these trade receivables is as follows:				
Ageing of trade receivables past due but not impaired				
Not more than 30 days	**17 206**	19 907	**17 206**	11 097
More than 30 days but not more than 60 days	**2 718**	22 341	**2 718**	4 721
More than 60 days but not more than 90 days	**692**	27 880	**692**	1 450
More than 90 days	**4 605**	105 421	**4 605**	7 963
Total	**25 221**	175 549	**25 221**	25 231

40. Financial risk management continued

40.2 Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group ensures that it always has adequate funds available and seeks to borrow for as long as possible at the lowest possible cost. Liquidity requirements are managed by monitoring forecast cash flows, managing the maturity profile of financial liabilities and broadening funding sources to avoid concentration risk to financial institutions.

A maturity analysis of financial assets and liabilities is set out in the table below.

GROUP	Less than 1 year R000	1 – 5 years R000	More than 5 years R000	Total R000
Year ended 31 August 2012				
Financial assets				
Listed securities	–	–	5 341 485	5 341 485
Loans receivable	12 546	1 527 301	–	1 539 847
Other financial assets	2 377	–	2 972	5 349
Guarantee fees receivable	21 349	50 000	–	71 349
Trade and other receivables	678 791	–	–	678 791
Listed security income	155 574	–	–	155 574
Cash and cash equivalents	351 333	–	–	351 333
Total financial assets	1 221 970	1 577 301	5 344 457	8 143 728
Interest payments relating to loans receivable above	166 810	480 271	–	647 081
Financial liabilities				
Debenture capital	–	–	4 791 714	4 791 714
Interest-bearing liabilities	6 793 374	11 540 567	1 108 165	19 442 106
Interest rate swaps	72 046	201 376	266 688	540 110
Other financial liabilities	15 948	62 767	–	78 715
Trade and other payables	953 012	–	–	953 012
Linked unitholders for distribution	897 162	–	–	897 162
Total financial liabilities	8 731 542	11 804 710	6 166 567	26 702 819
Interest payments relating to interest-bearing liabilities above	949 812	1 872 575	684 373	3 506 760
Issued guarantees (the maturity has been assumed as the first potential date of drawdown)	384 919	–	–	384 919
Year ended 31 August 2011				
Financial assets				
Listed securities	–	–	4 664 346	4 664 346
Loans receivable	51 210	1 304 027	19 099	1 374 336
Other financial assets	–	12 938	–	12 938
Guarantee fees receivable	–	21 349	–	21 349
Trade and other receivables	742 666	–	–	742 666
Listed security income	195 683	–	–	195 683
Cash and cash equivalents	660 148	–	–	660 148
Total financial assets	1 649 707	1 338 314	4 683 445	7 671 466
Interest payments relating to loans receivable above	148 066	572 389	–	720 455
Financial liabilities				
Debenture capital	–	–	4 831 731	4 831 731
Interest-bearing liabilities	2 158 496	13 770 214	2 395 949	18 324 659
Interest rate swaps	187 694	166 516	191 573	545 783
Other financial liabilities	–	11 516	–	11 516
Trade and other payables	1 037 126	–	–	1 037 126
Linked unitholders for distribution	993 189	–	–	993 189
Total financial liabilities	4 376 505	13 948 246	7 419 253	25 744 004
Interest payments relating to interest-bearing liabilities above	828 987	1 791 497	983 128	3 603 612

40. Financial risk management continued

40.2 Liquidity risk continued

Financial instruments by category

	Financial assets		Financial liabilities			
	At amortised cost^ R000	At fair value through profit or loss R000	At amortised cost^ R000	At fair value through profit or loss R000	Financial instruments beyond the scope of IFRS 7 and non-financial instruments R000	Total R000
Year ended 31 August 2012						
Financial assets						
Listed securities	–	5 341 485	–	–	–	5 341 485
Loans receivable	1 539 847	–	–	–	–	1 539 847
Other financial assets#	–	5 349	–	–	–	5 349
Guarantee fees receivable	71 349	–	–	–	–	71 349
Trade and other receivables	527 065	–	–	–	151 726	678 791
Listed security income	155 574	–	–	–	–	155 574
Cash and cash equivalents	351 333	–	–	–	–	351 333
Total financial assets	2 645 168	5 346 834	–	–	151 726	8 143 728
Financial liabilities						
Debenture capital	–	–	4 791 714	–	–	4 791 714
Interest-bearing liabilities	–	–	19 442 106	–	–	19 442 106
Interest rate swaps#	–	–	–	540 110	–	540 110
Other financial liabilities	–	–	–	53 829	24 886	78 715
Trade and other payables	–	–	953 012	–	–	953 012
Linked unitholders for distribution	–	–	897 162	–	–	897 162
Total financial liabilities	–	–	26 083 994	593 939	24 886	26 702 819
Year ended 31 August 2011						
Financial assets						
Listed securities	–	4 664 346	–	–	–	4 664 346
Loans receivable	1 374 336	–	–	–	–	1 374 336
Other financial assets	–	12 938	–	–	–	12 938
Guarantee fees receivable	21 349	–	–	–	–	21 349
Trade and other receivables	482 504	–	–	–	260 162	742 666
Listed security income	195 683	–	–	–	–	195 683
Cash and cash equivalents	660 148	–	–	–	–	660 148
Total financial assets	2 734 020	4 677 284	–	–	260 162	7 671 466
Financial liabilities						
Debenture capital	–	–	4 831 731	–	–	4 831 731
Interest-bearing liabilities	–	–	18 324 659	–	–	18 324 659
Interest rate swaps	–	–	–	545 783	–	545 783
Other financial liabilities	–	–	–	6 323	5 193	11 516
Trade and other payables	–	–	1 037 126	–	–	1 037 126
Linked unitholders for distribution	–	–	993 189	–	–	993 189
Total financial liabilities	–	–	25 186 705	552 106	5 193	25 744 004

^ *For all financial instruments carried at amortised cost, due to the fact that interest is market-related, the amortised cost approximates the fair value.*

The derivatives of R2,3 million included in other financial assets and R540,1 million included in interest rate swaps are classified as held-for-trading in terms of IAS 39.

40. Financial risk management continued

40.2 Liquidity risk continued

COMPANY	Less than 1 year R000	1 – 5 years R000	More than 5 years R000	Total R000
Year ended 31 August 2012				
Financial assets				
Listed securities	–	–	3 810 174	3 810 174
Loans receivable	12 546	100 000	68 015	180 561
Guarantee fees receivable	21 349	50 000	–	71 349
Trade and other receivables	386 704	–	–	386 704
Listed security income	174 075	–	–	174 075
Cash and cash equivalents	35 863	–	–	35 863
Total financial assets	630 537	150 000	3 878 189	4 658 726
Interest payments relating to loans receivable above	15 417	29 912	5 053	50 382
Financial liabilities				
Debenture capital	–	–	4 801 915	4 801 915
Interest-bearing liabilities	1 425 854	7 600 377	69 278	9 095 509
Interest rate swaps	–	148 986	262 245	411 231
Other financial liabilities	15 948	62 767	–	78 715
Trade and other payables	568 035	–	–	568 035
Linked unitholders for distribution	899 071	–	–	899 071
Total financial liabilities	2 908 908	7 812 130	5 133 438	15 854 476
Interest payments relating to interest-bearing liabilities above	646 163	1 338 233	139 425	2 123 821
Issued guarantees (the maturity has been assumed as the first potential date of drawdown)	380 854	–	–	380 854
Year ended 31 August 2011				
Financial assets				
Listed securities	–	–	4 664 346	4 664 346
Loans receivable	51 210	87 981	19 100	158 291
Guarantee fees receivable	–	21 349	–	21 349
Trade and other receivables	468 730	–	–	468 730
Listed security income	247 255	–	–	247 255
Cash and cash equivalents	17 969	–	–	17 969
Total financial assets	785 164	109 330	4 683 446	5 577 940
Interest payments relating to loans receivable above	10 340	22 203	8 258	40 801
Financial liabilities				
Debenture capital	–	–	4 842 309	4 842 309
Interest-bearing liabilities	810 043	5 594 689	997 655	7 402 387
Interest rate swaps	–	87 894	191 573	279 467
Other financial liabilities	–	11 516	–	11 516
Trade and other payables	497 091	–	–	497 091
Linked unitholders for distribution	995 364	–	–	995 364
Total financial liabilities	2 302 498	5 694 099	6 031 537	14 028 134
Interest payments relating to interest-bearing liabilities above	605 189	1 298 189	85 466	1 988 844

40. Financial risk management continued

40.2 Liquidity risk continued

Financial instruments by category

	Financial assets		Financial liabilities			
	At amortised cost^ R000	At fair value through profit or loss R000	At amortised cost^ R000	At fair value through profit or loss R000	Financial instru-ments beyond the scope of IFRS 7 and non-financial instru-ments R000	Total R000
Year ended 31 August 2012						
Financial assets						
Listed securities	–	3 810 174	–	–	–	3 810 174
Loans receivable	180 561	–	–	–	–	180 561
Guarantee fees receivable	71 349	–	–	–	–	71 349
Trade and other receivables	386 704	–	–	–	–	386 704
Listed security income	174 075	–	–	–	–	174 075
Cash and cash equivalents	35 863	–	–	–	–	35 863
Total financial assets	848 552	3 810 174	–	–	–	4 658 726
Financial liabilities						
Debenture capital	–	–	4 801 915	–	–	4 801 915
Interest-bearing liabilities	–	–	9 095 509	–	–	9 095 509
Interest rate swaps	–	–	–	411 231	–	411 231
Other financial liabilities	–	–	–	78 715	–	78 715
Trade and other payables	–	–	568 035	–	–	568 035
Linked unitholders for distribution	–	–	899 071	–	–	899 071
Total financial liabilities	–	–	15 364 530	489 946	–	15 854 476
Year ended 31 August 2011						
Financial assets						
Listed securities	–	4 664 346	–	–	–	4 664 346
Loans receivable	158 291	–	–	–	–	158 291
Guarantee fees receivable	21 349	–	–	–	–	21 349
Trade and other receivables	468 730	–	–	–	–	468 730
Listed security income	247 255	–	–	–	–	247 255
Cash and cash equivalents	17 969	–	–	–	–	17 969
Total financial assets	913 594	4 664 346	–	–	–	5 577 940
Financial liabilities						
Debenture capital	–	–	4 842 309	–	–	4 842 309
Interest-bearing liabilities	–	–	7 402 387	–	–	7 402 387
Interest rate swaps	–	–	–	279 467	–	279 467
Other financial liabilities	–	–	–	11 516	–	11 516
Trade and other payables	–	–	497 091	–	–	497 091
Linked unitholders for distribution	–	–	995 364	–	–	995 364
Total financial liabilities	–	–	13 737 151	290 983	–	14 028 134

40. Financial risk management continued

40.3 Market risk

Interest rate risk

The group is exposed to interest rate risk through its variable rate cash balances, receivables, payables and long-term balances.

The group reduces its exposure to changes in interest rates by fixing interest rates in respect of 68% of its local borrowings. This is achieved by entering into agreements to receive variable and pay fixed interest rate swaps.

An increase (or decrease) of 1% in interest rates for the year ending 31 August 2012 would have decreased (increased) distributions to unitholders by approximately R26,4 million (2011: R19,4 million).

Equity price risk

The group is exposed to equity securities price risk in respect of listed securities held by the group. Any fluctuations in equity prices do not affect distributions paid to unitholders. If equity security prices increased or decreased by 5% of the carrying amount at year-end, the effect on net income before taxation would have been R267 million (2011: R293 million).

Currency risk

The group is exposed to currency risk through its Isle of Man loans. As the risk is immaterial, these loans have not been hedged or presented for analysis

40.4 Fair value hierarchy

IFRS 7 requires that an entity disclose for each class of financial instruments measured at fair value, the level in the fair value hierarchy into which the fair value measurements are categorised in their entirety.

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

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

The table below analyses financial instruments carried at fair value, by valuation method:

The fair value hierarchy has the following levels:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

GROUP	Designated at fair value	Level 1	Level 2	Level 3
Year ended 31 August 2012				
Financial assets				
Listed securities	5 341 485	5 341 485	–	–
Other financial assets	5 349	–	2 377	2 972
Total financial assets	5 346 834	5 341 485	2 377	2 972
Financial liabilities				
Interest rate swaps	540 111	–	540 111	–
Other financial liabilities	53 830	–	53 830	–
Total financial liabilities	593 941	–	593 941	–

COMPANY	Designated at fair value	Level 1	Level 2	Level 3
Year ended 31 August 2012				
Financial assets				
Listed securities	3 810 174	3 810 174	–	–
Total financial assets	3 810 174	3 810 174	–	–
Financial liabilities				
Interest rate swaps	411 231	–	411 231	–
Other financial liabilities	78 715	–	78 715	–
Total financial liabilities	489 946	–	489 946	–

40. Financial risk management continued

40.4 Fair value hierarchy continued

40.4.1 Reconciliation between the opening balance and closing balance for fair value measurements in Level 3

	Total R000
Opening balance	12 938
Other financial assets – unlisted investments	(1 194)
Other financial assets – interest rate caps – reclassified to Level 2	(8 772)
Closing balance	2 972

There have been no transfers between Levels 1 to 3 and there have been no changes to the valuation methods used.

40.4.2 Sensitivity of fair values to reasonably possible alternative assumptions by Level 3 instrument type

The fair value of financial instruments in Level 3 is measured using valuation techniques that incorporate assumptions that are not evidenced by prices from observable market data. The following table shows the sensitivity of these fair values to reasonably possible alternative assumptions, determined at a transactional level:

	Reflected in the statement of comprehensive income	
GROUP	Favourable changes	Unfavour-able changes
Other financial assets – unlisted investments	743	(2 972)
Total	743	(2 972)

As a portion of these financial assets relate to unlisted investments in the United Kingdom, a favourable change has been included as a 25% increase in underlying value, while an unfavourable change has been included as a 100% decrease in investment, i.e. total loss.

GROUP	Designated at fair value	Level 1	Level 2	Level 3
Year ended 31 August 2011				
Financial assets				
Listed securities	4 664 346	4 664 346	–	–
Other financial assets	12 938	–	–	12 938
Total financial assets	4 677 284	4 664 346	–	12 938
Financial liabilities				
Interest rate swaps	545 782	–	545 782	–
Other financial liabilities	6 323	–	6 323	–
Total financial liabilities	552 105	–	552 105	–

COMPANY	Designated at fair value	Level 1	Level 2	Level 3
Year ended 31 August 2011				
Financial assets				
Listed securities	4 664 346	4 664 346	–	–
Total financial assets	4 664 346	4 664 346	–	–
Financial liabilities				
Interest rate swaps	279 467	–	279 467	–
Other financial liabilities	11 516	–	11 516	–
Total financial liabilities	290 983	–	290 983	–

41. Capital management

RI and RIFM borrowings of R10,3 billion (2011: R10,7 billion) are negotiated directly by them, have no recourse to Redefine's South African statement of financial position whatsoever, and are excluded from all the ratios below. The investment in RIN has been included in the value of listed investments as part of the local listed securities portfolio.

In terms of the articles of association and the trust deed, there are no restrictions on borrowings. However, to protect Redefine's exposure, the board has imposed a limit on borrowings of 45% of total assets, with management self imposing a target of 35%.

Excluding RI and RIFM, Redefine's borrowings at 31 August 2012, borrowings represented 32,2% (2011: 29%) of the value of its property and listed securities portfolio.

The group's capital management objective is to maintain a strong capital base to safeguard the entity's ability to provide reasonable returns to unitholders and other stakeholders. The group manages its capital structure with reference to risk and other changes in economic conditions.

	GROUP		COMPANY	
	2012 R000	2011 R000	**2012 R000**	2011 R000
Value of the property portfolio	**21 619 736**	20 157 756	**21 496 433**	19 991 232
– Consolidated property portfolio	**31 896 062**	31 525 217	**21 496 433**	19 991 232
– Ringfenced international property portfolio	**(10 276 326)**	(11 367 461)	**–**	–
Value of listed investments	**6 461 159**	5 706 890	**4 929 848**	5 706 890
– Consolidated listed investments	**5 341 485**	4 664 346	**3 810 174**	4 664 346
– Investment in RI	**1 119 674**	1 042 544	**1 119 674**	1 042 544
– Ringfenced international listed investments	**–**	–	**–**	–
South African property portfolio and listed investments	**28 080 896**	25 864 646	**26 426 281**	25 698 122
45% (2011: 45%) thereof	**12 636 403**	11 639 091	**11 891 827**	11 564 155
South African borrowings utilised	**9 160 736**	7 627 397	**9 095 509**	7 402 387
– Consolidated borrowings	**19 442 106**	18 324 659	**9 095 509**	7 402 387
– Ringfenced international borrowings	**(10 281 371)**	(10 697 262)	**–**	–
South African property portfolio and listed investments	**3 475 667**	4 011 694	**2 796 318**	4 161 768

42. Related party transactions

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.

Related parties with whom Redefine transacted during the year were:

	GROUP 2012	GROUP 2011	COMPANY 2012	COMPANY 2011
Redefine Properties International Limited				
Income comprising interest distributions	**–**	–	**130 987**	94 214
Interest paid	**–**	–	**–**	(455)
Interest received	**–**	–	**–**	480
Loan receivable	**–**	–	**–**	5 000
Underwriting fees	**–**	–	**8 312**	–
Underwriting fees received in advance	**–**	–	**18 444**	–
Relationship: Subsidiary company				

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	R000	R000	**R000**	R000
42. Related party transactions continued				
Madison Property Fund Managers				
Income comprising interest distributions	**–**	–	**3 996**	21 415
Asset management fees paid	**–**	–	**–**	8 500
Loan payable	**–**	–	**198 469**	234 155
Relationship: Subsidiary company				
Freedom Square (Pty) Limited				
Income comprising interest distributions	**–**	–	**68 015**	55 501
Interest received	**–**	–	**5 788**	5 199
Relationship: Subsidiary company				
ApexHi Bee Trust				
Income comprising interest distributions	**–**	2 472	**–**	–
Relationship: Trustee and shareholding				
Dipula Property Investment Trust				
Asset management fees paid	**–**	1 802	**–**	–
Relationship: Associate company (relationship ceased August 2011)				
Mergence Africa Property Investment Trust				
Asset management fees paid	**–**	1 356	**–**	–
Relationship: Associate company (relationship ceased August 2011)				
Redefine Retail (Proprietary) Limited				
Loan receivable	**–**	–	**1 839 692**	–
Relationship: Subsidiary company				
Evening Star 768 (Proprietary) Limited				
Interest received	**–**	–	**2 757**	–
Loan receivable	**–**	–	**325 646**	–
Relationship: Subsidiary company				
Arrowhead Properties Limited				
Income comprising interest distributions	**–**	–	**37 906**	–
Relationship: Subsidiary company from 1 September 2011 to 9 December 2011				
Directors' emoluments				
Non-executive directors (refer to page 118)	**1 933**	1 523	**1 933**	1 523
Executive directors (refer to page 118)	**14 477**	15 392	**14 477**	15 392

43. Subsequent events

Subsequent to year-end Redefine Properties International Limited announced the conclusion of an agreement to extend and restructure their R1,5 billion Delta facility as well as the restructuring of their VBG portfolio.

Discussions are ongoing on the Gamma facility with a Standstill agreement currently in place.

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	R000	R000	**R000**	R000
44. Jointly controlled assets				
South Coast Mall (50% interest)				
In the prior year South Coast Mall, a jointly controlled and co-owned asset between Redefine and Hyprop, was proportionally consolidated on a line-by-line basis. During the financial year Redefine acquired Hyprop's 50% and South Coast Mall is now 100% owned by Redefine.				
Non-current assets	**–**	146 667	**–**	146 667
Current assets	**–**	5 412	**–**	5 412
Non-current liabilities	**–**	99 042	**–**	99 042
Current liabilities	**–**	928	**–**	928
Income	**–**	9 797	**–**	9 797
Expenses	**–**	21 327	**–**	21 327
Dock Road (50% interest)				
1 Dock Road, a jointly controlled and co-owned asset between Redefine and SA Reit, is proportionally consolidated on a line-by-line basis				
Non-current assets	**61 752**	61 752	**61 752**	61 752
Oasis Joint Venture (50% interest)				
All assets and liabilities were transferred to non-current assets and liabilities held-for-sale at 31 August 2011. The assets and related liabilities were sold on the effective date of 1 September 2011.				
Current assets	**–**	19 278	**–**	19 278
Current liabilities	**–**	20 614	**–**	20 614
Income	**–**	3 423	**–**	3 423
Expenses	**–**	3 920	**–**	3 920
Broadlands Joint Venture (50% interest)				
All assets and liabilities were transferred to non-current assets and liabilities held-for-sale at 31 August 2011. The assets and related liabilities were sold on the effective date of 1 September 2011.				
Non-current liabilities	**–**	8 242	**–**	8 242
Expenses	**–**	1 662	**–**	1 662

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	R000	R000	**R000**	R000
44. Jointly controlled assets continued				
Brickfield Joint Venture (50% interest)				
All assets and liabilities were transferred to non-current assets and liabilities held-for-sale at 31 August 2011. The assets and related liabilities were sold on the effective date of 1 September 2011.				
Current assets	**–**	22 034	**–**	22 034
Current liabilities	**–**	18 550	**–**	18 550
Income	**–**	1 662	**–**	1 662
Chris Hani Crossing (50% interest)				
Undivided half share of the immovable property and letting enterprise with Chris Hani Crossing Share Block (Proprietary) Limited. Effective date 24 August 2012.				
Non-current assets	**264 729**	–	**264 729**	–
Current assets	**583**	–	**583**	–
Current liabilities	**48**	–	**48**	–
Income	**649**	–	**649**	–
Expenses	**67**	–	**67**	–
Dawn Distribution Centre (50% interest)				
Undivided half share of the immovable property and letting enterprise with Fin Properties 107 (Proprietary) Limited. Effective date 2 April 2012.				
Non-current assets	**186 500**	–	**186 500**	–
Current assets	**–**	–	**–**	–
Non-current liabilities	**–**	–	**–**	–
Current liabilities	**401**	–	**401**	–
Income	**5 511**	–	**5 511**	–

45. Segmental report

The group is managed principally in two segments, local and international with the international segment being an independently managed and listed group entity, which is responsible for all aspects of their business. The international segment is managed by the Redefine Properties Limited board as a listed security. The local segment is further divided into the subsectors of office, retail and industrial, however this is limited as follows:

- on the statement of comprehensive income to:
  – contractual rental income
  – property expenses
- on the statement of financial position to:
  – investment properties excluding developments
  – non-current assets held-for-sale

All other line items are split between local and international as they are not split between the subsectors above for management purposes.

GROUP	Office R000	Retail R000	Industrial R000	Foreign R000	Total R000
2012					
Contractual rental income	1 220 335	907 009	364 405	840 310	3 332 059
Property expenses	(281 556)	(198 374)	(76 112)	(232 776)	(788 818)
Net property income	938 779	708 635	288 293	607 534	2 543 241

	Local R000	Foreign R000	Total R000
Net property income	1 935 708	607 533	2 543 241
Straight-line rental income	(42 876)	–	(42 876)
Listed securities portfolio	360 917	–	360 917
Fee income	42 933	60 439	103 372
Hotel income	–	286 266	286 266
Property trading income	12 414	–	12 414
Revenue	2 309 096	954 238	3 263 334
Admin and corporate costs	(113 642)	(107 271)	(220 913)
Depreciation	(5 432)	(5 772)	(11 204)
Segment profit from operations	2 190 022	841 195	3 031 217
Changes in fair values of properties, listed securities and financial instruments	1 750 872	(1 523 794)	227 078
Amortisation of intangibles	(62 856)	(38 249)	(101 105)
Interest in associates	25 263	80 366	105 629
Income/(losses) from operations	3 903 301	(640 482)	3 262 819

	Office R000	Retail R000	Industrial R000	Foreign R000	Total R000
Investment properties (excluding development properties)	9 522 696	7 602 649	3 953 621	8 326 838	29 405 804
Non-current assets held for sale	211 369	87 000	14 500	1 821 584	2 134 453
	9 734 065	7 689 649	3 968 121	10 148 422	31 540 257

	Local R000	Foreign R000	Total R000
Investment properties and non-current assets held-for-sale	21 391 835	10 148 422	31 540 257
Other assets	12 393 012	2 822 986	15 215 998
Total assets	33 784 847	12 971 408	46 756 255
Total liabilities (including debenture capital)	(17 958 704)	(12 245 636)	(30 204 340)
Total liabilities (excluding debenture capital)	(13 166 990)	(12 245 636)	(25 412 626)

45. Segmental report continued

GROUP	Office R000	Retail R000	Industrial R000	Foreign R000	Total R000
2011					
Contractual rental income	1 255 220	922 604	358 888	226 410	2 763 122
Property expenses	(330 429)	(218 184)	(62 459)	(121 576)	(732 648)
Net property income	924 791	704 420	296 429	104 834	2 030 474

	Local R000	Foreign R000	Total R000
Net property income	1 925 640	104 834	2 030 474
Straight-line rental income	(8 217)	–	(8 217)
Listed securities portfolio	299 440	42 927	342 367
Fee income	128 931	76 554	205 485
Hotel income	–	157 628	157 628
Property trading income	36 556	–	36 556
Revenue	2 382 350	381 943	2 764 293
Admin and corporate costs	(76 956)	(65 651)	(142 607)
Depreciation	(13 886)	(2 294)	(16 180)
Segment profit from operations	2 291 508	313 998	2 605 506
Changes in fair values of properties, listed securities and financial instruments	499 238	33 067	532 305
Amortisation of intangibles	(62 856)	(33 952)	(96 808)
Impairment losses	(182 305)	(666 408)	(848 713)
Interest in associates	(1 244)	(18 744)	(19 988)
Income/(losses) from operations	2 544 341	(372 039)	2 172 302

	Office R000	Retail R000	Industrial R000	Foreign R000	Total R000
Investment properties (excluding development properties)	8 181 042	6 578 164	2 540 345	11 169 873	28 469 424
Non-current assets held-for-sale	1 087 299	1 093 780	465 104	–	2 646 183
	9 268 341	7 671 944	3 005 449	11 169 873	31 115 607

	Local R000	Foreign R000	Total R000
Investment properties and non-current assets held-for-sale	19 945 734	11 169 873	31 115 607
Other assets	10 855 125	2 392 755	13 247 880
Total assets	30 800 859	13 562 628	44 363 487
Total liabilities (including debenture capital)	(15 616 252)	(11 690 984)	(27 307 236)
Total liabilities (excluding debenture capital)	(10 784 521)	(11 690 984)	(22 475 505)

Unitholders' diary

Financial year end	31 August
Annual report to be posted to unitholders	20 December 2012
Annual general meeting	31 January 2013

Interest distribution timetable for the 2013 financial year		
Distribution number	48	49
Six months ended	28 February 2013	31 August 2013
Declaration date	2 May 2013	31 October 2013
Payment date	27 May 2013	25 November 2013

Office

Property name	Province	Value	GLA m²	GMR	GMR R/m²	Vacancy m²
Standard Bank Centre	Western Cape	593 000	59 778	5 017 310	87	2 031
155 West Street	Gauteng	518 482	24 501	–	98	–
Convention Tower	Western Cape	380 000	17 645	2 955 465	169	185
Thibault Square	Western Cape	377 000	30 446	–	98	–
Commerce Square	Gauteng	355 300	15 949	3 210 443	205	315
Poyntons	Gauteng	338 000	64 183	4 286 894	67	–
Pier Place	Western Cape	300 000	14 746	–	98	–
Jewel City	Gauteng	273 600	43 915	2 855 053	71	3 542
90 Rivonia Road	Gauteng	237 400	14 270	–	98	–
22 Fredman Drive	Gauteng	232 400	10 974	–	98	–
11 Diagonal Street	Gauteng	190 100	32 972	–	98	–
Redefine Towers (320 West Street Durban)	KwaZulu-Natal	188 700	22 787	2 253 049	99	–
111 Commissioner Street	Gauteng	187 000	28 467	2 484 926	89	615
De Beers House	Gauteng	179 000	11 919	–	98	–
Esher Place	Gauteng	158 500	9 007	–	98	–
Trust Bank Building	Gauteng	156 400	17 029	1 787 348	105	–
82 Maude	Gauteng	148 600	9 911	917 423	107	1 300
Fedsure Forum	Gauteng	148 200	29 081	2 121 895	75	780
Glenrand M·I·B House	Gauteng	140 000	12 832	1 190 474	93	–
Accenture	Gauteng	133 400	6 520	–	98	–
Isivuno House	Gauteng	132 600	23 680	–	98	–
Knowledge Park II	Western Cape	125 000	7 181	–	98	–
Hatfield Square	Gauteng	115 300	14 837	975 451	129	7 290
ABSA Investments Campus	Gauteng	113 342	10 469	–	98	–
209 Smit Street	Gauteng	100 000	28 508	1 079 193	61	10 711
Thornhill Office Park	Gauteng	100 000	9 506	764 324	94	1 349
Batho Pele House	Gauteng	98 400	14 258	–	98	–
Nedbank Centre Nelspruit	Mpumalanga	92 700	15 080	1 100 257	95	3 459
Nedbank Building Polokwane	Limpopo	87 300	13 327	1 141 767	97	1 564
Boskruin Village Office Park	Gauteng	86 400	6 766	730 048	134	1 330
Knowledge Park	Western Cape	84 000	6 210	–	98	–
15 Baker Street	Gauteng	82 751	7 094	–	98	–
Opera Plaza Pretoria	Gauteng	82 500	14 912	972 431	66	239
Matlotlo House	Gauteng	82 000	13 853	–	98	–
Shell House	KwaZulu-Natal	81 900	14 022	–	98	–
Surrey Place	Gauteng	77 394	11 650	–	98	–
61 Jorrisen Street	Gauteng	76 000	18 181	–	98	–
2 Fricker Road	Gauteng	74 000	4 115	485 197	118	–

Office continued

Property name	Province	Value	GLA m²	GMR	GMR R/m²	Vacancy m²
Essex Gardens	KwaZulu-Natal	72 630	9 317	539 504	65	1 028
Hollard House and Parkade	Gauteng	70 800	10 414	628 884	65	780
Mineralia Building	Gauteng	70 400	13 605	1 106 789	96	2 027
Wheat Board	Gauteng	69 400	13 109	–	98	–
90 Grayston Drive	Gauteng	68 603	–	–	98	–
Shorburg	Gauteng	67 900	14 044	730 785	67	3 144
222 Smit Street	Gauteng	67 000	21 430	541 493	49	10 477
17 Harrison Street	Gauteng	67 000	12 377	1 164 464	94	–
NBS Building	Gauteng	66 949	9 401	1 060 935	113	–
Stonewedge	Gauteng	66 100	7 146	626 683	88	38
The Avenues	Gauteng	64 304	6 325	522 384	83	–
Heron Place	Western Cape	64 300	4 734	–	98	–
Redefine Place	Gauteng	60 386	4 527	182 614	42	143
85 On Field	KwaZulu-Natal	58 600	12 844	643 234	76	4 385
Nedbank Centre – Durban Club Place	KwaZulu-Natal	56 700	14 157	781 567	87	5 207
Redefine North Wharf	Western Cape	56 000	5 277	397 631	76	26
Parliament Towers	Western Cape	55 000	8 620	777 987	90	–
SSAB	Gauteng	53 319	9 473	–	98	–
Outspan House	Gauteng	53 000	7 471	212 194	88	5 061
Treasury House	KwaZulu-Natal	52 400	9 762	654 635	67	–
West End Shopping Centre	North West	51 500	20 836	769 762	50	5 495
Knowledge Park III	Western Cape	50 000	3 518	386 645	114	135
Curator	Gauteng	49 600	8 856	923 243	105	87
Emanzeni	Gauteng	49 600	9 340	–	98	–
6 Durban Club Place	KwaZulu-Natal	47 000	8 838	702 815	80	–
Hyde Park Manor	Gauteng	46 400	4 688	459 372	98	–
Allhart Park	Gauteng	46 000	4 401	456 534	104	–
66 Peter Place	Gauteng	43 800	4 325	415 868	111	592
3 Sturdee Avenue	Gauteng	41 600	3 459	443 946	130	50
Domus	Gauteng	40 437	5 663	397 066	103	1 798
2 Rissik Street	Gauteng	38 630	6 110	–	98	–
Wynberg Mews	Western Cape	37 870	7 424	488 638	85	1 698
Commissioner House Bellville	Western Cape	37 500	4 019	–	98	195
Reserve Road	Gauteng	37 347	5 847	537 519	93	73
Wedgefield	Gauteng	37 114	4 109	436 746	108	48
37 Bath Avenue	Gauteng	36 644	3 187	320 705	101	–
Hatfield Forum East	Gauteng	33 700	5 244	278 781	72	1 347
Delpen Building	Gauteng	33 700	5 550	–	98	–
Noswal Hall	Gauteng	33 500	8 593	360 285	62	2 826
125 Simmonds Street	Gauteng	32 767	4 915	–	98	–
Homestead	Gauteng	31 500	3 924	272 404	94	1 034

Office continued

Property name	Province	Value	GLA m²	GMR	GMR R/m²	Vacancy m²
Kernick House	Gauteng	30 600	3 564	–	98	–
2 Devonshire Place	KwaZulu-Natal	30 000	8 015	487 419	67	696
Monitor House	Gauteng	28 000	1 709	–	98	–
Accord House	KwaZulu-Natal	27 800	3 961	266 572	87	884
The Station Building	KwaZulu-Natal	27 800	6 808	306 791	66	2 154
74 Lorne Street	KwaZulu-Natal	27 000	4 162	–	98	–
CCMA House	Western Cape	22 000	4 650	375 418	82	89
Lakeside 2	Gauteng	21 450	4 115	137 054	90	2 587
Nosa	Gauteng	20 300	3 770	–	98	–
Victoria Gate	Gauteng	20 000	2 418	–	98	–
Embassy House	Gauteng	19 841	3 419	–	98	–
Engen House	Gauteng	19 800	2 579	190 455	74	–
Duncan Street	Gauteng	19 200	1 310	202 869	155	–
Glenashley Views	KwaZulu-Natal	18 959	2 810	240 928	104	501
Standard Bank Nelspruit Branch	Mpumalanga	18 745	2 374	198 740	117	680
Optiplan House	Gauteng	17 451	1 796	182 367	117	241
Odyssey Place	KwaZulu-Natal	15 246	2 101	157 777	86	257
BDO House	KwaZulu-Natal	13 518	2 252	129 834	69	376
Chesan	Gauteng	8 000	1 019	–	98	–
The Ridge	KwaZulu-Natal	7 740	1 107	49 400	106	640
Pica Bethal	Mpumalanga	7 600	6 867	325 363	50	369
West House	Gauteng	7 100	1 050	41 066	84	561
Sevenfold	KwaZulu-Natal	4 201	670	70 900	106	–
Golf Air Park II	Western Cape	16 500	#			
Erf 4462 Clayville	Gauteng	2 910	^			
Sub total		9 495 430	1 109 986			1 628
Non-current assets available for sale						
Spooral Park Centurion	Gauteng	30 500	4 222	–	98	–
Chamber House	Eastern Cape (PE)	4 902	2 862	68 333	55	1 628
Sub total		35 402	7 084			1 628
Total		9 530 832	1 117 070			94 067

*GMR for single-tenanted buildings has not been reflected. The average rental per m² disclosed is the average of all single-tenant buildings in this sector.

^ Vacant land.

To be confirmed.

Retail

Property name	Province	Value	GLA m²	GMR	GMR R/m²	Vacancy m²
Golden Walk	Gauteng	718 200	44 942	5 971 573	135	628
Sammy Marks Square	Gauteng	471 000	34 124	3 689 593	119	3 185
Park Meadows	Gauteng	403 300	27 208	3 322 087	131	1 791
Cleary Park Shopping Centre	Eastern Cape	394 000	36 290	3 806 989	109	1 266
Chris Hani Crossing	Gauteng	264 729	40 659	–	66	–
Southcoast Mall	KwaZulu-Natal	230 000	29 424	3 580 555	129	1 712
Maynard Mall	Western Cape	192 000	23 600	1 985 452	85	160
The Village @ Horizon	Gauteng	190 600	19 728	2 011 343	110	1 476
Shoprite Park	Western Cape	175 000	29 482	1 470 967	54	2 252
Ottery Centre	Western Cape	170 000	27 303	1 612 966	59	56
Standard Bank Centre Pretoria	Gauteng	160 800	24 169	2 723 417	124	2 177
Sable Square	Western Cape	151 000	27 082	1 873 223	71	831
Middestad Centre	Free State	145 000	19 286	1 880 632	100	432
Monument Commercial Centre	Gauteng	144 300	19 562	1 084 073	56	31
The Pritchard Street Trust	Gauteng	130 800	15 039	1 317 896	88	–
Kopanong Shopping Centre	Gauteng	125 300	10 708	1 217 391	118	381
Small Street Mall	Gauteng	125 267	7 925	2 180 345	275	–
Kempton Square Shopping Centre	Gauteng	125 000	16 808	1 467 434	94	1 210
Ermelo Mall	Mpumalanga	114 200	20 447	1 275 471	63	196
Jetmart Pretoria	Gauteng	114 000	11 008	–	66	–
Makhado Crossing Shopping	Limpopo	110 200	14 450	1 030 163	82	1 815
Shoprite Alberton	Gauteng	110 000	17 409	1 184 000	73	1 113
Besterbrown	Mpumalanga	106 100	14 121	1 104 562	83	856
Festival Square	Gauteng	103 100	11 041	–	66	–
Moreleta Plaza	Gauteng	83 900	8 856	893 265	106	420
Witbank Medical Centre	Mpumalanga	83 100	13 889	857 749	71	1 876
Botshabelo Shopping Centre	Free State	80 700	14 992	1 166 386	80	467
Riverside Mall (CPT)	Western Cape	80 400	9 635	813 296	87	268
Capital Centre Pietermaritzburg	KwaZulu-Natal	78 700	11 072	910 730	82	–
Hammanskraal	Gauteng	78 400	11 286	893 343	80	186
Stanhope Bridge	Western Cape	77 900	6 406	699 748	109	–
Scott St Mall – Newcastle	KwaZulu-Natal	74 300	17 665	644 645	74	8 967
Scottsville Mall	KwaZulu-Natal	70 800	14 956	1 150 489	116	5 025
Berea Centre Durban	KwaZulu-Natal	68 200	16 393	1 226 409	83	1 647

Retail continued

Property name	Province	Value	GLA m²	GMR	GMR R/m²	Vacancy m²
China Town	Western Cape	67 600	8 227	674 666	82	–
Finpark	Gauteng	65 600	2 957	165 538	67	481
Vaal Walk	Gauteng	65 326	18 145	855 901	50	1 069
Blue Downs	Western Cape	64 724	#			
Freedom Square JV	Namibia	64 571	#			
Pine Parkade	KwaZulu-Natal	63 800	2 983	395 156	134	32
Klerksdorp Game Store	North West	62 900	10 455	743 968	71	–
Redefine Boulevard	Western Cape	62 000	10 884	642 362	71	1 810
Riverside Value Mart	Mpumalanga	58 200	9 751	587 800	63	486
Ferreiras North Riding	Gauteng	53 224	27 144	1 003 499	37	–
Matsamo Plaza	Mpumalanga	52 900	7 568	570 716	80	400
Meadowpoint Shopping Centre	Gauteng	50 549	4 558	418 214	92	–
City Centre Eersterivier	Western Cape	48 500	6 582	554 964	85	89
Pro Shop Woodmead	Gauteng	48 318	5 190	–	66	–
Bryanston Carvenience	Gauteng	47 851	4 192	133 221	35	387
Turfloop Plaza	Limpopo	46 200	6 784	553 518	86	327
Posthouse Link	Gauteng	46 180	4 509	543 121	122	48
Argyle Centre	KwaZulu-Natal	46 000	5 299	604 662	120	265
Ferreiras Honeydew	Gauteng	45 600	27 000	–	66	–
West Street Parkade	Gauteng	45 100	3 211	369 380	128	323
Shoprite Polokwane	Limpopo	44 800	10 150	–	66	–
Mega Park Shopping Centre	Free State	40 006	5 960	410 690	69	–
African City	Gauteng	39 354	9 457	480 822	51	–
CCMA House Rustenburg	North West	34 650	6 721	416 928	70	762
Standard Bank Centurion	Gauteng	33 500	2 732	–	66	386
Ellerines Pinetown 1	KwaZulu-Natal	33 000	4 209	449 470	107	–
Post House	Gauteng	32 247	3 263	453 613	190	871
Devonshire Parking Garage	KwaZulu-Natal	32 000	800	20 615	26	–
Jet Stores Pietersburg	Limpopo	31 000	3 320	–	66	–
Williams Hunt Randburg	Gauteng	30 923	3 351	–	66	–
Acornhoek Shopping Centre	Mpumalanga	30 800	5 363	410 517	77	–
Proteapoint Shopping Centre	Gauteng	30 600	3 863	345 749	90	–
Isipingo Junction	KwaZulu-Natal	29 900	5 920	386 731	66	50
423/429 Church Street	KwaZulu-Natal	29 600	4 000	301 615	75	–
Ellerines Alberton 1 and 2	Gauteng	28 500	5 264	211 277	47	815
Kemsquare	Gauteng	28 500	7 390	429 253	60	202
Shoprite Claremont	Western Cape	27 100	4 694	256 478	55	7
Hartmann & Keppler	Gauteng	25 184	3 769	197 390	52	–
Standerton Centre	Mpumalanga	24 526	6 496	303 598	52	638

Retail continued

Property name	Province	Value	GLA m²	GMR	GMR R/m²	Vacancy m²
101 Market Street	Gauteng	23 760	5 249	288 277	55	–
Dobsonpoint	Gauteng	21 857	3 562	221 865	68	306
McCarthy Parow	Western Cape	21 100	4 193	–	66	–
Olivedale Shopping Centre	Gauteng	18 288	5 109	199 248	71	2 300
Southern Motors	Gauteng	17 341	3 863	–	66	–
ABSA Centurion	Gauteng	15 417	1 306	–	66	–
Pimville Square	Gauteng	15 283	4 307	192 870	47	163
Standard Bank George	Western Cape	15 000	1 199	–	66	–
Ellerines Pinetown 2	KwaZulu-Natal	13 970	1 742	137 083	79	–
Edgars Wynberg	Western Cape	13 000	2 606	–	66	–
Rand Stadium Toyota 1	Gauteng	8 300	5 035	–	66	–
Sub total		7 644 945	967 297			52 641
Non-current assets available for sale						
452 West Street	KwaZulu-Natal	42 000	3 235	582 341	180	–
448 West Street Durban	KwaZulu-Natal	25 500	1 485	317 876	214	–
Church Street Boulevard C	KwaZulu-Natal	7 200	908	91 669	101	–
Church Street Boulevard A	KwaZulu-Natal	5 200	623	64 204	103	–
Church Street Boulevard B	KwaZulu-Natal	3 900	973	–	66	–
Church Street Boulevard D	KwaZulu-Natal	3 200	398	46 981	118	–
Sub total		87 000	7 622			–
Total		7 602 650	974 919			52 641

*GMR for single-tenanted buildings has not been reflected. The average rental per m² disclosed is the average of all single-tenant buildings in this sector.

^ Vacant land.

To be confirmed.

Industrial

Property name	Province	Value	GLA m²	GMR	GMR R/m²	Vacancy m²
Pepkor Isando	Gauteng	581 400	107 017	–	45	–
Wingfield Park	Gauteng	213 600	56 486	2 081 867	37	475
Dawn	Gauteng	186 500	44 138	–	45	–
Premier Milling – Durban	KwaZulu-Natal	162 000	38 926	–	45	–
GM – COEGA	Eastern Cape	142 449	38 000	–	45	–
8 Jansen Road	Gauteng	133 700	22 774	–	45	–
Tiger Foods Distribution	Gauteng	117 708	20 067	–	45	–
Heron Industrial	Western Cape	108 200	23 803	–	45	–
Cadbury South Africa (Pty) Ltd JHB	Gauteng	106 086	12 464	–	45	–
Premier Milling – Waltloo	Gauteng	98 000	27 666	–	45	–
Edcon	Gauteng	93 500	23 308	–	45	–
12 Piet Rautenbach Street	Gauteng	88 000	23 392	1 055 577	59	5 555
Freeway Centre	Gauteng	82 672	42 376	1 021 683	24	–
CTX Business Park	Western Cape	78 300	14 455	625 716	54	2 953
Avroy Shlain Cosmetics	Gauteng	76 900	12 448	–	45	–
21 Wrench Road	Gauteng	76 500	32 702	778 443	32	8 279
Pepsi	Gauteng	73 000	5 880	–	45	–
Schneider Electric South Africa	Gauteng	72 711	9 788	–	45	–
Berg River Park	Western Cape	69 000	35 664	747 960	21	819
Spearhead Business Park	Western Cape	65 500	13 695	662 779	49	296
Le Sel 1	Gauteng	64 652	11 606	–	45	–
City Deep 45 and 46	Gauteng	64 500	13 407	–	45	–
Creation	North West	62 000	28 182	650 852	23	–
GNLD International	Gauteng	58 921	5 477	–	45	–
Erf 681– Alrode	Gauteng	57 400	20 111	–	45	–
Hudaco Park	Gauteng	55 000	17 176	464 366	27	–
ITT Flygt	Gauteng	54 172	5 941	–	45	–
Fabric Park	Gauteng	47 600	15 813	419 537	35	3 953
Platinum Park (cons)	Western Cape	45 300	7 761	–	45	–
Ohm Street Industrial Park	Gauteng	45 000	12 773	474 231	41	1 230
Trentyre Spartan	Gauteng	43 800	12 344	–	45	–
Coricraft	Western Cape	43 000	13 727	–	45	–
Le Sel 2	Gauteng	42 637	10 680	–	45	–
101 Lawley – Playtex Building	KwaZulu-Natal	40 900	33 249	529 157	16	–

Industrial continued

Property name	Province	Value	GLA m²	GMR	GMR R/m²	Vacancy m²
UTI – Linbro Park	Gauteng	37 500	6 217	–	45	–
Southern Denver	Gauteng	35 700	16 216	–	45	–
Golf Air Park	Western Cape	33 000	14 800	400 543	27	–
Eagle Park	Western Cape	30 750	4 167	255 157	62	45
Denver Industrial Park	Gauteng	28 500	12 830	425 353	36	1 173
Trencor	Western Cape	28 400	6 861	–	45	–
S Burde	Gauteng	28 400	19 696	–	45	–
5 Laub Street	Gauteng	27 000	10 063	–	45	–
52 Mimetes Road	Gauteng	26 400	7 567	–	45	–
HK Manufacturing Parow	Western Cape	25 700	8 933	275 616	31	–
77 and 78 Plane Road	Gauteng	25 000	8 686	290 827	33	–
12 Nourse Avenue	Western Cape	24 600	10 581	252 451	24	–
Wholesale Housing Supplies	Gauteng	23 200	5 300	–	45	–
African Glass – Denver	Gauteng	23 000	7 768	–	45	–
2 Sterling Road	Gauteng	22 600	6 845	234 450	34	–
Amalgamated Inv – Tedelex	Gauteng	21 200	17 512	296 580	19	1 950
Sentra Chem – New Germany	KwaZulu-Natal	21 100	7 070	–	45	–
Fascor	KwaZulu-Natal	20 946	8 282	–	45	–
Distro Dee 2 Border Road Drost	Gauteng	19 300	6 931	–	45	–
Aristocrat Tech	Gauteng	17 679	2 158	–	45	–
16th Street	Gauteng	16 700	3 460	–	45	–
64 Mimetes Road	Gauteng	16 628	5 136	–	–	–
3 Spartan Crescent	Gauteng	15 005	4 790	–	45	–
Metcash Trading	Gauteng	14 956	3 892	–	45	–
Corpgro Building – Benoni	Gauteng	5 250	3 841	–	–	3 841
Trentyre Sebenza 2	Gauteng	–	3 138	–	45	–
Sub total		3 939 122	1 026 036			30 569
Non-current assets available for sale						
Chai Properties	Gauteng	14 500	6 430	–	45	4 145
Erf 755 Denver	Gauteng	1 299	^			
Sub total		15 799	6 430			4 145
Total		3 954 921	1 032 466			34 714

*GMR for single-tenanted buildings has not been reflected. The average rental per m² disclosed is the average of all single-tenant buildings in this sector.

^ Vacant land.

GRI 3.1 GRID

Strategy and analysis continued		Page number(s)
1.1	Statement by the chairman about the relevance of sustainability to the organisation and its strategy.	30 – 33
1.2	Description of key impacts, risks and opportunities.	34 – 39, 102 – 104
Organisational profile		
2.1	Name of the organisation – Redefine Properties Limited.	
2.2	Primary products.	8 – 11
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries and joint ventures.	7, 54
2.4	Location of organisation's headquarters.	204
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	12, 13
2.6	Nature of ownership and legal form.	IFC
2.7	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries).	10, 12, 13
2.8	Scale of the reporting organisation.	2
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	None
2.10	Awards received in the reporting period – Sunday Times Top 100 companies and JSE SRI Index.	
Report parameters		
REPORT PROFILE		
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	IFC
3.2	Date of most recent previous report (if any).	IFC
3.3	Reporting cycle (annual, biennial, etc).	IFC
3.4	Contact point for questions regarding the report or its contents.	204
REPORT SCOPE AND BOUNDARY		
3.5	Process for defining report content, including:	
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	IFC
3.7	State any specific limitations on the scope or boundary of the report.	IFC
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities that can significantly affect comparability from period to period and/or between organisations.	128, 129
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	136, 137

Strategy and analysis continued		Page number(s)
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	1
3.11	Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report.	IFC
GRI CONTENT INDEX		
3.12	Table identifying the location of the Standard Disclosures in the report. Identify the page numbers or web links where the following can be found:	This GRI table
ASSURANCE		
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organisation and the assurance provider(s).	IFC
Governance, commitments, and engagement		
GOVERNANCE		
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.	94, 95
4.2	Indicate whether the chair of the highest governance body is also an executive officer (and, if so, his/her function within the organisation's management and the reasons for this arrangement).	97
4.3	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	96 , 97
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	20 – 23
4.5	Linkage between compensation for members of the highest governance body, senior managers and executives (including departure arrangements), and the organisation's performance (including social and environmental performance).	105 – 107
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	97
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental and social topics.	14 – 19, 98
4.8	Internally developed statements of mission or values, codes of conduct and principles relevant to economic, environmental and social performance, and the status of their implementation.	6, 24, 37, 79
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct and principles.	IFC, 94, 95
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance.	98

Strategy and analysis continued		Page number(s)
COMMITMENTS TO EXTERNAL INITIATIVES		
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	N/A
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	IFC
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations in which the organisation: SAPOA and PLSA	
STAKEHOLDER ENGAGEMENT		
4.14	List of stakeholder groups engaged by the organisation.	21 – 23
4.15	Basis for identification and selection of stakeholders with whom to engage.	20
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	21 – 23
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting.	21 – 23
Environmental		
MATERIALS		
EN1	Materials used by weight or volume.	N/A
EN2	Percentage of materials used that are recycled input materials.	N/A
ENERGY		N/A
EN3	Direct energy consumption by primary energy source.	N/A
EN4	Indirect energy consumption by primary source.	N/A
EN5	Energy saved due to conservation and efficiency improvements.	N/A
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives.	111
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	111
WATER		
EN8	Total water withdrawal by source.	N/A
EN9	Water sources significantly affected by withdrawal of water.	N/A
EN10	Percentage and total volume of water recycled and reused.	N/A

Strategy and analysis continued	Page number(s)
BIODIVERSITY	N/A
EN11 Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	N/A
EN12 Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	N/A
EN13 Habitats protected or restored.	N/A
EN14 Strategies, current actions and future plans for managing impacts on biodiversity.	N/A
EN15 Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	N/A
EMISSIONS, EFFLUENTS AND WASTE	
EN16 Total direct and indirect greenhouse gas emissions by weight.	N/A
EN17 Other relevant indirect greenhouse gas emissions by weight.	N/A
EN18 Initiatives to reduce greenhouse gas emissions and reductions achieved.	N/A
EN19 Emissions of ozone-depleting substances by weight.	N/A
EN20 NO, SO and other significant air emissions by type and weight.	N/A
EN21 Total water discharge by quality and destination.	N/A
EN22 Total weight of waste by type and disposal method.	N/A
EN23 Total number and volume of significant spills.	N/A
EN24 Weight of transported, imported, exported or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III and VIII, and percentage of transported waste shipped internationally.	N/A
EN25 Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff.	N/A
PRODUCTS AND SERVICES	
EN26 Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	111
EN27 Percentage of products sold and their packaging materials that are reclaimed by category.	N/A
COMPLIANCE	
EN28 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	None
TRANSPORT	
EN29 Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce.	N/A
OVERALL	
EN30 Total environmental protection expenditures and investments by type.	N/A

Strategy and analysis continued		Page number(s)
Labour practices and decent work		
EMPLOYMENT		
LA1	Total workforce by employment type, employment contract and region.	79 – 82
LA2	Total number and rate of employee turnover by age group, gender and region.	82
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	N/A
LABOUR/MANAGEMENT RELATIONS		
LA4	Percentage of employees covered by collective bargaining agreements.	79
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	79
OCCUPATIONAL HEALTH AND SAFETY		
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes.	100%, 81
LA7	Rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities by region.	81
LA8	Education, training, counselling, prevention and risk-control programmes in place to assist workforce members, their families or community members regarding serious diseases.	81
LA9	Health and safety topics covered in formal agreements with trade unions.	N/A
TRAINING AND EDUCATION		
LA10	Average hours of training per year per employee by employee category.	80
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	80
LA12	Percentage of employees receiving regular performance and career development reviews.	100%, 82
DIVERSITY AND EQUAL OPPORTUNITY		
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity.	81, 82, 96,97
LA14	Ratio of basic salary of men to women by employee category.	N/A
LA15	Return to work and retention rates after parental leave, by gender.	100%

Strategy and analysis continued		Page number(s)
Economic		
ECONOMIC PERFORMANCE		
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings and payments to capital providers and governments.	11, 90, 91
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	N/A
EC3	Coverage of the organisation's defined benefit plan obligations.	N/A
EC4	Significant financial assistance received from government.	None
MARKET PRESENCE		
EC5	Range of ratios of standard entry-level wage compared to local minimum wage at significant locations of operation.	N/A
EC6	Policy, practices and proportion of spending on locally based suppliers at significant locations of operation.	66
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	N/A
INDIRECT ECONOMIC IMPACTS		
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in kind or pro bono engagement.	110
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	110

Key:
✓ Compliant
✶ Under review
✗ Non-compliant
Partially compliant

1. Ethical leadership and corporate citizenship

1.1	The board should provide effective leadership based on an ethical foundation	✓
1.2	The board should ensure that the company is and is seen to be a responsible corporate citizen	✓
1.3	The board should ensure that the company's ethics are managed effectively	✓

2. Boards and directors

2.1	The board should act as the focal point for and custodian of corporate governance	✓
2.2	The board should appreciate that strategy, risk, performance and sustainability are inseparable	✓
2.3	The board should provide effective leadership based on an ethical foundation	✓
2.4	The board should ensure that the company is and is seen to be a responsible corporate citizen	✓
2.5	The board should ensure that the company's ethics are managed effectively	✓
2.6	The board should ensure that the company has an effective and independent audit committee	✓
2.7	The board should be responsible for the governance of risk	✓
2.8	The board should be responsible for information technology (IT) governance	✓
2.9	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	✓
2.10	The board should ensure that there is an effective risk-based internal audit	✓
2.11	The board should appreciate that stakeholders' perceptions affect the company's reputation	✓
2.12	The board should ensure the integrity of the company's integrated report	✓
2.13	The board should report on the effectiveness of the company's system of internal controls	✓
2.14	The board and its directors should act in the best interests of the company	✓
2.15	The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Act	✓
2.16	The board should elect a chairman of the board who is an independent non-executive director. The CEO of the company should not also fulfil the role of chairman of the board	✓
2.17	The board should appoint the chief executive officer and establish a framework for the delegation of authority	✓
2.18	The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	✓
2.19	Directors should be appointed through a formal process	✓
2.20	The induction of and ongoing training and development of directors should be conducted through formal processes (Note 1)	✶

2. Boards and directors continued

2.21	The board should be assisted by a competent, suitably qualified and experienced company secretary	✓
2.22	The evaluation of the board, its committees and the individual directors should be performed every year	✓
2.23	The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities	✓
2.24	A governance framework should be agreed between the group and its subsidiary boards (Note 2)	✶
2.25	Companies should remunerate directors and executives fairly and responsibly	✓
2.26	Companies should disclose the remuneration of each individual director and certain senior executives	✓
2.27	Shareholders should approve the company's remuneration policy (Note 3)	✶

3. Audit committees

3.1	The board should ensure that the company has an effective and independent audit committee	✓
3.2	Audit committee members should be suitably skilled and experienced independent non-executive directors	✓
3.3	The audit committee should be chaired by an independent non-executive director	✓
3.4	The audit committee should oversee integrated reporting	✓
3.5	The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities	✓
3.6	The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function	✓
3.7	The audit committee should be responsible for overseeing of internal audit	✓
3.8	The audit committee should be an integral component of the risk management process	✓
3.9	The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	✓
3.10	The audit committee should report to the board and shareholders on how it has discharged its duties	✓

4. The governance of risk

4.1	The board should be responsible for the governance of risk	✓
4.2	The board should determine the levels of risk tolerance	✓
4.3	The risk committee or audit committee should assist the board in carrying out its risk responsibilities	✓
4.4	The board should delegate to management the responsibility to design, implement and monitor the risk management plan	✓
4.5	The board should ensure that risk assessments are performed on a continual basis	✓
4.6	The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	✓
4.7	The board should ensure that management considers and implements appropriate risk responses	✓
4.8	The board should ensure continual risk monitoring by management	✓
4.9	The board should receive assurance regarding the effectiveness of the risk management process	✓
4.10	The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	✓

5.	**The governance of information technology**	
5.1	The board should be responsible for information technology (IT) governance	✓
5.2	IT should be aligned with the performance and sustainability objectives of the company	✓
5.3	The board should delegate to management the responsibility for the implementation of an IT governance framework	✓
5.4	The board should monitor and evaluate significant IT investments and expenditure	✓
5.5	IT should form an integral part of the company's risk management	✓
5.6	The board should ensure that information assets are managed effectively	✓
5.7	A risk committee and audit committee should assist the board in carrying out its IT responsibilities	✓
6.	**Compliance with laws, rules, codes and standards**	
6.1	The board should ensure that the company complies with applicable laws and considers adherence to nonbinding rules, codes and standards	✓
6.2	The board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business	✓
6.3	Compliance risk should form an integral part of the company's risk management process	✓
6.4	The board should delegate to management the implementation of an effective compliance framework and processes	✓
7.	**Internal audit**	
7.1	The board should ensure that there is an effective risk based internal audit	✓
7.2	Internal audit should follow a risk based approach to its plan	✓
7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of internal controls and risk management	✓
7.4	The audit committee should be responsible for overseeing internal audit	✓
7.5	Internal audit should be strategically positioned to achieve its objectives	✓
8.	**Governing stakeholder relationships**	
8.1	The board should appreciate that stakeholders' perceptions affect a company's reputation	✓
8.2	The board should delegate to management to proactively deal with stakeholder relationships stakeholders and the outcomes of these dealings.	✓
8.3	The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company	✓
8.4	Companies should ensure the equitable treatment of shareholders	✓
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	✓
8.6	The board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible	✓

9.	**Integrated reporting and disclosure**	
9.1	The board should ensure the integrity of the company's integrated report	✓
9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting	✓
9.3	Sustainability reporting and disclosure should be independently assured (Note 4)	✶

Note 1: Process will be formalised during the 2013 financial year, as it is currently informal and done on an ad hoc basis.

Note 2: This is partially implemented through the participation of directors of the group sitting on boards of subsidiaries.

Note 3: The remuneration policy has been included in the notice of the annual general meeting for approval by the unitholders.

Note 4: The board believes that the reporting on non-financial matters is not at the stage where the combined assurance model can be applied. In the future the board's objective is to have combined assurance.

Redefine/the company/the group	Redefine Properties Limited, a company listed on the JSE
AIM	Alternative Investment Market
Arrowcreek	Arrow Creek Investments 227 (Pty) Limited
Arrowhead	Arrowhead Properties Limited, a company to be listed on the JSE
Attfund	Attfund Retail Limited
BEE	Broad-Based Black Economic Empowerment
CBD	Central business district
Clearwater	Clearwater Capital (Pty) Limited
Companies Act	Companies Act, 2008 of South Africa, as amended
CP	Commercial paper
Cromwell	Cromwell Property Group, a fund listed on the Australian Stock Exchange
DCF	Discounted cash flow
Dipula	Dipula Income Fund Limited, a company listed on the JSE (formerly Dipula Property Investment Fund (Pty) Limited)
DMTN	Domestic Medium Term Note Programme
Evening Star	Evening Star Trading 768 (Pty) Limited
Exco	Executive committee
FPT	Fountainhead Property Trust
FPTM	Fountainhead Property Trust Management Limited
GLA	Gross lettable area
GMR	Gross monthly rental
GRI	Global Reporting Initiative
Hyprop	Hyprop Investments Limited, a company listed on the JSE
ICT	Information and communications technology
IFRS	International Financial Reporting Standards
JSE	Johannesburg Stock Exchange
King III	King Report on Corporate Governance for South Africa and the King Code of Governance Principles
LSE	London Stock Exchange
Mergence	Mergence Africa Property Fund (Pty) Limited
Oryx	Oryx Properties Limited, a company listed on the Namibian Stock Exchange
PLS	Property Loan Stock
PLSA	Property Loan Stock Association
PUT	Property Unit Trust
REIT	Real Estate Investment Trust
RI	Redefine International P.L.C. (formerly Wichford P.L.C.), a company listed on the LSE
RIFM	Redefine International Fund Managers Limited, a private company incorporated in British Virgin Isles
RIHL	Redefine International Holdings Limited (formerly Redefine International plc) previously listed on the LSE's AIM
RIN	Redefine Properties International Limited, a company listed on the JSE
SARB	South African Reserve Bank
TI	Tenant installation

Redefine Properties limited
(Incorporated in the Republic of South Africa)
(Registration No. 1999/018591/06)
(JSE share code: RDF ISIN: ZAE000143178)
(Bond code: RDFB01 ISIN: ZAG000094228)
(Bond code: RDFC06 ISIN: ZAG000101817)

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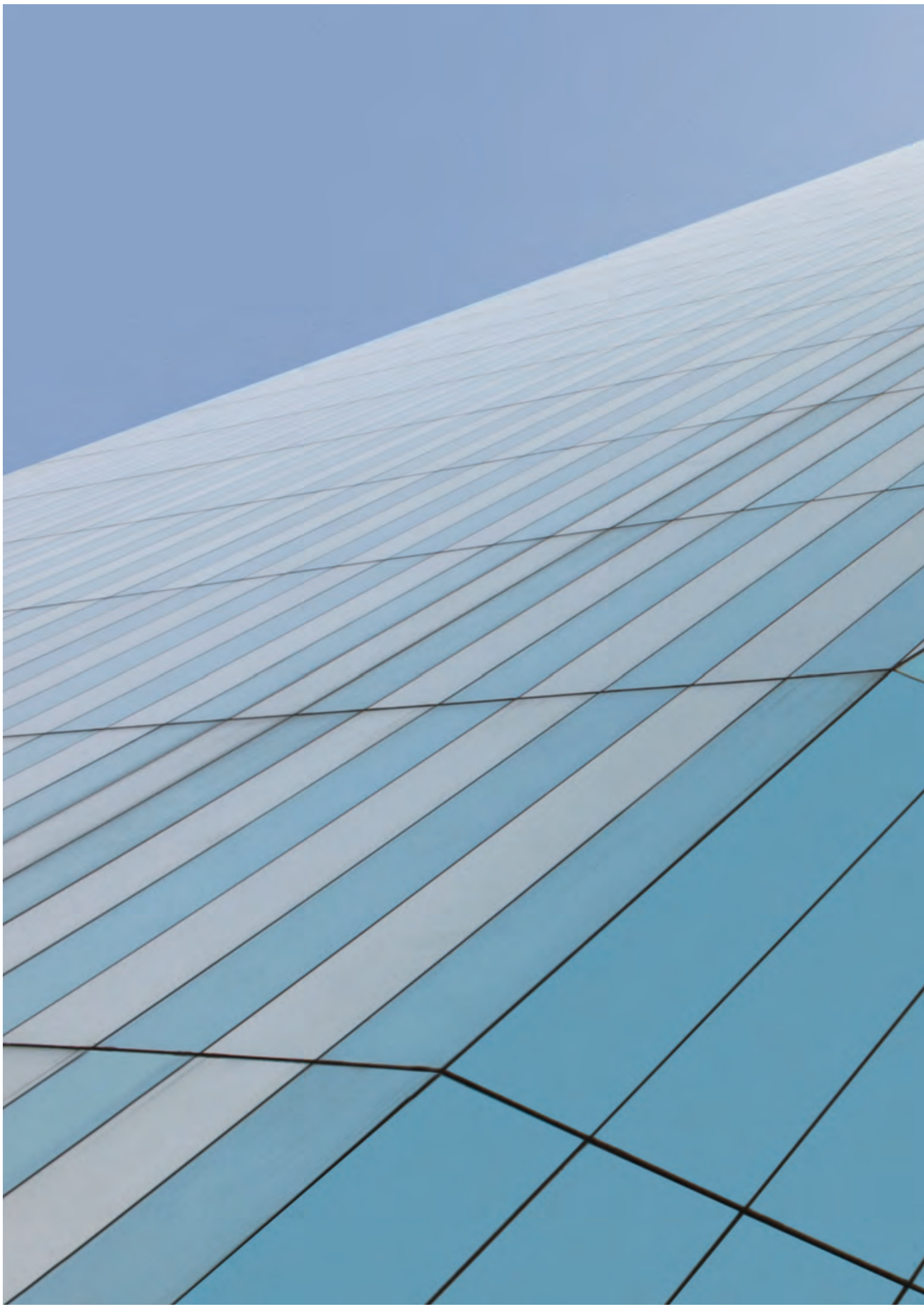

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