2020 Notice of annual general meeting

Leading tomorrow,
today

REDEFINE PROPERTIES

We're not landlords. We're people.

Theme

B E S T

BRAVE: Exploring possibilities, rising to every challenge

ETHICAL: Doing what's right, and caring

SUSTAINABLE: Understanding our impact and creating lasting value

TRUSTWORTHY: Building our relationships, being accountable and true

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

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

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

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

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

IR

AGM

ESG

AFS

Guide to our report

KEY

COVID-19 information COVID-19

Navigate our report

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

CAPITALS

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

For more information on our capitals, refer to our IR.

STRATEGIC PRIORITIES

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

For more information on our strategic matters, refer to our IR.

MATERIALITY THEMES

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

For more information on our materiality themes, refer to our IR.

REDEFINE'S PRIMARY UN SDGs

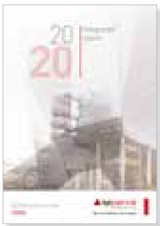
- 3 Good health and well-being
- 5 Gender equality
- 7 Affordable and clean energy
- 8 Decent work and economic growth
- 9 Industry, innovation and infrastructure
- 11 Sustainable cities and communities
- 13 Climate action
- 16 Peace, justice and strong institutions

For more information on our SDGs, refer to our IR.

Our reporting **suite**

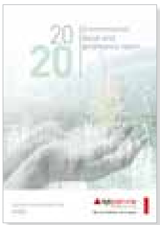
We are committed to reporting openly and honestly to our broad range of stakeholders. To view the full suite, please visit our website, www.redefine.co.za

IR Integrated report



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

ESG Environmental, social and governance report

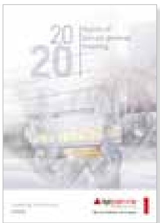


Our ESG is a detailed account of the group's sustainability performance for the year, and also includes our **remuneration report**, as well as our social, ethics and transformation committee report.

AFS Group annual financial statements

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

AGM Notice of annual general meeting



The AGM provides supporting information for shareholders to participate in the AGM.

Our reporting suite is in compliance with:

- The International Integrated Reporting <IR> Framework
- The Companies Act, No 71 of 2008, as amended (Companies Act)
- JSE Limited (JSE) Listings Requirements
- King IV Report on Corporate Governance™ for South Africa 2016 (King IV) (copyright and trademarks are owned by the Institute of Directors in South Africa NPC, and all its rights are reserved)
- International Financial Reporting Standards (IFRS)

Feedback

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

About **Redefine**

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

We are listed on the JSE

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

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

16 Fredman Drive, *Sandton*

The essence of **who we are**

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

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

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

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

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

Our values are what connect us

BRAVE – Exploring possibilities, rising to every challenge

ETHICAL – Doing what's right, and caring

Sustainable – Understanding our impact and creating lasting value

TRUSTWORTHY – Building our relationships, being accountable and true

What sets us apart

We're not landlords. We're people.

Property is our commodity, but people are our business. We believe it is our unique and focused approach to relationships that enables us to create and sustain meaningful value for our stakeholders. Our purpose-driven strategy and well-diversified property asset platform position us well to weather the current prevailing conditions.

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

Material matters

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

Materiality themes:

Strategic priorities

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

GR IS OC OE ET

Letter to **shareholders**

Dear shareholder,

Resulting from the continued impact of the COVID-19 pandemic and the uncertainty surrounding the restrictions placed on public gatherings, and/or the COVID-19 level that may be applicable when the Redefine Properties Limited (Redefine/company) annual general meeting (meeting) is to take place, the board of directors (board) has determined it prudent and appropriate to conduct the meeting virtually (i.e. through electronic communication) as provided for by the JSE and in terms of the provisions of the Companies Act, No 71 of 2008, as amended (the Companies Act), and the company's Memorandum of Incorporation (MOI). This will give shareholders the opportunity to attend the meeting and participate and vote online.

The board recognises the importance of its shareholders' participation at the meeting. This is an opportunity for you to engage members of the board regarding the company's performance for the year ended 31 August 2020 and to participate in discussions relating to items included in this meeting notice. The chairpersons of the various board committees, senior members of management, as well as the company's external auditors, will be present to respond to questions from shareholders.

As a board, we seek to put Redefine's stakeholders at the centre of the business and rely on engagements such as these to understand and address your concerns and integrate your points of view into our strategic thinking. If you are unable to participate in the meeting, you are welcome to forward any questions you would like to address to the members of the board to the company secretary at **cosec@redefine.co.za** and they will be answered on the day of the meeting. All questions should be sent by Tuesday, 16 February 2021.

In closing, I would like to take this opportunity to thank David Rice, who retired from the company on 31 August 2020, for his significant contribution to Redefine over many years of loyal service. Leon Kok will succeed David as the chief operating officer (COO). We are delighted to announce that Ntobeko Nyawo has been appointed to the board as chief financial officer (CFO) with effect from 1 February 2021. The board wishes Leon and Ntobeko every success in their respective roles and look forward to the benefit of their contributions as Redefine embarks on the next phase of its journey to realise its vision to be the best SA REIT.

I look forward to engaging with you regarding Redefine's 2020 performance and on what we can expect in the year ahead.

Yours sincerely,

Sipho M Pityana

Independent
non-executive chairperson

In line with Redefine's focus on sustainability and commitment towards creating a greener environment, the integrated report (IR), audited annual financial statements (AFS) and environmental, social and governance (ESG) report will not be mailed to all shareholders. Instead, these documents may be viewed on the company's website at **www.redefine.co.za** or can be requested from the company secretary at **cosec@redefine.co.za** or telephonically on +27 11 283 000.

Notice of **annual general meeting**

REDEFINE PROPERTIES LIMITED
(Incorporated in the Republic of South Africa)
Registration number: 1999/018591/06
JSE share code: RDF ISIN: ZAE000190252
(Approved as a REIT by the JSE)
(Redefine or the company)

REDEFINE PROPERTIES
We're not landlords. We're people.

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

Notice is hereby given to all shareholders of the company that the annual general meeting of Redefine will be held by electronic meeting participation at 10:00 on Tuesday, 23 February 2021, to deal with such business as may lawfully be dealt with at the meeting and to consider and, if deemed fit, pass, with or without modification, the ordinary resolutions, endorsements and special resolutions set out hereunder in the manner required by the Companies Act, the JSE Limited Listings Requirements (Listings Requirements) and the company's MOI.

ELECTRONIC PARTICIPATION

This meeting will be conducted by electronic communication as contemplated in section 63(2)(b) of the Companies Act and shareholders can access the meeting platform at **https://web.lumiagm.com.** As part of the registration process, a unique meeting ID, username and password will be sent either via SMS or email to each shareholder who has pre-registered and is entitled to participate at the meeting. A shareholders' guide is available on **page 18** of this booklet to assist and provide meeting participation guidelines.

Important dates to note	DATE
Record date to be eligible to receive the notice of annual general meeting	**Friday, 18 December 2020**
Posting date	**Monday, 28 December 2020**
Last day to trade to be eligible to attend and vote at the annual general meeting	**Tuesday, 9 February 2021**
Record date to be eligible to attend and vote at the annual general meeting	**Friday, 12 February 2021**
Proxies due (for administration purposes)	**Friday, 19 February 2021**
Annual general meeting at 10:00	**Tuesday, 23 February 2021**
Results of annual general meeting to be released on SENS	**Tuesday, 23 February 2021**

* *The above dates and times are subject to amendment, provided that, in the event of an amendment, an announcement will be released on the JSE Stock Exchange News Service (SENS).*

Wonderboom Junction, *Wonderboom*

Notice of **annual general meeting**

CONTINUED

QUORUM AND VOTING REQUIREMENTS

A quorum for the purposes of considering the resolutions to be proposed at the meeting shall consist of three shareholders of the company, personally present or represented by proxy (and if the shareholder is a body corporate, the representative of the body corporate), and entitled to vote at the meeting. In addition, a quorum shall comprise 25% of all voting rights entitled to be exercised by shareholders in respect of the resolutions to be proposed at the meeting.

Voting will be by way of a poll, and every shareholder of the company, present or represented by proxy, shall have one vote for every share held in the company by such shareholder.

NOTICE OF PERCENTAGE OF VOTING RIGHTS

Unless specifically stated otherwise, in order for an ordinary resolution and a special resolution to be approved by shareholders, same must be supported by more than 50% and 75%, respectively, of the voting rights exercised on the relevant resolution by shareholders present or represented by proxy at the meeting.

PURPOSE OF THE ANNUAL GENERAL MEETING

The purpose of this meeting is to:

- present the audited annual financial statements of the company and the group for the year ended 31 August 2020, including the directors' report, the report of the audit committee, the report of the independent auditors, and the summary of audited group results, the latter of which is included in this notice, in terms of sections 30(3)(d) and 61(8)(a) of the Companies Act;
- present the report of the social, ethics and transformation committee for the year ended 31 August 2020, in terms of regulation 43 of the Companies Regulations, 2011;
- consider any matters raised by shareholders; and
- consider and, if deemed fit, pass, with or without modification, the ordinary and special resolutions which form part of this meeting notice.

The audited annual financial statements of the company and the group, and the social, ethics and transformation committee report are available on the company's website, www.redefine.co.za, or can be requested from the company secretary at cosec@redefine.co.za or telephonically on +27 11 283 0000.

Benmore Centre, *Sandton*

Ordinary resolutions

Election of directors who retire for the first time in accordance with the company's MOI

The board has arrangements in place for the periodic staggered rotation of non-executive directors so as to introduce, over time, directors with new skills, insights and perspectives, as well as to ensure appropriate diversity of gender and race on the board. This board renewal programme is an ongoing process and seeks to balance the introduction of new directors, while retaining the valuable knowledge and experience shared by existing directors. During the course of the 2020 financial year, the board appointed Ms D Radley as an independent non-executive director and accepted the resignation of Mr H Mehta.

In addition, and pursuant to the transition of Mr L Kok from financial director (FD) to COO following the retirement of Mr D Rice, the board appointed Mr N Nyawo as the company's CFO and an executive director of the board.

In accordance with the provisions of the Listings Requirements and article 26.10 of the company's MOI, directors appointed by the board are obliged to retire at the first annual general meeting post their appointment. Ms D Radley and Mr N Nyawo, therefore, retire for the first time at this meeting, and are eligible for election by shareholders.

Based on the recommendations of the nomination and governance committee regarding the composition of the board, the board recommends the aforementioned election of Ms D Radley and Mr N Nyawo by way of separate resolutions.

Brief *curricula vitae* in respect of the abovementioned directors are set out on page 10 of this booklet.

ORDINARY RESOLUTION NUMBER 1

Election of Ms D Radley as an independent non-executive director of the company

'RESOLVED THAT Ms D Radley, who retires for the first time in terms of article 26.10 of the company's MOI, be and is hereby elected as an independent non-executive director of the company.'

ORDINARY RESOLUTION NUMBER 2

Election of Mr N Nyawo as an executive director of the company

'RESOLVED THAT Mr N Nyawo, who retires for the first time in terms of article 26.10 of the company's MOI, be and is hereby elected as an executive director of the company.'

Re-election of directors retiring by rotation

In accordance with the company's MOI, one-third of directors are subject to retirement by rotation and re-election by shareholders at least once every three years. The directors due to retire every year are firstly those who have been appointed as additional members of the board (as set out in ordinary resolutions 1 and 2 above) and, secondly, those that have been longest in office since their last election or appointment.

Mr M Barkhuysen and Ms L Sennelo are obliged to retire by rotation at this meeting in accordance with these requirements. Having so retired, these members are eligible for re-election as directors of the board.

The nomination and governance committee has reviewed the composition and diversity of the board and evaluated the independence, performance and contribution of the directors listed above. Furthermore, the committee has considered their individual knowledge, skills and experience, and recommended to the board that they be proposed for re-election. The board has considered the proposals of the nomination and governance committee and recommends the re-election of Mr M Barkhuysen and Ms L Sennelo by way of separate resolutions.

Brief *curricula vitae* in respect of the above-mentioned directors are set out on pages 9 and 10 of this booklet.

ORDINARY RESOLUTION NUMBER 3

Re-election of Mr M Barkhuysen as an independent non-executive director of the company

'RESOLVED THAT Mr M Barkhuysen, who retires by rotation in accordance with the company's MOI, and who, being eligible, offers himself for re-election, be and is hereby re-elected as an independent non-executive director of the company.'

ORDINARY RESOLUTION NUMBER 4

Re-election of Ms L Sennelo as an independent non-executive director of the company

'RESOLVED THAT Ms L Sennelo, who retires by rotation in accordance with the company's MOI, and who, being eligible, offers herself for re-election, be and is hereby re-elected as an independent non-executive director of the company.'

Notice of **annual general meeting**
CONTINUED

Election of members of the audit committee

The board is satisfied that the audit committee diligently executed its mandate and responsibilities during the 2020 financial year and confirms that no matters of concern were flagged during the annual review of the committee's performance and effectiveness. Following the appointment of Ms D Radley to the board in July 2020, she was appointed as an additional member of the committee with effect from 1 September 2020.

Pursuant to the above, the board, through the nomination and governance committee, proposes that shareholders elect Ms B Mathews (lead independent director), Ms D Naidoo (independent non-executive director), Ms D Radley (independent non-executive director) and Ms L Sennelo (independent non-executive director) to the audit committee for the ensuing financial year. The nomination and governance committee and the board are satisfied that each member standing for election meets the requirements of section 94(4) of the Companies Act, as well as the minimum qualification requirements for a member of an audit committee and that collectively, they have adequate, relevant knowledge and experience to equip the committee to perform its functions as contemplated in section 94(7) of the Companies Act.

The resolutions pertaining to the election of the members of the audit committee are to be voted on individually.

Brief *curricula vitae* in respect of the above-mentioned directors are set out on pages 9 and 10 of this booklet.

ORDINARY RESOLUTION NUMBER 5

Election of audit committee members

'RESOLVED THAT each of the following independent non-executive directors, who fulfil the requirements of section 94(4) of the Companies Act, be and are hereby elected, each by way of a separate vote, as members of the audit committee:'

5.1	Ms B Mathews
5.2	Ms D Naidoo
5.3	Ms D Radley*
5.4	Ms L Sennelo**

** Subject to election as an independent non-executive director pursuant to ordinary resolution number 1.*
*** Subject to re-election as an independent non-executive director pursuant to ordinary resolution number 4.*

Boskruin Office Park, *Randburg*

M Barkhuysen (64)

Appointed to the board
November 2015

Professional qualifications
Nil

Tenure as at date of meeting
5 years and 3 months

Board assessment and classification
- Independent non-executive director

Shareholding
- 120 000

Board meeting attendance in 2020
100%

Proposed committee membership in 2021
- Member of the investment committee
- Member of the risk, compliance and technology committee
- Member of the social, ethics and transformation committee

Other public company appointments
- Nil

B Mathews (51)

Appointed to the board
February 2017

Professional qualifications
BCom Accounting, BCom Accounting Honours, HDip Tax, CA(SA)

Tenure as at date of meeting
4 years and 1 month

Board assessment and classification
- Lead independent non-executive director

Shareholding
- Nil

Board meeting attendance in 2020
100%

Proposed committee membership in 2021
- Chairperson of the remuneration committee
- Member of the audit committee
- Member of the nomination and governance committee
- Member of the social, ethics and transformation committee

Other public company appointments
- Metair Investments Limited
- PSG Financial Services Limited
- PSG Group Limited

D Naidoo (48)

Appointed to the board
August 2019

Professional qualifications
BCom Dip Acc (Accounting), CA(SA), MAcc (Tax)

Tenure as at date of meeting
1 year and 6 months

Board assessment and classification
- Independent non-executive director

Shareholding
- Nil

Board meeting attendance in 2020
100%

Proposed committee membership in 2021
- Chairperson of the audit committee
- Member of the risk, compliance and technology committee
- Member of the remuneration committee

Other public company appointments
- Anglo American Platinum Limited
- Absa Group Limited
- Hudaco Industries Limited
- Mr Price Group Limited

N Nyawo (38)

Appointed to the board
February 2021

Professional qualifications
BCom Accounting, BCom Accounting Honours, CA(SA)

Tenure as at date of meeting
1 month

Board assessment and classification
- Executive financial director

Shareholding
- Nil

Board meeting attendance in 2020
Not applicable

Proposed committee membership in 2021
Not applicable

Other public company appointments
- Nil

D Radley (54)

Appointed to the board
July 2020

Professional qualifications
BCom, BCompt Honours, CA(SA), MBA, PGD in Advanced Banking, Advanced Management Programme

Tenure as at date of meeting
7 months

Board assessment and classification
- Independent non-executive director

Shareholding
- Nil

Board meeting attendance in 2020
100%

Proposed committee membership in 2021
- Chair of the investment committee
- Member of the audit committee
- Member of the risk, compliance and technology committee

Other public company appointments
- Base Resources Limited
- Murray and Roberts Holdings Limited
- Transaction Capital Limited

L Sennelo (43)

Appointed to the board
November 2018

Professional Qualifications
BCompt, BCom Accounting Honours, HDip Auditing, CA(SA)

Tenure as at date of meeting
2 year and 3 months

Board assessment and classification
- Independent non-executive director

Shareholding
- Nil

Board meeting attendance in 2020
100%

Proposed committee membership in 2021
- Chairperson of the risk, compliance and technology committee
- Member of the audit committee
- Member of the investment committee

Other public company appointments
- Nampak Limited
- Oceana Group Limited
- OneLogix Group Limited

** Tenure is calculated inclusive of February 2021.*

Re-appointment of independent external auditors

In accordance with paragraph 3.84(g)(iii) of the Listings Requirements, the audit committee has reviewed the credentials and accreditation information relating to PricewaterhouseCoopers Inc. (PwC) and to Mr John Bennett (in his capacity as the designated audit partner) in order to assess their suitability for re-appointment as the company's independent external auditors for the 2021 financial year. The assessment encompassed a review of, *inter alia*, the relevant IRBA inspection reports, transparency reports, proof of registration and qualifications report. The audit committee is comfortable that PwC and Mr John Bennett are suitable for re-appointment as the independent and designated auditor, respectively, of the group for the ensuing year. The board agrees with this assessment and accordingly proposes their appointment.

ORDINARY RESOLUTION NUMBER 6

Re-appointment of independent external auditors

'RESOLVED THAT PwC, on recommendation by the audit committee, be and is hereby reappointed as the independent registered auditor of the company, and that Mr John Bennett be noted as the individual determined by PwC to be responsible for performing the functions of the auditor and who will undertake the audit of the company for the ensuing year.'

Placing the unissued ordinary shares under the control of the directors

In terms of the company's MOI, shareholders must approve the placement of the authorised but unissued ordinary shares under the control of the directors. The existing authority renewed at the annual general meeting held on 14 February 2020 expires at this meeting. The renewed authority will be subject at all times to the Companies Act, the Listings Requirements and the restrictions imposed by the company's MOI and is separate from and in addition to the authorities referred to in ordinary resolutions numbered 8 and 9.

In line with best practice, the directors of the company have elected to seek renewal of this authority to place the unissued ordinary shares under the control of the directors, to ensure that the company has maximum flexibility in managing capital resources.

ORDINARY RESOLUTION NUMBER 7

Placing the unissued ordinary shares under the control of the directors

'RESOLVED THAT, in accordance with section 38 and clause 8.7 of the MOI, the authorised but unissued shares of the company be and are hereby placed under the control of the directors of the company, until the next annual general meeting, who are authorised to allot or issue any such shares at their discretion, subject to the provisions of the Companies Act, the MOI and the Listings Requirements, provided that, save for any *pro rata* issue of shares, including the issue of shares pursuant to a rights offer, the aggregate number of shares issued under this authority may not exceed 10% (ten percent) of the total number of shares in issue at the date of this notice of AGM, excluding treasury shares, being 573 263 020 shares.

If the shares are issued to fund the acquisition of property assets and/or property investments, the maximum discount at which shares may be issued in terms of this authority is 5% (five percent) of the weighted average traded price of such shares, measured over a period to be determined with relevance to prevailing market conditions at the time, which period shall not exceed 30 business days prior to the date that the price of the issue (the 'reference period') is agreed between the company and the party subscribing for the shares (or, in the case of instruments which are or may be compulsorily convertible into shares of any class, the date that such instruments are issued) (the 'reference price'), provided that the reference price shall be reduced by the amount of any dividend if the 'ex' date for shareholders to be recorded on the share register in order to receive the relevant dividend occurs during the reference period, and/or the shares to be issued shall only be issued after the 'ex' date.

If the allotment or issue is undertaken in terms of a vendor consideration placement pursuant to the Listings Requirements, the minimum placing price is subject to the pricing limitations set out in the Listings Requirements.'

ORDINARY RESOLUTION NUMBER 8

General authority to issue shares for cash

'RESOLVED THAT, subject to the restrictions set out below and subject to the provisions of the Companies Act, the MOI and the Listings Requirements, the directors of the company be and are hereby authorised by way of a renewable general authority (which is separate from and in addition to the authorities referred to in ordinary resolutions numbered 7 and 9), to allot and issue shares of the company for cash as and when they in their discretion deem fit, for which purpose such shares are hereby placed under the control of the directors, subject to the following:

(a) The authority shall be valid until the company's next annual general meeting or for 15 months from the date that this resolution is passed, whichever period is shorter;

(b) The shares which are the subject of the issue for cash under this authority must be of a class already in issue or, where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;

(c) The allotment and issue of shares for cash shall be made only to persons qualifying as public shareholders, as defined in the Listings Requirements, and not to related parties;

Notice of **annual general meeting**

CONTINUED

(d) The total aggregate number of shares which may be issued for cash in terms of this authority, including instruments which are or may be compulsorily convertible into shares of any class, may not exceed 286 631 510 shares, being 5% (five percent) of the company's issued shares as at the date of notice of this meeting, excluding treasury shares. Accordingly, any shares issued under this authority prior to this authority lapsing shall be deducted from the 286 631 510 shares the company is authorised to issue in terms of this authority, for the purpose of determining the remaining number of shares that may be issued in terms of this authority;

(e) In the event of a subdivision or consolidation of shares prior to this authority lapsing, the existing authority shall be adjusted accordingly to represent the same allocation ratio;

(f) The maximum discount at which shares may be issued is 5% (five percent) of the weighted average traded price of such shares, measured over the 30 business days prior to the date that the price of the issue (the 'reference period') is agreed between the company and the party subscribing for the shares (or, in the case of instruments which are or may be compulsorily convertible into shares of any class, the date that such instruments are issued) (the 'reference price'), provided that the reference price shall be reduced by the amount of any dividend if the 'ex' date for shareholders to be recorded on the share register in order to receive the relevant dividend occurs during the reference period, and/or the shares to be issued shall only be issued after the 'ex' date; and

(g) After the company has issued shares for cash which represent, on a cumulative basis, within the period that this authority is valid, 5% or more of the number of shares in issue prior to that issue, the company shall publish an announcement containing full details of the issue, including, *inter alia*, the number of shares issued, the average discount to the weighted average traded price of the shares over the 30 days prior to the date that the issue is agreed in writing, and an explanation, including supporting information (if any), of the intended use of the funds.'

* *In terms of the Listings Requirements, for this resolution to be adopted, at least 75% of the shareholders present in person or by proxy and entitled to vote on this resolution at the meeting, must cast their vote in favour of thereof.*

ORDINARY RESOLUTION NUMBER 9

Specific authority to issue shares pursuant to a reinvestment option

'RESOLVED THAT, subject to the provisions of the Companies Act, the company's MOI and the Listings Requirements, the directors be and are hereby authorised by way of a specific standing authority to issue ordinary shares of no par value (new shares), as and when they deem appropriate, for the exclusive purpose of affording shareholders opportunities from time to time to elect to reinvest their distributions in new shares of the company pursuant to a reinvestment option, for which purpose such shares are hereby placed under the control of the directors of the company.

Shares issued under ordinary resolution number 9 will not reduce the number of shares under the control of the directors for the purposes of ordinary resolutions numbered 7 and 8 above.'

Advisory endorsement of the remuneration policy and implementation report

King IV recommends that the remuneration policy of the company and the implementation thereof be tabled for separate non-binding advisory votes by shareholders at each annual general meeting of the company. This enables shareholders to express their views on the remuneration policy adopted by the company and the manner in which same is implemented. Ordinary resolutions 10 and 11 are of an advisory nature only, and failure to pass these resolutions will therefore not have any legal consequences relating to existing remuneration arrangements. The board will, however, take the outcomes of these votes into consideration when considering amendments to the company's remuneration policy.

If either the remuneration policy or the implementation thereof is voted against by 25% or more of the votes exercised at the meeting, the company will, in its voting results announcement pursuant to the Listings Requirements, extend an invitation to dissenting shareholders to engage with the company. The manner and timing of such engagement will be specified in the SENS announcement following the meeting.

The remuneration report is included in the ESG report, available on the company's website, **www.redefine.co.za**. The report can similarly be requested from the company secretary at **cosec@redefine.co.za** or telephonically on +27 11 283 0000.

ORDINARY RESOLUTION NUMBER 10

Non-binding advisory vote on the remuneration policy of the company

'RESOLVED THAT, in accordance with King IV and the Listings Requirements, shareholders endorse the remuneration policy of the company as set out in part 2 of the remuneration report.'

ORDINARY RESOLUTION NUMBER 11

Non-binding advisory vote on the implementation of the remuneration policy of the company

'RESOLVED THAT, in accordance with King IV and the Listings Requirements, shareholders endorse the implementation of the remuneration policy of the company as set out in part 3 of the remuneration report.'

Amendment of the Redefine Executive Incentive Scheme (scheme) rules

In terms of paragraph 14.2, read with paragraph 14.1 of schedule 14 of the Listings Requirements and clause 20 of the Redefine Executive Incentive Scheme rules (scheme rules), shareholders must approve certain proposed amendments to the scheme rules.

In order to deal with extraordinary circumstances and/or unintended consequences brought about by unforeseen and unprecedented events such as COVID-19, which may unfairly impact the ability of scheme participants to timeously comply with current scheme debt repayment provisions in instances of death, retrenchment, retirement, ill-health, injury, disability and/or sale of the company, the directors have elected to seek authority to amend scheme rule 14.2.1.8 as set out below.

For a full appreciation of the provisions of the scheme, a copy of the amended scheme rules will, from the date of this notice until the date of the meeting, be available for inspection by shareholders during normal business hours at the company's registered office and the offices of the sponsor, and will be available on the company's website at www.redefine.co.za. The scheme rules can similarly be requested from the company secretary at cosec@redefine.co.za or telephonically on +27 11 283 0000.

ORDINARY RESOLUTION NUMBER 12

Amendment of the Redefine Executive Incentive Scheme rules

'RESOLVED THAT, in terms of paragraph 14.2, read together with paragraph 14.1 of schedule 14 of the Listings Requirements and clause 20 of the scheme rules, the scheme rules be and are hereby amended as follows:

14.2.1.8 'In respect of the scheme units, the outstanding scheme debt, together with any accrued or unpaid interest thereon, must be repaid in full within (~~six months~~) **3 (three) years** after the date of termination of employment, whereafter the relevant scheme units will be released to such participant. If the scheme debt is not so repaid, the provisions of rule 6.2.4 shall apply.'

** In terms of the Listings Requirements, for this resolution to be adopted, at least 75% of the shareholders present in person or by proxy and entitled to vote on this resolution at the meeting must cast their vote in favour thereof. In determining whether the requisite number of votes have been achieved to adopt this resolution, the votes attached to shares acquired under and/or in terms of the scheme and owned or controlled by persons who are existing participants in the scheme and whom may be impacted by the resolution, will not be taken into account.*

ORDINARY RESOLUTION NUMBER 13

Authorisation of directors

'RESOLVED THAT any director of the company or the company secretary be and is hereby authorised to sign all such documentation and to do all such things as may be necessary for or incidental to the implementation of all the ordinary and special resolutions which are passed by the shareholders.'

Pepkor Isando, *Isando*

Special resolutions

Non-executive director fees

The impact of the COVID-19 pandemic has had a devastating impact globally and has significantly impacted South Africa's macro-economic environment. As such, the remuneration committee and the board have unanimously agreed that, in line with senior management remuneration (i.e. 0% increase in remuneration), a 0% increase would be effective for non-executive directors' fees for the period 1 September 2020 to 31 August 2021.

SPECIAL RESOLUTION NUMBER 1

Non-executive director fees
'RESOLVED THAT, in terms of sections 66(8) and 66(9) of the Companies Act and on the recommendation of the remuneration committee, the company be and is hereby authorised to remunerate its non-executive directors for their services as directors and/or pay any fees related thereto as detailed in the following table, provided that the aforementioned authority shall be valid until the next annual general meeting of the company. The proposed remuneration assumes a 0% increase on the prior year and excludes value added tax (VAT), which will be added by the directors in accordance with current VAT legislation, where applicable.'

	Proposed FY2021 fees R'	FY2020 fees R'
Independent non-executive chairperson	**1 248 000**	1 248 000
Lead independent director	**631 760**	631 760
Non-executive director	**455 800**	455 800
Audit committee chairperson	**280 000**	280 000
Audit committee member	**152 000**	152 000
Risk, compliance and technology committee chairperson	**230 000**	230 000
Risk, compliance and technology committee member	**110 000**	110 000
Remuneration committee chair	**212 000**	212 000
Remuneration committee member	**106 000**	106 000
Nomination and governance committee chairperson	**130 000**	130 000
Nomination and governance committee member	**72 000**	72 000
Social, ethics and transformation committee chairperson	**212 000**	212 000
Social, ethics and transformation committee member	**106 000**	106 000
Investment committee chairperson	**212 000**	212 000
Investment committee member	**106 000**	106 000

Reason for and effect of special resolution number 1

In terms of sections 66(8) and 66(9) of the Companies Act, remuneration may only be paid to directors for their services as directors in accordance with a special resolution approved by shareholders within the previous two years and if not prohibited in terms of the company's MOI.

Therefore, the reason for and effect of special resolution number 1 is to approve the basis and authorise the payment of non-executive directors' fees for the financial year ending 31 August 2021.

SPECIAL RESOLUTION NUMBER 2

Approval for the granting of financial assistance to directors, prescribed officers and other identified employees as employee share scheme beneficiaries
'RESOLVED THAT, by way of a special resolution, the board may authorise the company, for a period of two years from the date on which this resolution is passed, to provide any direct or indirect financial assistance in the manner contemplated in and subject to the provisions of sections 44 and/or 45 of the Companies Act, to, *inter alia*, any director, prescribed officer or identified employee of the company or of a related or interrelated company on such terms and conditions as the directors may determine from time to time, in order to facilitate the participation by such director, prescribed officer or identified employee in any employee share incentive scheme, provided that nothing in this authority will limit the provision by the company of financial assistance that does not require approval by way of a special resolution of the shareholders in terms of sections 44 and/or 45 of the Companies Act or falls within the exemptions contained in those sections.'

Reason for and effect of special resolution number 2

The company would like the ability to provide financial assistance in accordance with sections 44 and/or 45 of the Companies Act, in appropriate circumstances and if the need arises, in order to facilitate the participation by directors, prescribed officers or identified employees in any employee share incentive scheme.

Under the Companies Act, the company will, however, require the special resolution referred to above to be adopted, provided that the board is satisfied that the terms under which the financial assistance is proposed to be given are fair and reasonable to the company and that, immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test contemplated in the Companies Act.

Therefore, the reason for and effect of special resolution number 2 is to permit the company to provide direct or indirect financial assistance (within the meaning attributed to that term in sections 44 and 45 of the Companies Act) to the parties referred to in special resolution number 2 above.

SPECIAL RESOLUTION NUMBER 3

Approval for the granting of financial assistance to related and inter-related entities

'RESOLVED THAT, by way of a special resolution, the board may authorise the company, for a period of two years from the date on which this resolution is passed, to provide any direct or indirect financial assistance in the manner contemplated in and subject to the provisions of sections 44 and/or 45 of the Companies Act, to any of its present or future subsidiaries and/or any other company or corporation that is or becomes related or inter-related to the company, pursuant to the authority hereby conferred upon the board for these purposes, and that inasmuch as the company's provision of financial assistance (in terms of section 45(5) of the Companies Act) to its subsidiaries will at any and all times be in excess of one tenth of 1% of the company's net worth, the company hereby provides notice to its shareholders of that fact.'

Reason for and effect of special resolution number 3

The company would like the ability to provide financial assistance in appropriate circumstances and, if the need arises, in accordance with sections 44 and/or 45 of the Companies Act. This authority is necessary for the company to provide financial assistance in appropriate circumstances.

Under the Companies Act, the company will, however, require the special resolution referred to above to be adopted, provided that the board is satisfied that the terms under which the financial assistance is proposed to be given are fair and reasonable to the company and that, immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test contemplated in the Companies Act.

In the circumstances and in order to, *inter alia*, ensure that the company's subsidiaries and other related and inter-related companies and corporations have access to financing and/or financial backing from the company, it is necessary to obtain the approval of shareholders, as set out in special resolution number 3.

Therefore, the reason for and effect of special resolution number 3 is to permit the company to provide direct or indirect financial assistance (within the meaning attributed to that term in sections 44 and/or 45 of the Companies Act) to the entities referred to in special resolution number 3 above.

Notice in terms of section 45(5) of the Companies Act in respect of special resolution number 3

Notice is hereby given to shareholders of the company in terms of section 45(5) of the Companies Act of a resolution adopted by the board authorising the company to provide such direct or indirect financial assistance as specified in the special resolution above:

(a) By the time that this meeting notice is delivered to shareholders of the company, the board will have adopted a resolution (section 45 board resolution) authorising the company to provide, at any time and from time to time during the period of two years commencing on the date on which the special resolution is adopted, any direct or indirect financial assistance as contemplated in section 45 of the Companies Act to any one or more related or inter-related companies or corporations of the company;

(b) The section 45 board resolution will be effective only if and to the extent that special resolution number 4 is adopted by the shareholders of the company, and the provision of any such direct or indirect financial assistance by the company, pursuant to any such resolution, will always be subject to the board being satisfied that: (i) immediately after providing such financial assistance, the company will satisfy the solvency and liquidity test as referred to in section 45(3)(b)(i) of the Companies Act, and that (ii) the terms under which such financial assistance is to be given are fair and reasonable to the company as referred to in section 45(3)(b)(ii) of the Companies Act; and

(c) In as much as the section 45 board resolution contemplates that such financial assistance will in the aggregate exceed one-tenth of 1% of the company's net worth at the date of adoption of such resolution, the company hereby provides notice of the section 45 board resolution to shareholders of the company.

SPECIAL RESOLUTION NUMBER 4

General authority for a repurchase of shares issued by the company

'RESOLVED THAT the board be and is hereby authorised, by way of a renewable general authority, to approve the repurchase by the company or by any of its subsidiaries of any of the shares issued by the company, upon such terms and conditions and in such amounts as the board may from time to time determine, but subject to the provisions of sections 46 and 48 of the Companies Act, the MOI of the company and the Listings Requirements, including, *inter alia*, that:

(a) any repurchase of shares shall be implemented through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty (reported trades are prohibited);

(b) this general authority shall only be valid until the company's next annual general meeting, provided that it shall not extend beyond 15 months from the date of passing this special resolution;

(c) the company (or any subsidiary) is duly authorised by its MOI to do so;

(d) repurchases of shares in the aggregate in any one financial year may not exceed 20% (or 10% where the repurchases are affected by a subsidiary) of the company's issued ordinary share capital as at the date of passing this special resolution;

(e) in determining the price at which shares issued by the company are repurchased by it or any of its subsidiaries in terms of this general authority, the maximum premium at which such shares may be repurchased will be 10% of the weighted average of the market value on the JSE over the five business days immediately preceding the repurchase of such shares;

(f) at any point in time the company (or any subsidiary) may appoint only one agent to effect repurchases on its behalf;

(g) repurchases may not take place during a prohibited period (as defined in paragraph 3.67 of the Listings Requirements), unless a repurchase programme is in place (where the dates and quantities of shares to be repurchased during the prohibited period are fixed) and has been submitted to the JSE in writing prior to commencement of the prohibited period;

(h) an announcement will be published as soon as the company or any of its subsidiaries have repurchased shares constituting, on a cumulative basis, 3% of the ordinary shares in issue as at the date that the general authority is granted by shareholders at the AGM, and for each 3% in aggregate repurchases thereafter, containing full details of such acquisitions; and

(i) the board must resolve that the repurchase is authorised, the company and its subsidiaries have passed the solvency and liquidity test as set out in section 4 of the Companies Act, and that since that test was performed, there have been no material changes to the financial position of the group.'

In accordance with the Listings Requirements, the directors record that although there is no immediate intention to effect a repurchase of the shares of the company, the directors will utilise this general authority to repurchase shares as and when suitable opportunities present themselves, which may require expeditious and immediate action.

Reason for and effect of special resolution number 4

The reason for and effect of special resolution number 4 is to grant the company, or a subsidiary of the company, a general authority in terms of the Companies Act and the Listings Requirements for the repurchase by the company or any of its subsidiaries of shares issued by the company, which authority shall be valid until the earlier of the next annual general meeting of the company or the variation or revocation of such general authority by special resolution by any subsequent general meeting of the company, provided that the general authority shall not extend beyond 15 months from the date of this meeting.

Additional disclosures/information required in terms of the Listings Requirements

For the purposes of considering special resolution number 4, and in compliance with paragraph 11.26 of the Listings Requirements, shareholders are referred to the additional information below.

Directors' statement after considering the effect of a repurchase pursuant to this general authority

Although there is no immediate intention to effect a repurchase of the shares of the company, the board, having considered the effects of a repurchase of the maximum number of ordinary shares in terms of the foregoing general authority, are of the opinion that, for a period of 12 months after the date of the notice of this meeting:

- the company and the group will, in the ordinary course of business, be able to pay its debts as they become due;
- the consolidated assets of the company and the group, fairly valued in accordance with International Financial Reporting Standards, will exceed the consolidated liabilities of the company and the group; and
- the company and group's share capital, reserves and working capital will be adequate for ordinary business purposes.

Major shareholders

Details of major shareholders of the company are set out on **pages 129** and **130** of the audited annual financial statements.

Share capital of the company

Details regarding the share capital and reserves of the company can be found on **pages 22** and **23** of the audited annual financial statements.

Directors' responsibility statement

The directors collectively and individually accept full responsibility for the accuracy of the information contained in special resolution number 4 and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made, and that this resolution contains all information required by law and the Listings Requirements.

No material changes to report

Other than the facts and developments reported on in the audited annual financial statements, which are available on the company's website www.redefine.co.za, there have been no material changes in the financial or trading position of the company and its subsidiaries since the date of signature of the audit report for the financial year ended 31 August 2020.

By order of the board

BBaker

Bronwyn Baker

Company secretary

23 December 2020

Southcoast Mall, *Margate*

Important notes regarding attendance at the annual general meeting

Shareholders have the right to participate in the meeting by way of electronic communication. All references in this notice to shareholders 'attending' the meeting (or cognate expressions) includes a reference to attendance by way of electronic communication.

The upcoming meeting will be conducted as a virtual meeting (i.e. by electronic communication), giving shareholders the opportunity to attend the meeting and participate and vote online [through the use of the Lumi virtual meeting at **https://web.lumiagm.com**].

Shareholders are still able to vote normally through proxy submission, despite deciding to participate virtually or not. Shareholders are strongly encouraged to submit votes by proxy before the meeting.

Steps to follow to participate in the annual general meeting:

1. Prior registration is mandatory in order to be able to participate in the meeting. Registration can take place by: (i) registering online using the online registration portal at **https://smartagm.co.za**; or (ii) applying to Computershare by sending an email with proof of identification to **proxy@computershare.co.za**

2. Once the registration process has been approved, a username and password will be sent either via SMS or email to the shareholder who has pre-registered and is entitled to participate in the meeting.

3. Shareholders can then access the online meeting platform at **https://web.lumiagm.com**

The company will bear the cost of establishing the electronic communication, whilst the cost of the shareholder dialing in will be for his/her account. Neither the company nor Lumi AGM can be held accountable in the case of loss of network connectivity or network failure due to insufficient airtime/internet connectivity/power outages which would prevent you from attending, participating in or voting at the meeting.

** Kindly note that registrations will still be accepted up until commencement of the meeting, but will be subject to a vetting and verification process, which may delay the receipt of login credentials.*

Dematerialised shareholders without own-name registration

Beneficial shareholders (i.e. shareholders whom have dematerialised their shares without 'own name' registration as at the voting record date) who wish to attend the meeting, must request their CSDP or broker to issue them with a letter of representation or letter of electronic participation or, alternatively, provide their CSDP or broker with their voting instructions in terms of the relevant custody agreement/mandate entered into between them.

Redefine does not accept responsibility and will not be held liable for any failure on the part of the CSDP or broker of a dematerialised shareholder to notify such shareholder of the meeting or any business to be conducted thereat.

Dematerialised shareholders with own-name registration and certificated shareholders

Registered shareholders (i.e. shareholders who have not dematerialised their shares or have dematerialised their shares with 'own name' registration) may attend and vote at the meeting. Alternatively, such shareholders may appoint a proxy or two or more proxies (who need not be a shareholder/s of the company) to represent them at the meeting. Any appointment of a proxy/ies must be effected by using the attached form of proxy. In the interest of efficiency, shareholders are kindly requested to submit completed forms of proxy to the scrutineers of the company, whose details appear below, by Friday, 19 February 2021. Any forms of proxy not lodged by this time must be emailed to the scrutineers immediately prior to the proxy exercising a shareholder's right at the meeting.

Unless revoked before then, a signed form of proxy shall remain valid at any adjournment or postponement of the meeting and the proxy so appointed shall be entitled to vote, as indicated on the form of proxy, on any resolution (including any resolution which is amended).

Any registered shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the meeting should the shareholder subsequently decide to do so.

Proof of identification required

In compliance with section 63 of the Companies Act, note that meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in a shareholders' meeting. Acceptable forms of identification include valid identity documents, driver's licences and passports.

Form of **proxy**

REDEFINE PROPERTIES LIMITED
(Incorporated in the Republic of South Africa)
Registration number: 1999/018591/06
JSE share code: RDF ISIN: ZAE000190252
(Approved as a REIT by the JSE)
(Redefine or the company)

REDEFINE PROPERTIES

We're not landlords. We're people.

Where appropriate and applicable, the terms defined in the notice of annual general meeting to which this form of proxy is attached and forms part of, bear the same meanings in this form of proxy.

For use by registered shareholders (i.e. shareholders who have not dematerialised their shares or have dematerialised their shares with 'own name' registration), nominee companies of central securities depository participants' (CSDP) and brokers' nominee companies, registered as such at the close of business on Friday, 12 February 2021 (the voting record date), who hold ordinary shares of the company and who are unable to attend the annual general meeting of the company (meeting) to be held electronically on Tuesday, 23 February 2021 at 10:00.

If you are a beneficial shareholder (i.e. shareholders whom have dematerialised their shares without 'own name' registration), do not use this form. Beneficial shareholders should instead contact their CSDP or broker to issue them with a letter of representation or letter of electronic participation or, alternatively, provide their CSDP or broker with their voting instructions in terms of the relevant custody agreement/mandate entered into between them.
For completion by the aforesaid registered shareholders:

I/We .... (names in block letters)

of (address) ....

being a shareholder(s) of the company and entitled to vote, do hereby appoint:

1. .... or failing him/her,

2. .... or failing him/her,

3. the chairperson of the meeting,

as my/our proxy to attend and speak and to vote for me/us and on my/our behalf at the meeting and at any adjournment or postponement thereof, for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed at the meeting, and to vote on the resolutions in respect of the ordinary shares registered in my/our name(s), as follows:

ORDINARY RESOLUTIONS		For*	Against*	Abstain*
Ordinary resolution number 1:	Election of Ms D Radley as an independent non-executive director			
Ordinary resolution number 2:	Election of Mr N Nyawo as an executive director			
Ordinary resolution number 3:	Re-election of Mr M Barkhuysen as an independent non-executive director			
Ordinary resolution number 4:	Re-election of Ms L Sennelo as an independent non-executive director			
Ordinary resolution number 5.1:	Election of Ms B Mathews as a member of the audit committee			
Ordinary resolution number 5.2:	Election of Ms D Naidoo as a member of the audit committee			
Ordinary resolution number 5.3:	Election of Ms D Radley as a member of the audit committee			
Ordinary resolution number 5.4:	Election of Ms L Sennelo as a member of the audit committee			
Ordinary resolution number 6:	Re-appointment of PwC as independent external auditor			
Ordinary resolution number 7:	Placing the unissued ordinary shares under the control of the directors			
Ordinary resolution number 8:	General authority to issue shares for cash			
Ordinary resolution number 9:	Specific authority to issue shares pursuant to a reinvestment option			
Ordinary resolution number 10:	Non-binding advisory vote on the remuneration policy of the company			
Ordinary resolution number 11:	Non-binding advisory vote on the implementation of the remuneration policy of the company			
Ordinary resolution number 12:	Amendment of the Redefine Executive Incentive Scheme rules			
Ordinary resolution number 13:	Authorisation of directors and/or the company secretary			
SPECIAL RESOLUTIONS				
Special resolution number 1:	Non-executive director fees			
Special resolution number 2:	Approval for the granting of financial assistance to directors, prescribed officers and other identified employees as employee share scheme beneficiaries			
Special resolution number 3:	Approval for the granting of financial assistance to related and inter-related entities			
Special resolution number 4:	General authority for a repurchase of shares issued by the company			

** One vote per share held by Redefine shareholders recorded in the register on the record date.*

Form of **proxy**

CONTINUED

Mark 'for', 'against' or 'abstain', as required. If no options are marked, the proxy will be entitled to vote as he/she thinks fit.
Please read the notes on the reverse side hereof.

Signed at .... on this .... day of .... 20 ....

Full name(s) and capacity ....

Signature ....

Assisted by (guardian)*..

1. Only shareholders who are registered in the register of the company under their own name on the date on which shareholders must be recorded as such in the register maintained by the transfer secretaries, Computershare Investor Services Proprietary Limited, being Friday, 12 February 2021 (the voting record date), may complete a form of proxy or attend the meeting. This includes shareholders who have not dematerialised their shares or who have dematerialised their shares with 'own name' registration. The person whose name stands first on the form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of those whose names follow. A proxy need not be a shareholder of the company.
2. Certificated shareholders wishing to attend the meeting have to ensure beforehand with the transfer secretaries of the company that their shares are registered in their own name.
3. Beneficial shareholders whose shares are not registered in their 'own name', but in the name of another, for example, a nominee, may not complete a form of proxy, unless a form of proxy is issued to them by a registered shareholder, and they should contact the registered shareholder for assistance in issuing instruction on voting their shares, or obtaining a proxy to attend, speak and, on a poll, vote at the meeting.
4. Dematerialised shareholders who have not elected 'own name' registration in the register of the company through a central securities depository participant (CSDP) and who wish to attend the meeting, must instruct the CSDP or broker to provide them with the necessary authority to attend.
5. Dematerialised shareholders who have not elected 'own name' registration in the register of the company through a CSDP and who are unable to attend but wish to vote at the meeting, must timeously provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between that shareholder and the CSDP or broker.
6. The completion and lodging of this form will not preclude the relevant shareholder from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed, should such shareholder wish to do so. In addition to the aforegoing, a shareholder may revoke the proxy appointment by:
   6.1 cancelling it in writing, or making a later inconsistent appointment of a proxy; and
   6.2 delivering a copy of the revocation instrument to the proxy, and to the company.
7. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the relevant shareholder as of the later of the date:
   7.1 stated in the revocation instrument, if any; or
   7.2 upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Companies Act.
8. Should the instrument appointing a proxy or proxies have been delivered to the company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the company's MOI to be delivered by the company to the shareholder, must be delivered by the company to:
   8.1 the shareholder; or
   8.2 the proxy or proxies if the shareholder has in writing directed the relevant company to do so and has paid any reasonable fee charged by the company for doing so.
9. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the MOI of the company or the instrument appointing the proxy provides otherwise.
10. If the company issues an invitation to shareholders to appoint one or more persons named by the company as a proxy, or supplies a form of instrument for appointing a proxy:
    10.1 such invitation must be sent to every shareholder who is entitled to receive notice of the meeting at which the proxy is intended to be exercised;
    10.2 the company must not require that the proxy appointment be made irrevocable; and
    10.3 the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act.
11. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies. A deletion of any printed matter and the completion of any blank space(s) need not be signed or initialled.
12. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form unless previously recorded by the transfer secretaries of the company or waived by the chairperson of the meeting.
13. A minor must be assisted by his/her parent/guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.
14. A company holding shares in the company that wishes to attend and participate at the meeting should ensure that a resolution authorising a representative to act is passed by its directors. Resolutions authorising representatives in terms of section 57(5) of the Companies Act must be lodged with the company's transfer secretaries prior to the meeting.
15. Where there are joint holders of shares, any one of such persons may vote at any meeting in respect of such shares as if he/she were solely entitled thereto; but if more than one of such joint holders is present or represented at the meeting, that one of the said persons whose name appears first in the register of shareholders of such shares or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof.
16. On a poll, a shareholder who is present in person or represented by a proxy shall be entitled to that proportion of the total votes in the company, which the aggregate amount of the nominal value of the shares held by him/her bears to the aggregate amount of the nominal value of all the shares of the relevant class issued by the company.
17. The chairperson of the meeting may reject or accept any proxy which is completed and/or received other than in accordance with the instructions, provided that he/she shall not accept a proxy unless he/she is satisfied as to the matter in which a shareholder wishes to vote.
18. A proxy may not delegate his/her authority to act on behalf of the shareholder to another person.
19. A shareholder's instruction to the proxy must be indicated by the insertion of the relevant number of shares to be voted on behalf of that shareholder in the appropriate space provided. Failure to comply with the above, will be deemed to authorise the chairperson of the meeting, if the chairperson is the authorised proxy, to vote in favour of the resolutions at the meeting or other proxy to vote or to abstain from voting at the meeting as he/she deems fit, in respect of the shares concerned. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholder or the proxy, but the total of votes cast in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.
20. In the interest of efficiency, it is requested that this form of proxy be lodged, posted, faxed or emailed to the transfer secretaries, Computershare Investor Services Proprietary Limited, at Rosebank Towers, 19 Biermann Avenue, Rosebank, Johannesburg 2196 or Private Bag X9000, Saxonwold, 2132 or by fax on +27 11 688 6238 or by email on proxy@computershare.co.za, by Friday, 19 February 2021. A quorum for the purposes of considering the ordinary resolutions shall comprise 25% of all the voting rights that are entitled to be exercised by shareholders in respect of each matter to be decided at the meeting. In addition, a quorum shall consist of three shareholders of the company personally present or represented and entitled to vote at the meeting.
21. This form of proxy may be used at any adjournment or postponement of the meeting, including any postponement due to a lack of quorum, unless withdrawn by the shareholder.

** Where applicable.*

2020

Summary of audited group results

for the year ended 31 August 2020

REDEFINE PROPERTIES

We're not landlords. We're people.

1 Commentary

Blue Route Mall, *Tokai*

Commentary

Profile

Redefine is a South African-based Real Estate Investment Trust (REIT) invested in a diverse property asset platform valued at R81.0 billion (FY19: R95.4 billion). Redefine's portfolio is predominately anchored in domestic directly held retail, office and industrial properties, and is complemented by retail and logistics property assets in Poland.

Redefine's purpose is to create and manage spaces in a way that changes lives, which requires more than a business-as-usual approach – it requires an integrated approach to sustain value creation for all stakeholders.

Redefine is listed on the Johannesburg Stock Exchange (JSE) and has a market capitalisation of R14.9 billion (FY19: R45.5 billion) as at 27 November 2020. By volume, Redefine shares are among the most actively traded on the JSE, making it a highly liquid single-entry point for investors to gain exposure to local and Polish real estate markets.

Redefine's diversified local property assets were valued at R65.4 billion (FY19: R72.8 billion). The group's international real estate investments, valued at R15.6 billion (FY19: R22.6 billion), represented 19.3% (FY19: 23.7%) of total property assets, providing geographic diversification to Poland and Australia.

Group loan-to-value (LTV) improvement plan

Redefine's top priority during the year was to address the group's LTV. Milestones achieved during 2020 resulting from the LTV improvement plan include:

- implementation of a dividend payout policy (Redefine was the first SA REIT to do so);
- disposed of properties realising R904.0 million;
- introduced an equity investor into European Logistics Investment (ELI) to raise equity of €163 million (R3.2 billion);
- eliminated speculative development expenditure;
- no new local acquisitions;
- exited its investment in RDI REIT P.L.C. (RDI) for £106.3 million (R2.3 billion);
- entered into an agreement to sell the Journal Student Accommodation (JSAF) assets for AUD459.0 million (R5.1 billion). The sale of the Leicester Street site is now unconditional and proceeds are expected to be received on 11 December 2020. The Swanston Street sale is expected to close during 2021 once COVID-19 pandemic travel restrictions are lifted; and
- disposed of its investment in Cromwell Property Group (Cromwell). The proceeds were used to settle Australian debt of AUD53.3 million (R674.6 million).

The LTV improvement initiatives led to a 5.7% reduction in the LTV, while the destructive impact of COVID-19 on asset values increased the LTV by 7.8% – effectively negating the improvement initiatives. Therefore, in order to reduce the LTV ratio to below 40% by August 2021, further initiatives are required. A clear pathway has been set to achieve this target, which involves the receipt of the proceeds from the sale of the JSAF assets, further optimisation of the property asset base and limiting the cash outflow of dividends. The reduction of LTV remains a top priority for 2021.

Whilst the LTV improvement plan did not deliver the stated intention due to COVID-19, the plan did accelerate the transformation of the asset platform to become one which is now simplified, focused and significant in its respective sectors and geographies.

Financial results

Distributable income per share for the year ended 31 August 2020 amounted to 51.50 (FY19: 101.00) cents, a decrease of 49.0% on the prior year. Total revenue showed a marginal decline of 0.1% (FY19: growth of 4.1%). Given current volatile market conditions and uncertainty brought about by the pandemic, Redefine's offshore investments (with the exception of ELI) have withheld dividends during the year to preserve financial flexibility and bolster their liquidity. In addition, Redefine's local property portfolio performance was heavily impacted by the restrictions imposed by the government to curb the spread of COVID-19. This necessitated the granting of rental relief packages to support the sustainability of our tenants, amounting to R318.0 million. Credit losses have increased by R310.4 million given the heightened risk of tenants failing to meet their rental commitments. These factors account for the bulk of the distributable income decrease.

Redefine's property portfolio contributed 99.2% (FY19: 98.3%) of total revenue, with the remaining 0.8% (FY19: 1.7%) arising from investment income.

The operating cost margin increased to 38.9% (FY19: 34.4%) of contractual rental income (excluding straight-line rental income accrual). Net of electricity cost and utility recoveries, operating costs were 20.7% (FY19: 16.9%) of contractual rental income (excluding straight-line rental income accrual).

Commentary
CONTINUED

South African property portfolio

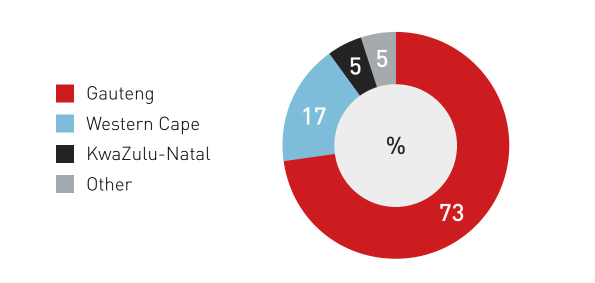
The active portfolio vacancy rate increased during the year to 7.3% (FY19: 5.1%). Leases covering 509 390m² (FY19: 454 049m²) were renewed during the year at an average rental decrease of 4.6% (FY19: -2.0%), while the tenant retention rate by GLA is 92.1% (FY19: 93.3%). A further 324 310m² (FY19: 387 448m²) was let across the portfolio. The student accommodation portfolio had an average occupancy of 84.8% (FY19: 83.7%) as at 31 August 2020. Net arrears amounted to R160.8 million (FY19: R87.0 million), representing 23.0% (FY19: 10.9%) of gross monthly rentals.

Vacancies

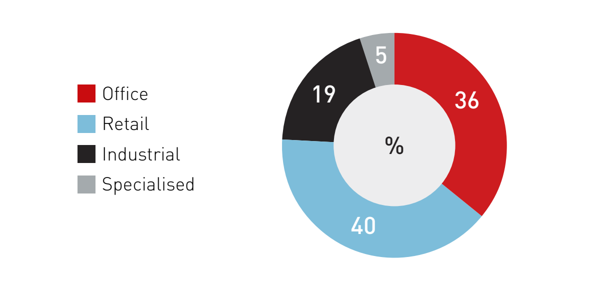
Sector	31 August 2020 before strategic vacancy	Vacant properties under redevelopment*	31 August 2020	31 August 2019
Office	15.0%	1.2%	13.8%	10.2%
Retail	5.6%	–	5.6%	4.6%
Industrial	4.1%	–	4.1%	1.8%
Specialised**	6.5%	–	6.5%	8.3%
Total	7.6%	0.3%	7.3%	5.1%

* *Strategic vacancies.*
** *Specialised includes hospital, hotels, student and residential accommodation.*

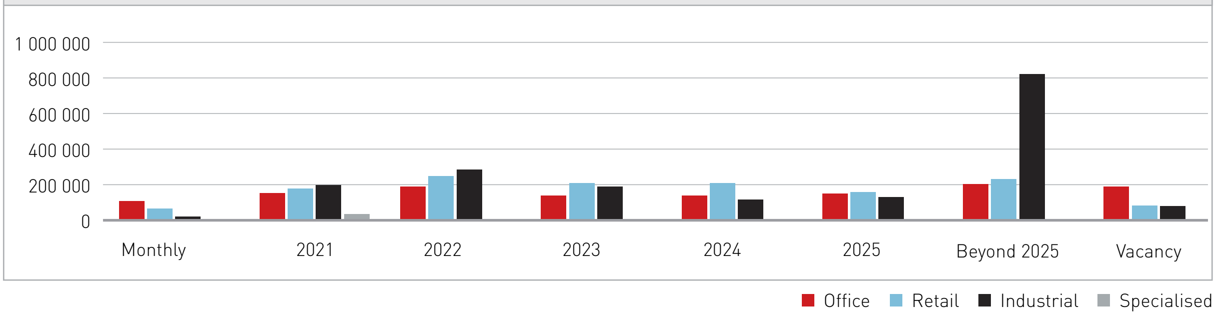
Geographical spread by value



Sectoral spread by value



Lease expiry profile by GLA (m²)



Redefine continues to implement its strategy of ensuring that its property portfolio remains relevant to our tenants' needs. Management's primary focus is to protect and improve the existing well-located tenants and on the disposal of non-core assets as part of the plan to reduce the LTV ratio.

Acquisitions: No properties were acquired locally during the year.

New developments: A warehouse development at S&J Stamphill (Jupiter), with GLA of 18 568m² and a cost of R94.4 million at an initial income yield of 9.3%, was completed during the year. Major projects in progress total R350.6 million at an average initial yield of 9.6%, and GLA of 81 882m² with a total year-to-date spend of R145.0 million. In addition, projects totalling R821.1 million (of which R748.8 million has been spent to date) for infrastructure at S&J, Atlantic Hills and Brackengate sites are currently under way. A fully let committed retail project of 10 008m², with a cost of R175.6 million and a projected initial yield of 9.8%, will commence in Little Falls during 2021.

Redevelopments: The redevelopment of 155 West Street was completed during the year, with a total cost of R301.8 million and an initial yield of 6.5%.

Disposals: During the year, six properties were disposed of for an aggregate consideration of R664.3 million, covering GLA of 80 943m² at an average yield of 10.7%, and various portions of vacant land for a total consideration of R166.4 million. In addition, Redefine disposed of 21 units in its Park Central residential development for R63.1 million. Agreements, subject to the usual conditions precedent, have been concluded for the disposal of four properties for an aggregate consideration of R474.7 million, covering GLA of 52 375m² at an average yield of 9.1%, and two portions of vacant land for a total consideration of R66.7 million.

Sustainability: Redefine has continued to invest in long-term renewable energy solutions. Our total renewable energy capacity is now 25.9 MWp (2019: 23.7 MWp). Four projects were completed during the year (Golden Walk, Hillcrest Boulevard, AMR Office Park and Clearwater Office Park), adding 2.6 MWp to our total capacity, whilst the sale of Alberton Mall reduced our total capacity by 350 kWp.

International property portfolio

Redefine continues to execute its strategy of geographic diversification through expanding its exposure to the Polish logistics sector, to reduce risk and benefit from yield compression arising from development activity. ELI's active portfolio vacancy was 9.4% (FY19: 16.0%) at 31 August 2020, and the income-producing platform has a GLA of 527 070m², with developments under construction to add a further 144 589m².

Developments: During the year, land was acquired in Poland for €3.4 million (R60.8 million). Developments of €102.4 million (R1.8 billion) were completed during the year, with a total GLA of 160 175m², and an initial yield of 6.5%. Developments with a total cost of €99.2 million (R1.8 billion) (including land), with a total GLA of 144 589m², are currently in progress and are expected to achieve an initial yield of 6.5%.

Disposals Poland: As a liquidity measure, Strykow was disposed of at a yield of 6.1% during the year. To source capital to fund expansion, Redefine disposed of its controlling interest in ELI at the end of February 2020, reducing its shareholding from 95.0% to 46.5%. Madison International Holdings VII LLC (Madison) acquired 46.5% of ELI, and Griffin Partners acquired an additional 2.0%, increasing their shareholding from 5.0% to 7.0%.

ELI meets the definition of a joint venture, with Redefine and Madison being the joint venture partners. Redefine and Madison have contractually agreed to the sharing of control of ELI that requires unanimous consent by both parties on decisions about its relevant activities. ELI's shareholders have agreed to commit additional equity funding to expand ELI's property portfolio over the next three years. Madison and Redefine have both, at the inception of the joint venture, agreed to an equity commitment of €66.3 million (R1.3 billion), and Griffin has agreed to match this in relation to their shareholding. This disposal is part of Redefine's strategy to secure capital in a scarce and costly environment to fund the expansion and diversification of its logistics asset platform in Poland. Redefine's remaining equity commitment amounts to €48.0 million (R947.9 million), with earn-out fees of €18.6 million (R366.9 million) still to be received as developments are completed.

Disposals Australia: After completion of the Swanston Street development at a total cost of AUD107.6 million (R1.3 billion), Redefine announced the disposal of JSAF's two properties for AUD459.0 million (R5.1 billion). Redefine holds a 90% interest in JSAF. The disposal of JSAF's properties, which accommodate 1 391 beds, is part of Redefine's portfolio refinement and LTV improvement strategy. The disposal was subject to certain conditions precedent and, as a result, the properties have been disclosed as non-current assets held-for-sale. On 5 November 2020, Redefine received notification that the last of the conditions precedent were fulfilled, and accordingly the settlement of the Leicester Street sale is expected to close on 11 December 2020. The settlement of Swanston Street remains subject to COVID-19 pandemic travel restrictions in relation to persons traveling to Australia with an Australian Student Visa from specified countries being lifted, with a long stop date of 30 June 2021 or as otherwise agreed by the parties.

In August 2020, Redefine sold its remaining investment in Cromwell, realising net proceeds of AUD53.3 million (R674.6 million). The proceeds have been used to part-settle in-country debt in Australia.

Commentary
CONTINUED

Disposals United Kingdom: To further advance its strategic priority of strengthening its balance sheet and simplifying and solidifying its asset platform, Redefine disposed of its entire shareholding in RDI for GBP106.3 million (R2.3 billion) in July 2020. Given that a portion of Redefine's investment in RDI was encumbered by an exchangeable bond issued in September 2016, Redefine had to buy back the bonds via a tender offer. The proceeds from the disposal of RDI were used to settle the exchangeable bond.

Disposal Africa: On 31 August 2020, Redefine disposed of its investment in its wholly owned subsidiary, SB Wings Development (Pty) Ltd, which held a 40.6% share in Oando Wings Development Limited (Oando), to Growthpoint Investec African Properties Limited (GIAP), for $10.5 million (R174.3 million). In exchange, Redefine received a 3.7% equity interest in GIAP.

Investments in associates and joint ventures

		31 August 2020		31 August 2019	
Stock exchange		Carrying value R'000	Shares held %	Carrying value R'000	Shares held %
EPP	LuxSE and JSE	**7 347 471**	**45.4**	9 023 856	45.4
RDI	LSE and JSE	**–**	**–**	2 826 148	29.4
ELI	Not listed	**1 261 227**	**46.5**	–	–
		8 608 698		11 850 004	

EPP: Given the prolonged decline in the share price of EPP and the impact of COVID-19 on its operations, the carrying value of EPP was subject to impairment testing in accordance with IAS 36: *Impairment of assets*. The impairment is calculated by comparing the carrying amount to the recoverable amount, being value-in-use. A discounted cash flow calculation was performed, considering the forecasted future-expected cash flows which were discounted at relevant market rates in order to calculate the value-in-use. The carrying amount of EPP was accordingly impaired by R2.3 billion.

Redefine has an effective shareholding of 45.4%. To guard against the perception that Redefine may be able to exercise control through voting at general meetings, it has agreed to limit its voting rights exercisable at general meetings by entering into a voting limitation deed (the VLD).

In terms of the VLD, the voting rights exercised by Redefine at general meetings of EPP will, while the VLD remains operative, not exceed 40% of the aggregate votes exercised either in favour or against the relevant resolution by all EPP shareholders (including Redefine). Any excess votes attributable to Redefine's shares in EPP will be reflected as abstentions in relation to the relevant resolution.

ELI: The Madison sales price was referenced to determine the fair value of the retained 46.5% investment in ELI. The carrying amount of ELI at year end is R1.3 billion. No impairment test was performed for ELI as no impairment indicators were present.

Exchange rates: The rand depreciated when compared to the prior year and, as a result, Redefine's proportionate share of the underlying foreign currency denominated associates' net assets increased. This increase was largely neutralised by the natural hedge created by the foreign currency denominated debt held against these assets, as it increased similarly.

Foreign currency	31 August 2020	31 August 2019
AUD	**12.1902**	10.2851
EUR	**19.7328**	16.9140
GBP	**22.1230**	18.6601
USD	**16.5792**	15.3200

Changes in fair value

The group's property portfolio was independently valued by external valuers at 31 August 2020, resulting in a net decrease in value of R7.2 billion (FY19: net increase of R1.5 billion). This substantial decrease is principally because of the significant negative economic impact of the COVID-19 pandemic. In terms of IAS 40: *Investment property*, and IFRS 13: *Fair value measurement*, Redefine's investment properties are measured at fair value through profit or loss, using valuation inputs which are categorised as level 3 in the fair value hierarchy. There were no transfers between levels 1, 2 and 3 during the year.

The exchangeable bond which was settled during the current year was measured at fair value through profit and loss. The fair value was determined with reference to the Bloomberg Valuation Service price and was classified as level 1 in the fair value hierarchy. The exchangeable bond was partially redeemed in September 2019 as result of a put option available to bondholders and, in July 2020, the balance of the bond was early-settled, resulting in a decrease in the liability of R103.9 million (FY19: R20.0 million increase in the liability).

The fair value of the investment in listed securities decreased by R175.1 million (FY19: R793.4 million) and was mainly driven by the decrease in the Delta Property Fund Limited and Cromwell share prices during the year.

The group's derivatives, which protect against adverse movements in interest and foreign exchange rates, were valued using the swap curve and forward pricing methods respectively, resulting in an increase of R2.4 billion (FY19: R522.1 million) in the group's liabilities.

The group measures the right-of-use assets (ROU) that meet the definition of investment property, using the fair value model applied to its investment property. ROU assets related to owner-occupied buildings are measured by applying the cost model relevant to that specific class of property, plant and equipment. Fair value adjustments to property, plant and equipment of R17.8 million relate to the ROU asset.

Non-current assets held-for-sale are measured at the lower of their carrying amount, and fair value less costs of disposal, with fair value movements recognised in profit and loss. Oando, which was classified as held-for-sale, incurred a fair value loss of R277.2 million during the current year. The net gain on foreign unlisted investments amounted to R44.7 million (FY19: R152.5 million).

In terms of IFRS 9: *Financial instruments* and IFRS 13, Redefine's listed security investments, derivatives and other financial assets are measured at fair value through profit or loss and are categorised as level 1, level 2 and level 3, respectively.

Goodwill and intangible assets

Economic conditions and the lack of catalysts for meaningful economic growth in South Africa, volatility of international markets exacerbated by trade restrictions, combined with the decreasing trend in the market capitalisation of the group, were indicators for impairment of the group's goodwill. As a result, the group's goodwill was subject to impairment testing in accordance with IAS 36. The carrying amount of the cash-generating unit (CGU) to which goodwill had been allocated was compared to the recoverable amount of the CGU, being its value-in-use. A discounted cash flow calculation was performed by using the forecasted future cash flows generated by the CGU, discounted at relevant market rates in order to calculate the value-in-use. This resulted in the impairment of goodwill of R5.0 billion (FY19: R60.8 million).

The ongoing increases in electricity-related costs, structural tariff changes and tenant mix were indicators of impairment of the electricity recovery business. The electricity recovery business was tested for impairment by comparing the carrying amount to the recoverable amount, being its value-in-use. A discounted cash flow calculation was performed by using the forecasted future cash flows generated by the CGU, discounted at relevant market rates in order to calculate the value-in-use. The carrying amount of the electricity recovery business was impaired by R275.4 million.

The remaining useful life of the right-to-manage property was reassessed during the year, and this led to an amortisation of R314.3 million.

Refer to the note on Goodwill and intangible assets on **page 48** for further details on the valuation technique and unobservable inputs across the CGUs.

Interest-bearing borrowings

Redefine's interest-bearing borrowings (net of cash and cash equivalents, and including the mark to market of cross-currency swaps) represented 47.9% (FY19: 43.9%) of the value of its property asset platform at 31 August 2020. The group's property asset platform comprises property, listed and unlisted shares, loans receivable, other financial assets and interests in associates and joint ventures. The average cost of rand-denominated funding is 8.1% (FY19: 9.1%), and interest rates are hedged on 84.8% (FY19: 92.6%) of local borrowings for an average period of 2.8 years (FY19: 2.8 years).

Including foreign currency debt and derivatives, the average cost of debt is 6.0% (FY19: 5.8%). Interest rates are hedged on 81.4% (FY19: 87.3%) of total borrowings for an average period of 2.8 years (FY19: 2.9 years). The interest cover ratio (which includes equity-accounted dividends and listed security income) is 2.6x (FY19: 4.3x).

Redefine had unutilised committed bank facilities of R2.6 billion (FY19: R5.6 billion) at 31 August 2020, which provides assurance that the group will be able to meet its short-term commitments.

Moody's credit rating

As a direct consequence of South Africa's sovereign rating downgrade, Moody's downgraded Redefine's rating on 24 November 2020 as follows:

Global long-term:	Downgraded to Ba2 from Ba1
Global short-term:	Maintained NP
National long-term:	Withdrawn Aa2.za issuer rating
National long-term corporate family rating:	Aa2.za
National short-term:	Maintained P-1.za
Outlook:	Negative

Basis of preparation

These summarised consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), IAS 34: *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committeeand Financial Pronouncements as issued by the Financial Reporting Standards Council, and the requirements of the Companies Act of South Africa and the JSE Listings Requirements. The accounting policies applied in preparing these financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in the previous financial statements, except for the changes in accounting policy relating to the new standards and interpretations, which became effective to the group for the financial year beginning 1 September 2019 (Refer to **page 46**). These summarised consolidated financial statements are extracted from the annual financial statements audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon but are not themselves audited. The auditor's report does not necessarily report on all the information contained in these summarised consolidated financial statements. Shareholders are therefore advised that, in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's report, together with the accompanying audited consolidated financial statements, both of which are available on the Redefine website.

Significant judgement, estimates and assumptions

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Judgement also needs to be exercised in applying the group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- Valuation of investment properties and properties under development;
- Goodwill;
- Impairment of investments in associates;
- Rental concessions;
- Expected credit losses;
- Insurance contract liability;
- Facilities and covenants;
- Significant influence and control assessment; and
- Dividend declaration.

Events after the reporting period

Mall of the South (MOTS)

During 2013, Redefine, FirstRand Bank Limited (acting through its Rand Merchant Bank Division) (RMB) and Truzen 89 Trust (Truzen) – an entity associated with Zenprop Property Holdings Proprietary Limited – entered into a structured financing transaction. The agreements included two put options, one which allowed Truzen to put MOTS to RMB (RMB put) in certain circumstances, and the other a put option which would require Redefine to purchase MOTS from RMB (Redefine put) in certain circumstances, including upon the exercise of the RMB put option. During August 2020, Truzen elected to exercise the RMB put option and RMB elected to exercise the Redefine put option.

During October 2020, Redefine, Truzen and RMB agreed a mutually beneficial and alternative arrangement. Various amendments were made to the put option agreements and a new sale of enterprise agreement was concluded. It was further agreed that a newly incorporated company, K2020150943 (South Africa) Proprietary Limited (Propco SPV), would purchase MOTS for an initial purchase price of R1 759 million and an agterskot payment, up to a maximum amount of R25 million, payable in three years. RMB Investments and Advisory Proprietary Limited (RMBIA) holds an 80% interest in Propco SPV and Redefine holds the remaining 20%. It is intended that Propco SPV will be jointly controlled by RMBIA and Redefine.

RMB and PropCo SPV will conclude a three-year loan facility agreement for a maximum amount of R1 825 million. RMB, RMBIA, Propco SPV and Redefine have concluded various agreements, including placement and underwriting agreements which provide for a sale of Propco SPV or the sale of MOTS to a third party, as well as put option agreements which allow RMB and RMBIA to put their interests in MOTS and Propco SPV to Redefine in certain circumstances. Redefine's security SPV has guaranteed any shortfall arising between the sales price to a third party and the put option price (as determined in the new put option agreements). In three years, if there are no third-party buyers for MOTS, or upon certain other circumstances occurring, Redefine may be required to acquire MOTS. In this regard, Redefine has provided a negative pledge over properties to the value of R3.65 billion (which includes MOTS with a value of R1.65 billion) to the Redefine security SPV.

All necessary agreements were concluded, and the transaction became unconditional on 25 November 2020.

M1 Marki

On 5 November 2020, Redefine, Redefine Europe B.V. (a wholly owned subsidiary of Redefine) (Redefine Europe), and the other shareholders of Chariot Top Group B.V. (Chariot Top) and Chariot Group B.V. (Chariot Group) concluded an agreement in terms of which Redefine Europe will acquire Bruin sp. z o.o (Marki SPV) from Chariot Group for an aggregate purchase price equal to 75% of the net asset value attributable to Marki SPV which, taking into account the expected third-party debt within Marki SPV of R872.2 million (€44.2 million), is expected to be R1 162.3 million (€58.9 million).

Marki SPV holds the title to the Marki Commercial Centre located in Marki near Warsaw, Poland, (Marki) from Chariot Group. The aggregate purchase price will be settled as follows:

- Chariot Top will repurchase Redefine Europe's 25% equity interest in Chariot Top for an aggregate consideration of R1 089.3 million (€55.2 million) (Redefine stake price), which will give rise to a claim in the hands of Redefine Europe;
- The repurchase will become effective when the agreement relating to the third tranche of the acquisition by EPP N.V. or its subsidiary of four retail properties from Chariot Group has become unconditional;
- The claim will remain payable by Chariot Top from the repurchase date until the date of completion of the sale of the Marki SPV to Redefine Europe, which is expected to be no later than 31 December 2021;
- The settlement of the claim will in effect be achieved by way of set-off against the Marki SPV purchase consideration, in accordance with the following terms:
  - Redefine Europe will purchase the Marki SPV for the purchase consideration, ensuring that the third-party debt has been discharged;
  - Redefine Europe will pay an advance payment of R197.3 million (€10 million) to Chariot Top on the later of 31 December 2020 or 10 days after the repurchase effective date;
  - The Marki SPV purchase consideration and the Redefine claim will be settled by Redefine Europe and Chariot Top as follows:
    - The advance payment will be deducted from the Marki SPV purchase consideration;
    - An amount equal to the Redefine stake price will be set off against the Redefine claim; and
    - The balance, which shall be adjusted, *inter alia,* for 25% of all distributions received by the other Chariot shareholders and the cash balances of the Chariot Group and which shall be limited to an amount of R296.0 million (€15 million), will be payable in cash.

Going concern

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

The COVID-19 pandemic impacted and continues to impact the global economy significantly. Measures such as the prolonged and severe restrictions of movement imposed by governments to reduce the spread of the virus, and the consequential impact on demand for products and services and impact on people's behaviour, have negatively impacted economic performance and

Commentary

CONTINUED

prospects globally. Internationally, the resurgence of the pandemic, the so-called second wave, has been observed in many European countries, with governments considering re-imposing restrictions previously enforced. Locally, a second wave of infections may similarly result in the re-introduction of government-imposed restrictions, which could lead to further adverse economic impact. The pandemic primarily impacted the group in the 2020 financial year as follows:

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

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

Access to liquidity

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

Debt covenants

Financial covenant reporting is required by lenders within 90 days of each reporting period. To create additional headroom to absorb adverse LTV covenant triggers, and to avoid a potential technical breach of our corporate LTV covenant as at 31 August 2020, the group negotiated a temporary relaxation of the corporate LTV covenant. For the reporting periods ending 31 August 2020 to 28 February 2021, all funders agreed to the temporary relaxation of the LTV covenant limit from 50% to 55%. For the reporting period ending 31 August 2021, the corporate LTV covenant limit will revert back to 50%. All debt covenant projections are proactively monitored to manage and remedy any potential breaches. As at 31 August 2020, no covenants were breached.

Profitability

Investment income

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

Rental concessions

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

Provision for credit losses

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

Change to business environment

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

The directors' response to the pandemic included:

- establishment of a dedicated management team to implement a co-ordinated response across the business to ensure the health, safety and wellbeing of all stakeholders;
- implementation of business continuity plans to minimise disruption by initiatives implemented to curb the spread of the virus;
- curtailment of discretionary expenditure to make allowance for the anticipated costs associated with the various initiatives to combat the spread of the virus;
- continuous monitoring of the group's liquidity position;
- active participation in a property industry group which concerns itself with related property industry issues, including coordinating a

framework of relief measures for tenants to aid in the sustainability of their businesses during the pandemic, addressing temporary regulatory compliance challenges posed by the pandemic with regards to REIT tax legislation and JSE Listings Requirements with the appropriate authorities, and engaging with debt funding providers regarding financial covenants and liquidity concerns; and

- negotiated the temporary relaxation of the group's corporate LTV debt covenant for two reporting periods.
- The directors have satisfied themselves that the group is in a sound financial position and that it has access to sufficient liquidity to meet its foreseeable cash requirements. Considering the outcomes of the solvency and liquidity projections, the group will be solvent and liquid, and the directors are confident in the ability of the group to continue as a going concern and have no reason to believe that the group will not be a going concern in the year ahead. The directors have therefore concluded that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

Capital commitments

Capital commitments outstanding amount to R1.0 billion (FY19: R3.0 billion). Future commitments will be funded by undrawn banking facilities and proceeds from capital recycling activities.

Change in directorate

Harish Mehta resigned from the board of directors on 5 November 2019. The board would like to thank Harish for his many years of service. Diane Radley was appointed as an independent non-executive director with effect from 20 July 2020. Her appointment will bolster the independent board's property skills.

David Rice retired from the board on 31 August 2020. The board wishes to thank him for his significant contribution to Redefine over many years of loyal service, as well as his selfless commitment to continue in his capacity until a replacement chief financial officer was appointed. Leon Kok will succeed David as the chief operating officer. We are delighted to announce that Ntobeko Nyawo has been appointed to the board as chief financial officer with effect from 1 February 2021. The board wishes Leon and Ntobeko every success in their respective roles and look forward to the benefit of their contributions as Redefine embarks on the next phase of its journey to realise its vision to be the best SA REIT.

Dividend for the year ended 31 August 2020

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

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

The distribution mechanism would be subject to board and any other requisite regulatory approvals. Accordingly, the board has resolved to defer its decision on the declaration of a dividend until 1 February 2021.

Should the board at this date resolve not to declare the dividend as contemplated above, the company may be liable for taxation of approximately R420 million in respect of the year ended 31 August 2020.

Commentary
CONTINUED

Prospects

Notwithstanding the challenging environment, Redefine has made meaningful progress in advancing its strategic priorities, building today for tomorrow, to ensure sustained value creation for all its stakeholders.

It is safe to assume that, given the unprecedented and evolving market conditions, property fundamentals, domestically and globally, will remain challenged for 2021 and beyond as low growth will remain a persistent theme for some time to come.

As a people-centric organisation, COVID-19 has provided us with an inflection point to position Redefine for a better future that will contribute to the creation of a more inclusive, sustainable and resilient operating context. This will necessitate a greater emphasis on ESG factors, embracing technology as an enabler rather than seeing it as a disruptor, fostering innovation through diversity, and repositioning the asset platform within the confines of scarce and costly capital to remain relevant to our users' evolving needs.

We will continue to future-proof ourselves without being distracted by expecting the unexpected, and deal with our challenges and vulnerabilities, which were intensified and sharpened by the pandemic, through placing our purpose at the heart of what we do, whilst we focus on what matters most.

Simply put, the key to our success is rooted in collaboration, innovation and differentiation.

Following the completion of the LTV improvement strategy, and assuming a normalised operating environment, we believe that our simplified and refocused asset platform is able to deliver sustainable distributable income per share of approximately 80.0 cents per share.

Should COVID-19 and its devastating effects, however, persist for longer than expected, the recovery to normality will be prolonged. Due to the evolving and highly uncertain environment, we are currently unable to provide guidance on distribution per share for the 2021 financial year.

The directors of Redefine take full responsibility for the preparation of this report and that the selected financial information has been correctly extracted from the underlying consolidated annual financial statements. LC Kok, CA(SA), Redefine's financial director, was responsible for supervising the preparation of these summarised consolidated financial statements.

By order of the board
30 November 2020

Redefine Properties Limited

Alice Lane, *Sandton*

2 Results

Statement of financial position as at 31 August 2020

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

Statement of profit or loss and other comprehensive income

Figures in R'000	2020	2019 restated*
Revenue		
Property portfolio revenue	8 714 924	8 637 504
– Contractual rental income	8 349 778	8 543 800
– Straight-line rental income accrual	365 146	93 704
Investment income	69 136	153 698
Total revenue	8 784 060	8 791 202
Costs		
Operating costs	(2 975 602)	(2 910 752)
Expected credit losses – Trade receivables	(273 195)	(24 754)
Administration costs	(401 625)	(376 015)
Net operating profit	5 133 638	5 479 681
Other income	40 125	113 531
Gain on disposal of assets	121 938	–
Loss on disposal of interest in associates and joint ventures	(259 592)	–
Changes in fair value of investment properties	(7 158 035)	1 490 979
Changes in fair value of financial instruments and other	(2 756 750)	(1 318 158)
Changes in fair value of insurance contract liability	(130 275)	–
Amortisation of intangible assets	(314 277)	(62 856)
Impairments	(7 702 102)	(304 448)
Expected credit losses – Loans receivable	(140 190)	(42 905)
Equity-accounted loss (net of taxation)	(403 900)	(315 972)
(Loss)/profit before finance costs and taxation	(13 569 420)	4 979 852
Net interest costs	(2 014 638)	(1 486 470)
– Interest income	941 675	1 061 828
– Interest expense	(2 956 313)	(2 548 298)
Foreign exchange (losses)/gains	(1 042 006)	44 115
(Loss)/profit before taxation	(16 626 064)	3 537 497
Taxation	13 117	(43 113)
(Loss)/profit for the year	(16 612 947)	3 494 384
Attributable to:		
– Redefine Properties Limited shareholders	(16 628 264)	3 341 893
– Non-controlling interests	15 317	152 491
Other comprehensive income	1 625 013	24 374
Items that are or may be reclassified subsequently to profit or loss		
Other reserves	(40 178)	–
Exchange differences on translation of foreign operations:		
– Subsidiaries	453 171	(32 210)
– Associates	1 556 914	56 584
Reclassification of foreign currency differences on disposal of investments	(344 894)	–
Total comprehensive (loss)/income for the year	(14 987 934)	3 518 758
Attributable to:		
– Redefine Properties Limited shareholders	(15 043 288)	3 369 177
– Non-controlling interests	55 354	149 581
Earnings per share		
– Basic	(306.11)	61.76
– Diluted	(306.11)	61.55

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

Statement of cash flows

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

Statement of changes in equity

Figures in R'000	Stated capital	(Accumulated losses)/ retained earnings
Balance as at 31 August 2018	44 329 101	12 617 787
Total comprehensive income for the year	–	3 341 893
Profit for the year	–	3 341 893
Other comprehensive income for the year	–	–
Transactions with owners (contributions and distributions)	259 965	(5 355 990)
Issue of ordinary shares	259 965	–
Dividends	–	(5 349 819)
Recognition of share-based payments	–	(6 171)
Share of post-acquisition change in net assets of associates	–	–
Transactions with owners (changes in ownership interests)	–	(5 913)
Acquisition of subsidiary with NCI	–	(5 913)
Balance as at 31 August 2019	44 589 066	10 597 777
Total comprehensive income for the year	–	(16 628 264)
Loss for the year	–	(16 628 264)
Other comprehensive income for the year	–	–
Transactions with owners (contributions and distributions)	4 481	(2 614 506)
Issue of ordinary shares	4 481	–
Dividends	–	(2 614 319)
Recognition of share-based payments	–	(187)
Share of post-acquisition change in net assets of associates	–	–
Transactions with owners (changes in ownership interests)	–	–
Disposal of subsidiary with NCI	–	–
Balance as at 31 August 2020	**44 593 547**	**(8 644 993)**

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

^ *The final dividend is declared post the financial year end and is therefore a non-adjusting event after the reporting period.*

Foreign currency translation reserve	Share-based payment reserve	Share of associates' reserves	Shareholders' interest	Non-controlling interests (NCI)	Total equity
641 580	**58 363**	**30 532**	**57 677 363**	**471 837**	**58 149 200**
27 284	–	–	3 369 177	149 581	3 518 758
–	–	–	3 341 893	152 491	3 494 384
27 284	–	–	27 284	(2 910)	24 374
–	(1 184)	16 892	(5 080 317)	(12 918)	(5 093 235)
–			259 965	13 311	273 276
–	–	–	(5 349 819)	(26 229)	(5 376 048)
–	(1 184)	–	(7 355)	–	(7 355)
–	–	16 892	16 892	–	16 892
–	–	–	(5 913)	666	(5 247)
–	–	–	(5 913)	666	(5 247)
668 864	**57 179**	**47 424**	**55 960 310**	**609 166**	**56 569 475**
1 625 154	–	(40 178)	**(15 043 288)**	55 353	**(14 987 937)**
–	–	–	**(16 628 264)**	15 317	**(16 612 947)**
1 625 154	–	(40 178)	**1 584 976**	40 036	**1 625 012**
–	(24 069)	38	**(2 634 056)**	(19 667)	**(2 653 723)**
–	–	–	**4 481**	889	**5 370**
–	–	–	**(2 614 319)**	(20 556)	**(2 634 875)**
–	(24 069)	–	**(24 256)**	–	**(24 256)**
–	–	38	**38**	–	**38**
–	–	–	**–**	(96 584)	**(96 584)**
–	–	–	**–**	(96 584)	**(96 584)**
2 294 018	**33 110**	**7 284**	**38 282 966**	**548 268**	**38 831 234**

Earnings and headline earnings

Figures in R'000
EARNINGS AND HEADLINE EARNINGS
Reconciliation of basic earnings to headline earnings
(Loss)/profit for the year attributable to Redefine shareholders
Change in fair value of properties
Profit on sale of subsidiary
Loss on disposal of interest in associate
Profit on dilution of ownership interest in an associate
Adjustment of measurements included in equity-accounted earnings of associates (net of tax)
Adjustment of measurements included in equity-accounted earnings of associates
Tax adjustment
Revaluation of property, plant and equipment
Impairments
Insurance proceeds received
Headline (loss)/earnings attributable to Redefine shareholders

	2020	2019
Actual number of shares in issue ('000)*	**5 432 630**	5 431 786
Weighted average number of shares in issue ('000)*	**5 432 191**	5 411 530
Diluted weighted average number of shares in issue ('000)*	**5 442 415**	5 428 383
Weighted average number of shares in issue ('000)	**5 432 191**	5 411 530
Potential dilutive effect of share incentive schemes (000) **	**10 244**	16 853
Diluted earnings per share and diluted headline earnings per share are calculated considering the potential dilution that could occur if all staff incentive shares vested. The number of shares outstanding is adjusted to show the potential dilution if all share schemes were settled in Redefine Properties Limited shares.		
Basic earnings per share (cents)	**(306.11)**	61.76
Diluted earnings per share (cents)	**(306.11)**	61.55
Headline earnings per share (cents)	**(52.64)**	39.53
Diluted headline earnings per share (cents)	**(52.64)**	39.39

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

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

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

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

	2020 Gross	2020 Non-controlling interest effect of the adjustment	2020 Net	2019 Gross	2019 Non-controlling interest effect of the adjustment	2019 Net
	(16 628 264)	–	(16 628 264)	3 341 893	–	3 341 893
	7 158 035	6 510	7 164 545	(1 490 979)	122 457	(1 368 522)
	(139 855)	–	(139 855)	–	–	–
	259 592	–	259 592	–	–	–
	(1 778)	–	(1 778)	46 081	–	46 081
	(1 376 052)	–	(1 376 052)	(292 133)	–	(292 133)
	(1 319 903)	–	(1 319 903)	(325 514)	–	(325 514)
	(56 150)	–	(56 150)	33 381	–	33 381
	28 625	–	28 625	5 283	–	5 283
	7 842 292	–	7 842 292	407 353	–	407 353
	(8 729)	–	(8 729)	(533)	–	(533)
	(2 866 134)	6 510	(2 859 624)	2 016 965	122 457	2 139 422

Segmental report

Figures in R'000	Office	Retail
STATEMENT OF FINANCIAL POSITION		
Investment properties (including straight-line rental income accrual)	22 993 553	25 268 415
Right-of-use assets	17 803	98 526
Properties under development	190 260	48 150
Listed securities	–	–
Investment in associates and joint ventures	–	–
Loans receivable	–	–
Property, plant and equipment	100 239	–
Properties held-for-trading	–	–
Non-current assets held-for-sale	7 150	376 000
Other assets	–	–
Total assets	**23 309 006**	**25 791 091**
Interest-bearing borrowings	–	–
Other liabilities	–	–
Total liabilities	**–**	**–**
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Contractual rental income	2 861 936	3 211 145
Straight-line rental income accrual	195 281	86 894
Investment income	–	–
Total revenue	**3 057 217**	**3 298 039**
Operating costs (including expected credit losses – trade receivables)	(958 578)	(1 546 010)
Administration costs	–	–
Net operating profit	**2 098 639**	**1 752 029**
Other income	–	–
Loss on disposal of assets	–	–
Changes in fair value of investment properties	(2 802 340)	(3 016 101)
Changes in fair value of financial instruments and other	–	–
Changes in insurance contract liability	–	–
Amortisation of intangible assets	–	–
Impairments (including expected credit losses – loans receivables)	(1 913 811)	(2 883 661)
Equity-accounted loss (net of taxation)	–	–
Loss before finance costs and taxation	**(2 617 512)**	**(4 147 733)**
Interest income	–	–
Interest expense	(92)	(963)
Foreign exchange losses	–	–
Loss before taxation	**(2 617 605)**	**(4 148 696)**
Taxation	–	–
Loss for the year	**(2 617 605)**	**(4 148 696)**
Non-controlling interests	–	–
Loss for the year attributable to Redefine Properties Limited shareholders	**(2 617 605)**	**(4 148 696)**

2020

Industrial	Specialised	Head office	Local	International	Total
10 875 164	2 433 996	–	61 571 128	–	61 571 128
–	–	–	116 329	–	116 329
1 390 032	–	–	1 628 442	–	1 628 442
–	–	69 679	69 679	–	69 679
–	–	–	–	8 608 698	8 608 698
–	–	1 316 126	1 316 126	985 894	2 302 020
–	26 600	80 600	207 499	32	207 531
4 260	170 820	–	175 080	–	175 080
158 255	–	–	541 405	5 179 864	5 721 269
–	–	812 295	812 295	957 375	1 769 670
12 427 711	**2 631 476**	**2 278 700**	**66 437 983**	**15 731 863**	**82 169 846**
–	–	31 845 455	31 845 455	4 804 175	36 649 630
–	–	2 567 820	2 567 820	4 121 162	6 688 982
–	**–**	**34 413 275**	**34 413 275**	**8 925 337**	**43 338 612**
1 498 196	392 165	–	7 963 443	386 336	8 349 778
108 023	(25 052)	–	365 146	–	365 146
–	–	19 757	19 757	49 379	69 136
1 606 219	**367 113**	**19 757**	**8 348 345**	**435 715**	**8 784 060**
(442 951)	(179 506)	–	(3 127 045)	(121 752)	(3 248 797)
–	–	(272 334)	(272 334)	(129 291)	(401 625)
1 163 268	**187 607**	**(252 577)**	**4 948 966**	**184 672**	**5 133 638**
16 112	10 427	11 100	37 640	2 485	40 125
–	–	–	–	(137 654)	(137 654)
(1 680 010)	(636 675)	(10 606)	(8 145 732)	987 697	(7 158 035)
–	(40 904)	(1 260 629)	(1 301 533)	(1 455 217)	(2 756 750)
–	–	(130 275)	(130 275)	–	(130 275)
–	–	(314 277)	(314 277)	–	(314 277)
(510 710)	–	(106 904)	(5 415 085)	(2 427 207)	(7 842 292)
–	–	–	–	(403 900)	(403 900)
(1 011 339)	**(479 545)**	**(2 064 167)**	**(10 320 296)**	**(3 249 124)**	**(13 569 420)**
–	–	889 092	889 092	52 583	941 675
(54)	(33 980)	(2 470 345)	(2 505 435)	(450 878)	(2 956 313)
–	–	–	–	(1 042 006)	(1 042 006)
(1 011 393)	**(513 525)**	**(3 645 420)**	**(11 936 639)**	**(4 689 425)**	**(16 626 064)**
–	–	30 122	30 122	(17 005)	13 117
(1 011 393)	**(513 525)**	**(3 615 298)**	**(11 906 517)**	**(4 706 430)**	**(16 612 947)**
–	105 165	–	105 165	(120 482)	(15 317)
(1 011 393)	**(408 361)**	**(3 615 298)**	**(11 801 352)**	**(4 826 912)**	**(16 628 264)**

Segmental report

CONTINUED

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

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

Distributable income analysis

Figures in R'000	South Africa	International	Total
Contractual rental income (excluding straight-line rental accrual)	7 963 442	386 336	**8 349 778**
Investment income	19 757	49 379	**69 136**
Total revenue	7 983 199	435 715	**8 418 916**
Operating costs	(3 127 045)	(121 752)	**(3 248 797)**
Administration costs	(272 334)	(129 291)	**(401 624)**
Net operating profit	4 583 820	184 672	**4 768 492**
Other gains	37 640	2 485	**40 125**
Net distributable profit before finance costs and taxation	4 621 460	187 157	**4 808 617**
Net interest costs	(1 616 343)	(398 295)	**(2 014 638)**
– Interest income	889 092	52 583	**941 675**
– Interest expense	(2 505 435)	(450 878)	**(2 956 313)**
Distributable foreign exchange gains/losses	–	40 539	**40 539**
Net distributable profit before taxation	3 005 117	(170 599)	**2 834 518**
Current taxation and withholding taxation	–	(32 199)	**(32 199)**
Net income from operations before non-controlling interest share	3 005 117	(202 798)	**2 810 319**
Non-controlling interest share of distributable income	(27 028)	(6 194)	**(33 222)**
Net income before distributable adjustments	2 978 089	(208 992)	**2 769 097**
Below-the-line distributable income adjustments:			
– Equity-accounted investments distribution adjustment	–	7 980	**7 980**
– Accrual for listed security income	–	(1 745)	**(1 745)**
– Leasehold distribution adjustment	(28 355)	1 398	**(26 957)**
– Modification of financial instruments	3 295	17 717	**21 012**
– Chariot distribution adjustment	–	(23 037)	**(23 037)**
– Transaction costs relating to business acquisitions	455	51 196	**51 651**
Distributable income	2 953 484	(155 483)	**2 798 001**

3 Disclosure

155 West Street, *Sandton*

Goodwill and intangible assets

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

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

Goodwill

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

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

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

To test for impairment, goodwill is allocated to each cash-generating unit (CGU) or group of CGUs. The operating segments (Office, Retail and Industrial) each represents the lowest level within the group at which goodwill is monitored internally.

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

31 August 2020	Financial year*	Office	Retail	Industrial	Total
Arising from business combination of:					
Annuity Properties Limited	2014	59 968	54 918	7 433	122 319
ApexHi and Madison group	2009	1 028 213	1 259 562	282 759	2 570 534
Fountainhead group	2013 & 2015	295 509	1 235 264	140 189	1 670 962
Leaf group	2015	101 227	–	–	101 227
Pivotal group	2017	306 571	227 090	34 063	567 724
Impairment		(1 791 488)	(2 776 834)	(464 444)	(5 032 766)
Total goodwill		–	–	–	–

31 August 2019	Financial year*	Office	Retail	Industrial	Specialised	Total
Arising from business combination of:						
Annuity Properties Limited	2014	59 968	54 918	7 433	–	122 319
ApexHi and Madison group	2009	1 028 213	1 259 562	282 759	–	2 570 534
Fountainhead group	2013 & 2015	295 509	1 235 264	140 189	60 888	1 670 962
Leaf group	2015	101 227	–	–	–	101 227
Pivotal group	2017	306 571	227 090	34 063	–	567 724
Impairment					(60 888)	
Total goodwill		1 791 488	2 776 834	464 444	–	5 032 766

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

The recoverable amounts of the CGU including the allocated goodwill are based on value-in-use. The recoverable amount for each CGU including the allocated goodwill was calculated by discounting future cash flows over a period of five years. Growth and discount rates are appropriately estimated for each CGU, taking into account both historic and future expectations of performance and risk. The inputs are considered to be level 3 unobservable inputs in the fair value hierarchy. Inputs are based on past experience, and current market-related assumptions on the discount rate and exit rate.

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

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

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

At 29 February 2020, the recoverable amount of each CGU including goodwill did not exceed the carrying amount of the CGU including the allocated goodwill. This resulted in goodwill being fully impaired in the current year.

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

Goodwill and intangible assets

CONTINUED

Intangible assets

Right to manage property

This relates to a property and asset management function.

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

Electricity recovery business

The electricity recovery business was acquired in terms of the business combination on 14 April 2013. The electricity recovery business has been accounted for as a contractual right to recover electricity charges. There is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity, as there does not appear to be a foreseeable termination of the electricity recovery function. However, the ongoing increases in electricity-related costs, structural tariff changes and tenant mix are indicators of possible impairment of the electricity recovery business.

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

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

	2020			
	Office	**Retail**	**Industrial**	**Total**
Electricity recovery business*	122 322	106 828	46 266	275 416
Impairment	122 322	106 828	46 266	275 416
	–	–	–	–

	2019			
	Office	**Retail**	**Industrial**	**Total**
Electricity recovery business*	122 322	106 828	46 266	275 416
	122 322	106 828	46 266	275 416

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

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

- Electricity recovered from tenants will increase by 6.0% (2019: 8.0%) per annum
- Operating expenses relating to electricity recovered from tenants will increase by 8.7% (2019: 8.0%) per annum
- A discount rate of 14.0% (2019: 13.0%) applies
- The value-in-use was calculated by discounting forecasted future cash flows for five years and a residual value at the end of the cash flow projection period with the discount rate. The value-in-use is Rnil

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

Fair value disclosures

The following table analyses the group's assets and liabilities that are recognised and subsequently measured at fair value:

Year ended 31 August 2020 Figures in R'000	Fair value	Level 1	Level 2	Level 3
Assets				
Investment properties*	69 024 380	–	–	69 024 379
Listed securities	69 679	69 679	–	–
Derivative assets	25 808	–	25 808	–
Other financial assets	825 020	–	–	825 020
	69 944 886	69 679	25 808	69 849 399
Liabilities				
Derivative liabilities	3 861 106	–	3 861 106	–
Other financial liabilities	96 642	–	–	96 642
	3 957 748	–	3 861 106	96 642

Level 3 reconciliation:

Year ended 31 August 2020	Balance at beginning of year	Acquisitions/ (disposals)	Gains/(losses) in profit or loss for the year	Balance at end of year
Investment properties	75 086 504	(6 678 067)	(6 837 309)	61 571 128
Properties under development	3 553 678	(2 074 794)	149 558	1 628 442
Right-of-use assets	–	–	116 329	116 329
Investment property held-for-sale	645 461	5 329 087	(266 068)	5 708 480
Other financial assets	373 387	406 849	44 784	825 020
Loans receivable**	112 032	(112 032)	–	–
Derivative liabilities	(7 854)	–	7 854	–
Other financial liabilities	(46 921)	(41 721)	(8 000)	(96 642)
	79 716 289	(3 170 678)	(6 792 852)	69 752 757

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

* *Including non-current assets (properties) held-for-sale.*
** *Loans receivable have been classified as fair value through profit or loss per first-time adoption of IFRS 9.*

Fair value disclosures

CONTINUED

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

Level 3 reconciliation:

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

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

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

Details of valuation techniques

Investment property

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

Real Insight	T Behrens	NDip (Prop Val), professional valuer
Broll	J Weiner	Dip Real Estate (P.V.). MIV(SA), professional valuer
Eris Property Group	C Everat	BSc (Hons) Estate Management, MRICS, MIV (SA), professional valuer
Sterling Valuation Specialists	A Smith	BSc, MIV (SA), professional valuer
Jones Lang LaSalle	J Karg	BSc, MRICS, MIV (SA), professional valuer
Jones Lang LaSalle	S Crous	BSc, MRICS, MIV (SA), professional valuer
Knight Frank	A Arbee	NDip (Prop Val), professional valuer
Mills Fitchet Cape	S Wolff	NDip (Prop Val), professional associated valuer

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

Measurement of fair value

Valuation techniques

Valuations were completed using the following methods of valuation:

Investment property – Discounted cash flow method

The valuation model generates a net present value for each property by discounting forecasted future cash flows and a residual value at the end of the cash flow projection period by the discount rate of each property. The residual value is calculated by capitalising the net income forecasted for the 12-month period immediately following the final year of the cash flow at the exit capitalisation rate. The discount rate applied by each valuator is determined by adding a growth rate per property, based on forecasted market-related rental increases, to the determined capitalisation rate per property. The discount rate is then tested for reasonableness by benchmarking the rate against recent comparable sales and surveys prepared by the MSCI / South African Property Owners Association (SAPOA). The capitalisation rate is dependent on a number of factors such as location, the condition of the property, current market conditions, the lease covenants and the risk inherent in the property, and is also tested for reasonableness by benchmarking against comparable recent sales and surveys prepared by MSCI/SAPOA.

The impact of COVID-19 was also taken into account on performing valuation assessments, as set out below:

The external valuers took into consideration the deferred rental agreements that Redefine negotiated with their tenants in arriving at their valuation.

The impact of COVID-19 was incorporated into the final valuation by adjusting the valuation number directly, and not by adjusting the forecasted cash flows.

COVID-19 has seen the core portfolio exit cap rate increase to account for market uncertainty and risk, therefore lowering value across the portfolio.

The COVID-19 impact has seen market rental growth figures reduced across the portfolio by 25bps to 50bps.

COVID-19 has resulted in valuers increasing vacancy periods in various assets, e.g., a property that would normally have a maximum three-month vacancy period would be extended to six months or more given the severity of COVID-19.

To account for excess rental stock on the market, valuers have had to re-assess market rental for various nodes and lower expected rental in poor-performing or over-supplied nodes.

Fair value disclosures
CONTINUED

Details of valuation techniques and input used

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

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

Properties under development - Comparable sales method

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

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

Listed securities

Closing market price on the relevant exchange.

Interest-bearing borrowings at fair value

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

Derivative assets and liabilities

Foreign exchange options

The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.

Interest rate swaps

The fair value is calculated as the present value of the estimated future cash flows. Estimates of the future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources, which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the group and of the counterparty. This is calculated based on credit spreads derived from current credit default swap or bond prices.

Cross-currency interest rate swaps

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

Loans receivable

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

Unlisted securities

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

Profit participation liability

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

There have been no significant changes in valuation techniques during the year. There have been no transfers between level 1, level 2 and level 3 during the year under review.

4 New standards

Kyalami Corner, *Kyalami*

New standards and interpretations adopted

IFRS 16

IFRS 16: *Leases* supersedes IAS 17: *Leases,* IFRIC 4: *Determining whether an Arrangement contains a Lease*, SIC-15: *Operating Leases-Incentives* and SIC-27: *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.* The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

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

Group as a lessee

On adoption of IFRS 16: *Leases,* Redefine has recognised right-of-use assets and lease liabilities in relation to leases over land and buildings which had previously been classified as operating leases under the principles of IAS 17: *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using an incremental borrowing rate on a lease-by-lease basis.

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

Group as a lessor

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

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

5 SA REIT ratios

90 Rivonia Road, *Sandton*

REIT ratios

SA REIT Association's best practice recommendations (BPR)

The BPR is effective for reporting periods commencing on or after 1 January 2020. Redefine has, however, elected to early-adopt the BPR. The comparative figures have been disclosed on the same basis.

Figures in R'000	2020	2019
REIT RATIOS		
SA REIT funds from operations (SA REIT FFO) per share		
Profit or loss per IFRS statement of comprehensive income (SOCI) attributable to the parent	**(16 628 264)**	3 341 893
Adjusted for:		
Accounting/specific adjustments	**15 416 532**	**(230 918)**
Fair value adjustments to:		
– Investment property	**7 158 035**	(1 490 979)
– Debt and equity instruments held at fair value through profit or loss	**317 954**	766 009
– Insurance contract liability	**130 275**	–
Depreciation and amortisation of intangible assets	**332 512**	86 586
Impairment of goodwill	**5 308 182**	60 888
Asset impairments (excluding goodwill) and reversals of impairment	**2 534 110**	346 465
Gains or losses on the modification of financial instruments	**21 012**	–
Deferred tax movement recognised in profit or loss	**(70 308)**	77 460
Straight-lining operating lease adjustment	**(365 147)**	(93 704)
Transaction costs expensed in accounting for a business combination	**51 651**	20 709
Adjustments to dividends from equity interests held	**(1 745)**	(4 352)
Adjustments arising from investing activities	**822 338**	**(38 914)**
Gains or losses on disposal of:		
– debt and equity instruments	**711 223**	–
– investment property	**(26 539)**	(38 914)
– subsidiaries and equity-accounted entities held	**137 654**	–
Foreign exchange and hedging items	**2 810 119**	**567 311**
Fair value adjustments on derivative financial instruments employed solely for hedging purposes	**2 438 796**	552 149
Reclassified foreign currency translation reserve upon disposal of a foreign operation	**(344 894)**	–
Foreign exchange gains or losses relating to capital items – realised and unrealised	**716 217**	15 162
Other adjustments	**393 976**	**1 497 222**
Adjustments made for equity-accounted entities	**411 881**	1 490 452
Non-controlling interests in respect of the above adjustments	**(17 905)**	6 770
SA REIT FFO	**2 814 700**	**5 136 594**
Number of shares outstanding at end of period (net of treasury shares)	**5 432 630**	5 431 786
SA REIT FFO per share (cents)	**51.81**	**92.57**
Company-specific adjustments	**(16 699)**	**336 041**
Chariot distribution adjustment	**(23 037)**	270 833
Capital gains tax paid/(refunded) on Cromwell disposal	**24 992**	(41 180)
Cornwall interest	**–**	91 204
Depreciation	**(18 234)**	(23 730)
Investment property held-for-trading	**26 539**	38 914
Leasehold interest and expenses	**(26 959)**	–
Distributable income	**2 798 001**	**5 472 635**
Distributable income per share (DIPS) cents	**51.5**	**101.0**

Figures in R'000	2020	2019
SA REIT net asset value (SA REIT NAV)		
Reported NAV attributable to the parent	38 282 965	55 960 310
Adjustments:		
Dividend declared	–	(2 614 319)
Fair value of certain derivative financial instruments	1 522 147	506 660
Goodwill and intangible assets	–	(5 622 459)
Deferred tax	552 299	934 628
SA REIT NAV	**40 357 411**	**49 164 820**
Shares outstanding		
Number of shares in issue at period end (net of treasury shares)	5 432 630	5 431 786
Effect of dilutive instruments	10 224	16 853
Dilutive number of shares in issue	**5 442 854**	**5 448 639**
SA REIT NAV per share	**7.41**	**9.00**
SA REIT cost-to-income ratio		
Expenses		
Operating expenses per IFRS income statement (includes municipal expenses)	3 248 797	2 935 506
Administrative expenses per IFRS income statement	401 625	376 015
Exclude:		
Depreciation expense in relation to property, plant and equipment of an administrative nature and amortisation expense in respect of intangible assets	(332 511)	(86 586)
Operating costs	**3 317 911**	**3 224 035**
Rental income		
Contractual rental income per IFRS income statement (excluding straight-lining)	6 433 829	6 750 890
Utility and operating recoveries per IFRS income statement	1 915 949	1 792 910
Gross rental income	**8 349 778**	**8 543 800**
SA REIT cost-to-income ratio	**39.7%**	**37.7%**
SA REIT administrative cost-to-income ratio		
Expenses		
Administrative expenses as per IFRS income statement	401 625	376 015
Administrative costs	**401 625**	**376 015**
Rental income		
Contractual rental income per IFRS income statement (excluding straight-lining)	6 433 829	6 750 890
Utility and operating recoveries per IFRS income statement	1 915 949	1 792 910
Gross rental income	**8 349 778**	**8 543 800**
SA REIT administrative cost-to-income ratio	**4.8%**	**4.4%**
SA REIT GLA vacancy rate		
Gross lettable area of vacant space	241 815	355 627
Gross lettable area of total property portfolio	4 418 039	4 432 904
SA REIT GLA vacancy rate	**5.5%**	**7.6%**

REIT ratios
CONTINUED

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

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

Shareholders' diary

Important dates to note	DATE
Annual general meeting	**Tuesday, 23 February 2021**
2021 half-year end	**Sunday, 28 February 2021**
Summarised interim financial results for 2021 published on or about	**Monday, 17 May 2021**
Interim dividend declaration on or about	**Monday, 17 May 2021**
2021 financial year end	**Tuesday, 31 August 2021**
Summarised annual financial results for 2021 published on or about	**Monday, 8 November 2021**
Final dividend declaration on or about	**Monday, 8 November 2021**

** Please note that these dates are subject to alteration.*

Administration

REDEFINE PROPERTIES LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 1999/018591/06)
JSE share code: RDF ISIN: ZAE000190252
(Approved as a REIT by the JSE)

REGISTERED OFFICE AND BUSINESS ADDRESS
Rosebank Towers, Office Level 5,
19 Biermann Avenue
Rosebank 2196
PO Box 1731, Parklands 2121
Telephone +27 11 283 0000
Email investorenquiries@redefine.co.za
www.redefine.co.za

INDEPENDENT AUDITORS
PricewaterhouseCoopers Inc.
4 Lisbon Lane, Waterfall City, Jukskei View
Johannesburg 2090
Telephone +27 11 797 5988

COMPANY SECRETARY
Bronwyn Baker
Telephone +27 11 283 0041
Email cosec@redefine.co.za

TRANSFER SECRETARIES
Computershare Investor Services Proprietary Limited
Rosebank Towers, Office Level 2,
19 Biermann Avenue
Rosebank 2196
Telephone +27 11 370 5000

CORPORATE ADVISOR AND SPONSOR
Java Capital
6th Floor, 1 Park Lane, Wierda Valley,
Sandton 2196
Telephone +27 11 722 3050

INVESTOR RELATIONS
Should you wish to be placed on the mailing list to receive regular 'breaking news' email updates, please send an email to
investorenquiries@redefine.co.za

COVID-19 disclaimer

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

Printed on RESPECTA 100

The Redefine Properties reporting suite is printed on a coated paper made from 100% post-consumer waste, **Respecta 100**.

This paper has been created to respect the environment.

uShukela Industrial Park, *Cornubia*

We're not landlords. We're people.

www.redefine.co.za