

# 2021

Group  
and company  
annual financial  
statements

for the year ended 31 August 2021

## Securing

# BEYOND



We're not landlords. We're people.



# Guide to our report

These financial statements have been audited by PwC in compliance with section 30 of the Companies Act, and the preparation of these annual financial statements was supervised by NG Nyawo CA(SA), chief financial officer (CFO) Redefine Properties Limited. These financial statements are published on 8 November 2021.

The reports and statements set out below comprise the group and company annual financial statements presented to the shareholders:

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## Navigating our report

KEY



COVID-19 information

# Our theme



Securing

BEYOND

*Beyond our current context...  
Beyond our constraints...  
Lies opportunity for those bold enough to  
look beyond.*


**COVID-19** has shown us that we are all connected, because at its heart, our ability to create value is inextricably linked to the success of the stakeholders we serve. That is why we are committed to **looking beyond** where we are today to the future we want to create.


Our long-term strategy is designed to **move beyond** incremental progress to transformative change – harnessing the power of our business to deliver on our purpose and create a more inclusive, equitable and sustainable world.

## Our reporting suite


We are committed to reporting openly and honestly to our broad range of stakeholders. Our full suite of reports is available on our website [www.redefine.co.za](http://www.redefine.co.za)


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)


# 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

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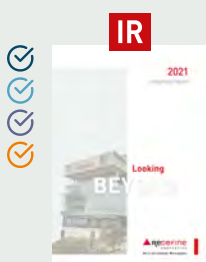


## We actively manage a diversified property asset platform with a **value of R72.9 billion** comprising local and international property assets

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



### 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.



### Group and company annual financial statements

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



### 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.



### Notice of annual general meeting

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

## 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](http://www.redefine.co.za) or email [investorenquiries@redefine.co.za](mailto:investorenquiries@redefine.co.za)

# Our integrated approach to value creation

To achieve our purpose, we must ensure we have a robust business model and our strategy is responsive and progressive. This requires more than a business-as-usual approach – it requires an integrated approach to value creation.

## Our approach to business is driven 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

**MOONSHOT** | To deliver the smartest and most sustainable spaces the world has ever known in this decade



### ESG is at the heart of our value creation

It is a key business imperative as it ensures our long-term business resilience and thus makes us an attractive investment.

ESG informs our strategic decisions and operations – ensuring our choices align with our values and strategic objectives to enable long-term value creation, while ensuring transparency and accountability for our actions.



Property is our business and  
PEOPLE are our purpose.

### Property is our commodity

#### Building a quality, diversified property portfolio, both locally and abroad

We actively manage a diversified local property asset platform comprising retail, office, industrial and specialised properties, complemented by retail and logistics property investments in Poland.

We allocate capital where we believe the best market opportunities lie and reduce risk by diversifying our portfolio.

## We create value through following our integrated business approach and delivering on our goal and our mission



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



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



Our relationship-centric approach enables us to create and sustain meaningful value for our stakeholders.

Our **BEST VALUES** are what connects us



Exploring possibilities, rising to every challenge



Doing what's right and caring

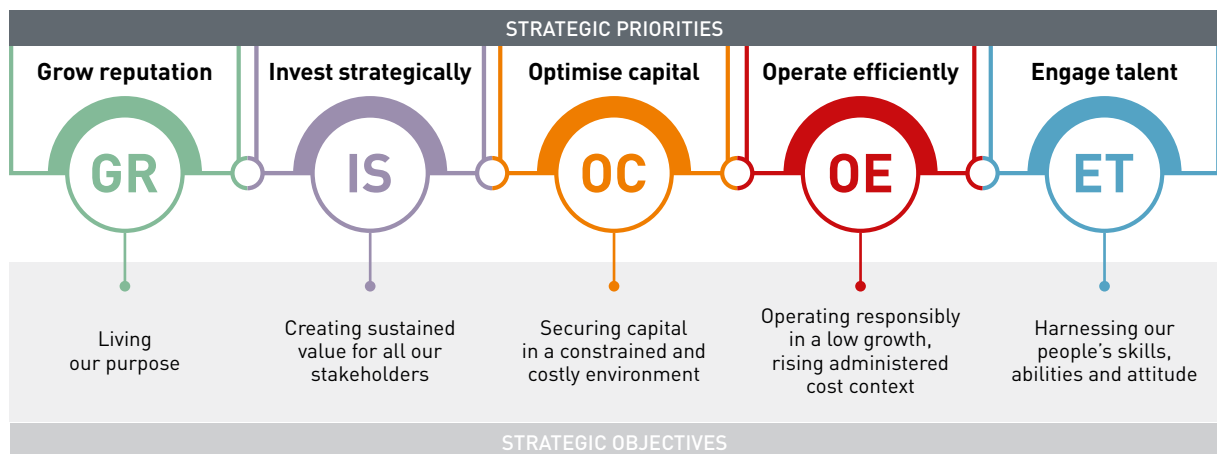


Understanding our impact and creating lasting value



Building our relationships, being accountable and true

### We integrate our strategy into our business model





155 West Street, Sandton

# 1

## **Group and company annual financial statements**

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# Directors' responsibilities and approval

The directors are responsible for the preparation and fair presentation of the group and company annual financial statements of Redefine Properties Limited and its subsidiaries. These financial statements comprise the statement of financial position as at 31 August 2021, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the accounting policies and the notes to the financial statements, in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act. In addition, the directors are responsible for preparing the directors' report.

The directors are also responsible for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management, as well as the preparation of the supplementary information included in these financial statements. The directors are also responsible for the controls over, and the security of the website and, where applicable, for establishing and controlling the process for electronically distributing annual reports and other financial information to shareholders and to the Companies and Intellectual Property Commission.

The directors have made an assessment of the ability of the group and company to continue as a going concern and have no reason to believe that the group and company will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the group and company annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

## Approval of group and company annual financial statements

The group and company annual financial statements of Redefine Properties Limited, as identified in the first paragraph, were approved by the board of directors on 5 November 2021 and are signed by:



**AJ König**

Authorised director

5 November 2021



**NG Nyawo**

Authorised director

5 November 2021

# CEO and CFO responsibility statement

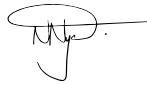
The directors, whose names are stated below, hereby confirm that:

- a) the annual financial statements set out on **pages 20 to 139**, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- b) no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and
- d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.



**AJ König**  
Chief executive officer

5 November 2021



**NG Nyawo**  
Chief financial officer

5 November 2021

## Certificate by company secretary

In terms of section 88(2)(e) of the Companies Act, I declare that to the best of my knowledge, for the year ended 31 August 2021, Redefine Properties Limited has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Companies Act and that such returns are true, correct and up to date.



**T Dube**  
Acting Company secretary

5 November 2021



# Audit committee report

The audit committee (committee) is pleased to present its report for the financial year ended 31 August 2021, in line with the Companies Act, the JSE Listings Requirements, King IV™ and other applicable regulatory requirements.

The committee acts for the company, as well as its South African and offshore subsidiaries (the group) where bespoke committees have not been established. It is an independent committee, accountable to both the board and shareholders. It operates within the parameters of the committee mandate and acts in accordance with its statutory duties and the delegated authority of the board. The committee's terms of reference were reviewed and approved in August 2020.

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

## Composition and meeting procedures

At all times during the financial year, the committee comprised four independent non-executive directors, all of whom satisfied the requirements of section 94(4) of the Companies Act and King IV™. As a collective and having regard for the size and circumstances of the group, the committee was adequately skilled, and all members possessed the appropriate financial and related qualifications, skills, expertise and experience required to discharge their responsibilities.

The composition of the committee and the attendance of meetings by its members during the 2021 financial year are set out below:

Member	Appointed	Attendance	Regular invitees
<b>Dhanasagree (Daisy) Naidoo</b> (Chair) <i>BCom; Post Grad Dip Acc; CA(SA); MAcc (Tax)</i>	14 October 2019	100% 4/4 meetings	Chief executive officer Chief finance officer Chief operating officer
<b>Bridgitte Mathews</b> <i>BCom (Acc); BCom (Acc) (Hons); HDip Tax; CA(SA)</i>	2 November 2018	100% 4/4 meetings	Head of corporate finance Head of operational finance Head of internal audit
<b>Lesego Sennelo</b> <i>BCompt; BCom (Acc) (Hons); HDip Auditing; CA(SA)</i>	2 November 2018	100% 4/4 meetings	Head of risk and compliance External auditors
<b>Diane Radley</b> <i>CA(SA); MBA; AMP</i>	1 September 2020	100% 4/4 meetings	

The committee met on four occasions, which meetings were scheduled in line with the group's financial reporting cycle. The committee also met separately with the internal and external auditors and held an *ad hoc* meeting in order to finalise the FY20 dividend decision.

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

## Mindful governance in 2021

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

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

# Audit committee report continued

## Discharge of duties in 2021

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



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

### Finance function

#### Reviewed the expertise, resources and experience of the finance function

In accordance with the JSE Listings Requirements, the committee considered and satisfied itself that Ntobeko Nyawo CA(SA), being the group's chief financial officer with effect from 1 February 2021, had the appropriate expertise and experience to meet the responsibilities of his appointed position. The committee similarly satisfied itself regarding the quality and effectiveness of the finance function and the adequacy of the resources employed therein.

In evaluating the finance function, the committee considered and resolved that:

- Management of the finance function had demonstrated a commitment to character and competence
- The organisational structure of the finance function was appropriately designed, and the finance function assigned authority and responsibility in a manner that promoted accountability and control
- Appropriate and necessary information was obtained from and provided to management
- The finance function's management philosophy and operating style were consistent with a sound control environment
- The finance function had properly applied accounting principles in the preparation of the financial statements, and the group's financial reporting procedures were considered to be effective and reliable

#### Evaluated financial reporting and accounting practices

The committee reviewed the integrity of the interim results and annual financial statements for the year ended 31 August 2021, including the public announcements of the group's financial results, and made recommendations to the board for their approval. In the course of its review, the committee:

- Took steps to ensure that the financial statements were prepared in accordance with IFRS and in compliance with the provisions of the Companies Act and the JSE Listings Requirements
- Considered the appropriateness of the key audit matters reported in the external audit opinion
- Considered the appropriateness of significant accounting policies, key estimates, assumptions and disclosures made
- Completed a detailed review of the going concern assumption, taking into account management budgets and capital and liquidity profiles, confirming that it was appropriate in the preparation of the financial statements
- Reviewed the solvency and liquidity tests and recommended the FY2021 dividend proposal for approval by the board
- Considered and noted the general proactive monitoring report issued by the JSE in June 2021, as well as the investment property common findings report issued in November 2020, and ensured that appropriate actions were taken to apply the recommendations made by the JSE therein

The committee similarly challenged and satisfied itself as to the methods used to account for the following:

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

Such matters were considered by the committee based on discussions with and submissions by management and were discussed with the external auditors during the planning stage of the audit and again on its completion.

## External audit-related matters

In accordance with paragraphs 3.84(g)(iii) and 22.15(h) of the JSE Listings Requirements, the committee assessed the suitability of PricewaterhouseCoopers Inc. (PwC) for appointment as the company's independent external auditors, with John Bennett as the designated individual auditor.

### External audit independence, objectivity and effectiveness during the 2021 financial year

Evaluation	<p>The committee formally assessed the effectiveness of the 2021 external audit process and quality of the audit. The assessment covered all aspects of the audit service provided by PwC and was treated as an ongoing review throughout the audit cycle. The evaluation focused on:</p> <ul style="list-style-type: none"> <li>→ Robustness of the audit process</li> <li>→ Audit quality, including quality controls and indicators</li> <li>→ Appropriateness of the audit partner and the dedicated team, including their skills, knowledge and character</li> <li>→ Independence and objectivity</li> <li>→ Formal reporting</li> </ul>																
Inputs	<p><b>The committee</b></p> <ul style="list-style-type: none"> <li>→ Monitored audit performance, independence and objectivity throughout the year</li> <li>→ Approved, in consultation with management, the below audit fee and engagement terms for the 2021 financial year:</li> </ul> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th></th> <th style="text-align: right;">Audit (R'000)</th> <th style="text-align: right;">Non- audit (R'000)</th> <th style="text-align: right;">Total (R'000)</th> <th style="text-align: right;">% of total</th> </tr> </thead> <tbody> <tr> <td style="background-color: #005a8c; color: white;">2021</td> <td style="text-align: right;">23 231</td> <td style="text-align: right;">1 744</td> <td style="text-align: right;">24 975</td> <td style="text-align: right;">7.0</td> </tr> <tr> <td style="background-color: #005a8c; color: white;">2020</td> <td style="text-align: right;">18 641</td> <td style="text-align: right;">3 009</td> <td style="text-align: right;">21 650</td> <td style="text-align: right;">13.9</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>→ Reviewed and approved the above non-audit service fees and ensured that same were within limit and in line with the non-audit services policy</li> <li>→ Determined the nature and extent of allowable non-audit services and approved the contract terms for the provision thereof</li> <li>→ Reviewed the external audit plan and related scope of work</li> <li>→ Considered the impact of <b>COVID-19</b> on PwC's risk assessment and related audit responses</li> <li>→ Reviewed the quality of reporting to the committee, including the level of challenge and professional scepticism and understanding demonstrated by PwC of the business of the group</li> <li>→ Reviewed the quality of the audit team, regarding technical skills and experience, and the allocation of resources during the audit</li> <li>→ Held regular meetings with the audit engagement partner</li> <li>→ Considered the effectiveness of the company's policies and procedures for maintaining auditor independence</li> <li>→ Confirmed that no reportable irregularities were identified and reported by PwC in terms of the Auditing Profession Act, No 26 of 2005</li> </ul>		Audit (R'000)	Non- audit (R'000)	Total (R'000)	% of total	2021	23 231	1 744	24 975	7.0	2020	18 641	3 009	21 650	13.9	<p><b>PwC</b></p> <ul style="list-style-type: none"> <li>→ Provided the committee with confirmation that they operate in accordance with the ethical standards required of audit firms (section 290 of the International Ethics Standards Board for Accountants (IESBA), Code of Ethics for Professional Accountants and the Independent Regulatory Board for Auditors (IRBA) Code of Professional Conduct for Registered Auditors)</li> <li>→ Evidenced that the firm was accredited by the JSE and that John Bennett does not appear on the disqualified list of individual partners</li> <li>→ Confirmed the policies and procedures they have in place to maintain their independence</li> <li>→ Confirmed that there were no relationships with the company arising from: <ul style="list-style-type: none"> <li>▫ Personal financial interests</li> <li>▫ Family and personal relationships</li> <li>▫ Employment relationships</li> <li>▫ Business relationships</li> </ul> </li> <li>→ Provided confirmation that the non-audit services performed and billed during the period ended 31 August 2021 did not impair their independence or objectivity</li> </ul> <p><b>Regulators</b></p> <ul style="list-style-type: none"> <li>→ The IRBA issued reviews of audits carried out by PwC. PwC shared these findings with the committee and confirmed how they were addressing the areas highlighted for improvement</li> </ul>
	Audit (R'000)	Non- audit (R'000)	Total (R'000)	% of total													
2021	23 231	1 744	24 975	7.0													
2020	18 641	3 009	21 650	13.9													
Key outputs	<ul style="list-style-type: none"> <li>→ The quality of the audit partner and the team were confirmed, with no material issues raised in the feedback received</li> <li>→ PwC demonstrated a good understanding of the group and had identified and focused on the areas of greatest risk</li> <li>→ PwC's reporting to the committee was clear, transparent and thorough and included explanations of the rationale behind particular conclusions as appropriate</li> <li>→ The audit had been well planned and delivered, and management was comfortable that key findings had been raised appropriately</li> <li>→ There had been active engagement on misstatements and appropriate judgements on materiality</li> <li>→ It was confirmed that there had been an appropriate level of challenge and that PwC had functioned in accordance with their mandate for the 2021 financial year</li> </ul>																

The committee, having considered all relevant matters, concluded that it is satisfied that auditor independence, objectivity and effectiveness were maintained during the financial year.

# Audit committee report continued

## Internal audit matters

The committee reviewed and approved the internal audit charter and internal audit plan for the financial year ended 31 August 2021, ensuring that material risk areas were included and that coverage of significant business processes was acceptable. It oversaw and monitored that the internal audit function:

- Objectively assured the effectiveness of risk management and internal control frameworks
- Analysed and assessed business processes and associated controls
- Reported significant audit findings and recommendations to management and the committee

The committee satisfied itself that the internal audit function was independent and had the necessary resources, standing and authority to discharge its duties. Furthermore, the committee confirmed that, in executing the FY2021 plan, there had been no impairments to the objectivity, independence and scope of the internal audit function, which remained effective in carrying out its duties.

The internal audit function provided a written assessment regarding the group's system of internal controls and confirmed that, based on the results of the work undertaken, these were deemed adequate and effective.

## Internal financial controls

The committee reviewed the reports of both the internal and external auditors in respect of audits conducted on the internal control environment, took note of any matters arising from these audits, and considered the appropriateness of the responses received from management. Furthermore, the committee:

- Reviewed quarterly funding reports prepared by management and monitored compliance with financial covenants and hedging policies (in relation to interest rates and foreign exchange rates)
- Fulfilled an oversight function with regard to tax governance. In this regard, the committee received regular feedback on both tax compliance and tax risk matters of the group and is satisfied that no material non-compliance has occurred
- Reviewed the group's mechanisms for protected disclosure and whistle-blowing
- Considered and, where appropriate, made recommendations on internal financial controls

The committee was not required to deal with any complaints relating to accounting practices or internal audit, nor to the content or audit of the financial statements, nor internal financial controls or related matters.

The committee responded to a proactive monitoring query raised by the JSE on the inclusion of the expected credit losses (ECL) recognised on loans receivable in the calculation of headline earnings per share in the 31 August 2020 group financial statements and the 28 February 2021 interim group results. The committee acknowledged that this was not in line with SAICA Circular 1/2019 and has excluded it from the calculation of the 31 August 2021 headline earnings per share calculation. The impact on the headline earnings calculation for 31 August 2020 is not material. The February 2021 interim group results disclosed headline earnings per share and diluted headline earnings per share as 845 cents and 841 cents respectively, which will be restated to 626 cents and 623 cents per share respectively in the 28 February 2022 interim group results.

## Governance functional areas

### Risk management

The committee received regular reports provided as part of the company's enterprise risk management framework and effectively monitored those strategic risks that fell within its mandate. Management appointed an external service provider to obtain reasonable assurance that the compliance risk management processes were compliant with principle 13 compliance governance of King IV™, JSE REITS listing requirements, internal policies and other applicable standards.

### Combined assurance

The committee approved the company's combined assurance model, which comprises management, corporate and central functions, the internal audit function and external audit services. There is continued focus on the embedment of combined assurance within the business, and it is noted by the committee as an area which requires further improvement.

## Integrated report

The Committee acknowledged and congratulated the management team on being awarded first place in the EY Integrated Reporting Awards for 2021.

During the course of November and December 2021, the committee will evaluate the integrated report for the 2021 financial year and assess its consistency with operational, financial and other information available to the committee. Similarly, the committee will ensure that the report is prepared in accordance with appropriate reporting standards and conforms to the requirements of King IV™ and the JSE Listings Requirements.

In conjunction with the social, ethics and transformation committee, the committee will review the integrity of the sustainability disclosures included in the environmental, social and governance report and confirm that they are reliable and do not conflict with financial information.

Based on the processes and assurances obtained, the committee will recommend the 2021 integrated report to the board for approval.

## Committee focus in 2022

While the committee will continue to operate within its terms of reference and ensure that meetings address all regular matters reserved for its consideration, the following additional key activities are expected to require the committee's attention during 2022:

- Management of balance sheet risks and optimising capital and funding strategies
- Financial soundness and sustainability (cost containment, revenue strength) in the context of competitive pressures and market disruption
- Continued focus on dividend considerations
- Tax governance and group rationalisation
- Continued focus on combined assurance
- Continued focus on continuous auditing from an internal audit perspective

On behalf of the audit committee



**Daisy Naidoo**  
Committee chairperson

5 November 2021

# Directors' report

## To the shareholders of Redefine Properties Limited

We have pleasure in presenting the group and company annual financial statements of Redefine Properties Limited and its subsidiaries for the year ended 31 August 2021.

### Corporate overview

Redefine is a listed REIT. It derives rental income from investments in office, retail, industrial and specialised properties, and distributions from other property related investments.

### Nature of the business

The group is engaged in property investment and operates in South Africa and internationally.

### Financial results

The profit for the current financial year is R2.6 billion (2020: loss for the year R16.6 billion) and R3.8 billion (2020: loss for the year R6.6 billion) for the group and company respectively.

The **COVID-19** pandemic has impacted the group adversely from the second half of the 2020 financial year. Please refer to note 61: Going concern for more information on the impact of the pandemic.

The financial reports for the year ended 31 August 2021 are set out in detail on **pages 20 to 139** of these financial statements.

### International financial reporting standards

The financial statements are prepared in terms of IFRS and the requirements of the Companies Act of South Africa.

### Stated capital

The company's authorised stated capital consists of 10 000 000 000 (2020: 10 000 000 000) ordinary shares of no par value.

At 31 August 2021 there were 5 793 183 210 shares in issue (2020: 5 793 183 210), all of which rank for the dividend declared on 5 November 2021.

### Dividend distributions

Subsequent to year end, on 5 November 2021, the board of directors declared a final dividend of 60.12 cents (2020: 0.00 cents) per share for the year ended 31 August 2021.

These dividends have been declared from distributable earnings and meet the requirements of a REIT qualifying distribution for purposes of section 25BB of the Income Tax Act, No 58 of 1962, as amended (Income Tax Act).

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

## Directorate

The directors of the group at the date of this report were:

### Independent non-executive directors

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

### Executive directors

- AJ König – Chief executive officer (CEO)
- LC Kok – Chief operating officer (COO)
- NG Nyawo – Chief financial officer (CFO)

The following board changes were effected during the year:

Leon Kok succeeded David Rice as chief operating officer and Ntobeko Nyawo was appointed to the board as CFO with effect from 1 February 2021.

## Directors' emoluments and interests

Refer to notes 58 and 59 to the financial statements for disclosure regarding directors' emoluments and directors' interests.

## Service contracts

Executive directors retire from their positions and from the board (as executive directors) at the age of 65. Though normal retirement age is 65 years for executive directors, the group's retirement policy makes provision to extend the working relationship beyond the normal retirement age. The executive directors are subject to three calendar months' written notice under their existing employment contracts. Refer to note 58: Directors' and prescribed officers' emoluments for more information.

## Shareholders' analysis

Refer to **pages 154 to 155** in the supplementary information to the group and company annual financial statements for disclosure regarding shareholders' analysis.

## Going concern

Refer to note 61 to the financial statements for disclosure regarding going concern.

## Solvency and liquidity test

The directors have performed the required solvency and liquidity tests required by the Companies Act of South Africa.

## Events after reporting period

Refer to note 60 to the financial statements for disclosure regarding events after the reporting period.

# Independent auditor's report

To the Shareholders of Redefine Properties Limited

## Report on the audit of the consolidated and separate financial statements

### Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Redefine Properties Limited (the Company) and its subsidiaries (together the Group) as at 31 August 2021, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

### What we have audited

Redefine Properties Limited's consolidated and separate financial statements set out on **pages 20 to 139** comprise:

- the group and company statements of financial position as at 31 August 2021;
- the group and company statements of profit or loss and other comprehensive income for the year then ended;
- the group and company statements of changes in equity for the year then ended;
- the group and company statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

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

### Independence

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

## Our audit approach

### Overview





As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

## Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

<b>Overall group materiality</b>	R 756.4 million.
<b>How we determined it</b>	1% of the consolidated total assets.
<b>Rationale for the materiality benchmark applied</b>	<p>We chose consolidated total assets as the benchmark because, in our view, it is the key benchmark against which the performance of the Group is most commonly measured by users of the financial statements.</p> <p>Although the entity is profit-orientated, its strategic focus is to deliver long-term shareholder returns through the acquisition and development of investment property.</p> <p>We chose 1% based on our professional judgement and after consideration of the range of quantitative materiality thresholds that we would typically apply when using total assets to compute materiality.</p>

## How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group consists of 26 property owning companies and 18 property owning trusts, which includes commercial, retail and industrial properties in South Africa, Poland and Australia, as well as the Employment Equity Trust which is currently non-operational.

Our scoping included 12 components, which were either a financially significant component (based on the contribution to total assets), a component of which an identified financial statement line item or items were considered to be significant or an area of higher risk, or components which were financially significant in aggregate with other components.

Full scope audits were performed on 6 of the companies in the Group, being Redefine Properties Limited, Redefine Retail Proprietary Limited, Redefine Empowerment Trust, The Pivotal Fund Proprietary Limited, Ptn 113 Weltevreden Proprietary Limited and EPP N.V., an associate of the Group, due to the financial significance and risk characteristics of these companies.

Detailed audit instructions were issued to all in-scope components, excluding those audited by the group engagement team. Throughout the audit we held various calls and discussions with the teams of these in-scope components. We assessed the competence, knowledge and experience of the component auditors, evaluated the procedures performed on the significant audit areas to assess the adequacy thereof in pursuit of our audit opinion on the consolidated financial statements.

We performed review procedures over 6 of the companies within the Group and analytical procedures over the remaining companies to assess whether any risks exist that would require additional audit procedures. No such risks were identified.

The above-mentioned procedures, together with additional procedures performed at the Group level, which included testing of consolidation journals and intercompany eliminations, gave us sufficient appropriate audit evidence regarding the consolidated financial information of the Group.

# Independent auditor's report continued

## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<b>Valuation of investment properties</b>	
<p>This key audit matter is applicable to both the group and company annual financial statements.</p> <p><i>Refer to the following accounting policies and notes to the group and company annual financial statements: Note 1.7 Investment properties, Note 1.8 Properties under development, Note 1.28 Fair value measurement, Note 1.29 Key estimates and assumptions, Note 3 Investment properties, Note 4 Straight-line rental income accrual, Note 5 Properties under development, Note 30 Fair value disclosures and Note 36 Changes in fair value.</i></p> <p>The Group and Company's investment properties comprises of properties in the office, retail, industrial, specialised and international (through its investments in associate and joint venture at a group level) sectors, as well as investment properties under development, with a total carrying amount, (excluding the right-of-use assets), of R58.1 billion and R31.6 billion for the group and company respectively for the year ended 31 August 2021.</p> <p>The investment properties are stated at their fair values based on external valuations performed by independent valuers.</p> <p>It is the policy of the Group to obtain external valuations for all investment properties on a bi-annual basis at the end of each financial reporting period. At year end the fair values of the investment properties were determined by independent valuers using the discounted cash flow method of valuation.</p> <p>In determining a property's valuation the independent valuers apply current market-related assumptions to arrive at the final valuation.</p> <p>Investment properties under development are measured at fair value at year end, which is determined based on the costs incurred up to the date of the valuation. Undeveloped (vacant) land is valued in terms of the comparable sales method which involves the use of recent comparable transactions as a basis for the valuation. Bulk rates are determined for land that has been zoned.</p> <p>We considered the year end valuation of investment properties to be a matter of most significance to our current year audit due to the following:</p> <ul style="list-style-type: none"> <li>→ Inherent subjectivity of the key assumptions that underpin the valuations of investment properties and the heightened uncertainty involved in making these assumptions arising out of the COVID-19 pandemic; and</li> <li>→ The magnitude of the balance of the investment properties recorded in the group and company statements of financial position, as well as the changes in fair value relating to the property portfolio recorded in the group and company statements of profit or loss and other comprehensive income.</li> </ul>	<p>We obtained an understanding of the approaches followed by management and the independent valuers for the valuation of the Group and Company's investment properties through discussions with both management and the external valuers, as well as the inspection of minutes of meetings.</p> <p>We evaluated the independent valuers by assessing their competence, capabilities, and objectivity through inspection of their qualifications as well as through discussion with management, and noted no aspects requiring further consideration.</p> <p>We obtained an understanding of, and tested the relevant controls relating to the valuation of investment properties, which included controls in relation to the following:</p> <ul style="list-style-type: none"> <li>→ the entering and amending of leases in support of contractual rental income;</li> <li>→ the setting and approval of budgets; and</li> <li>→ board approval of the valuations obtained.</li> </ul> <p>We found that the above controls were operating effectively.</p> <p>We performed the following procedures on a representative sample of the investment properties, in order to assess the acceptability of the valuation approach as well as the reasonableness of the inputs into the valuation:</p> <ul style="list-style-type: none"> <li>→ We inspected the valuation reports and assessed whether the valuation approach for each of these properties was in accordance with International Financial Reporting Standards (IFRS) and suitable for use in determining the fair value for the purpose of the group and company financial statements.</li> <li>→ We assessed the reasonableness of the cash flows of each of these properties used by the valuers in the discounted cash flow models. This involved: <ul style="list-style-type: none"> <li>▫ Agreeing the current year cash flows used in the model to the actual results for the year ending 31 August 2021; and</li> <li>▫ Assessing the assumptions used in the preparation of the forecasted cash flows against market information (which takes into account the impact of the COVID-19 pandemic) and other supporting information.</li> </ul> </li> <li>→ Making use of our internal valuation experts where necessary, we evaluated the significant assumptions, including discount rates, exit capitalisation rates, occupancy rates, against appropriate market information (which takes into account the impact of the COVID-19 pandemic) in order to assess whether they were within a reasonable range for the respective market, sector and asset.</li> <li>→ Based on the outcome of the evaluation of the significant assumptions (as noted above) we assessed the reasonability of the fair value of the sample of investment properties.</li> </ul> <p>Our audit procedures found management's valuation to be reasonable.</p> <p>For a representative sample of vacant land, we assessed the value of the land against comparable market data. We did not identify any material differences.</p>

Key audit matter	How our audit addressed the key audit matter
<p><b>Valuation of investment properties</b> continued</p>	<p>For a representative sample of the straight-line rental income accrual we agreed the inputs in the calculation to the underlying lease agreements and tested the accuracy of the calculation through reperformance. We did not identify any material differences.</p>
<p><b>Partial reversal of impairment of investment in associate: EPP N.V.</b></p>	
<p>This key audit matter is only applicable to the group annual financial statements.</p> <p><i>Refer to the following accounting policies and notes to the group financial statements: Note 1.2.3 Associate and joint ventures, Note 1.16 Impairment of non-financial assets, Note 1.29 Key estimates and assumptions, Note 9 Investment in associate and joint ventures, and Note 38 Reversal of impairments.</i></p> <p>As at 31 August 2021 the Group had a 45.4% investment in EPP N.V. ("EPP") of R6.5 billion, which is accounted for as an investment in associate.</p> <p>During the current financial year, management identified a change in circumstances which indicated that the performance of the associate would be more favourable than anticipated when computing the impairment in the prior year. On this basis, management computed the recoverable amount to determine whether a reversal of impairment should be recognised. The recoverable amount computation, which has been determined to be the value-in-use as it is higher than the fair value less costs to dispose, has resulted in a reversal of impairment previously recognised.</p> <p>At a group level, the calculated recoverable amount of the associate was higher than the carrying amount at 31 August 2021 and as a result a reversal of impairment amounting to R0.92 billion was recognised in the current year.</p> <p>We considered the reversal of the impairment of the investment in EPP as a matter of most significance to our current year audit due to:</p> <ul style="list-style-type: none"> <li>→ The significant judgement required by the directors in determining the recoverable amount of the investment; and</li> <li>→ The magnitude of the balance of the investment in EPP and the related impairment reversal recorded in the group statement of financial position and group statement of profit or loss and other comprehensive income, respectively.</li> </ul>	<p>In assessing the appropriateness of the conclusion reached by management that a reversal of the prior year impairment was appropriate in the current year, we assessed the reasonableness of the factors that were considered by management to indicate that the impairment be reversed in line with the requirements of IAS 36: Impairments.</p> <p>We concluded that sufficient evidence existed that there had been a change in economic circumstances as at 31 August 2021 to warrant a reconsideration of the prior year impairment.</p> <p>The following procedures were performed on management's recoverable amount calculations for the investment in EPP, which included both the value-in-use and fair value less cost of disposal calculations:</p> <ul style="list-style-type: none"> <li>→ To assess the reasonableness of the value-in-use determined by management (which is based on a 5 year dividend growth model), we performed the following procedures, making use of our valuation expertise: <ul style="list-style-type: none"> <li>▫ assessed the assumptions applied in the determination of the future cash flows (dividends) that are used in determining the value-in-use for reasonability based on historic market data and taking into account current economic conditions;</li> <li>▫ assessed the valuation methodology and assumptions involved in determining the value-in-use; and</li> <li>▫ reperformed management's value-in-use calculation.</li> </ul> </li> </ul> <p>Management's value-in-use was found to be reasonable.</p> <ul style="list-style-type: none"> <li>→ To assess the reasonableness of the fair value less cost of disposal determined by management, we performed the following procedures: <ul style="list-style-type: none"> <li>▫ obtained an understanding on how management determined the fair value through discussions with management and inspection of their fair value calculation;</li> <li>▫ recalculated the fair value of the investment using the group's shareholding multiplied by the listed share price of EPP as at 31 August 2021; and</li> <li>▫ assessed, through the use of our expert valuations team the cost of disposal for reasonableness, by benchmarking it against market information.</li> </ul> </li> </ul> <p>Management's fair value less cost of disposal was found to be reasonable.</p> <p>We noted that the value-in-use was higher than the fair value less cost of disposal. We held discussions with management to understand the reason for the lower fair value less cost of disposal compared to the value-in-use and we are comfortable that the value-in-use is the true reflection of the value of the investment in EPP, and therefore accepted management's conclusion that the recoverable amount should be based on value-in-use.</p> <p>We recalculated the partial reversal of the impairment by comparing the recoverable amount to the carrying value of the investment. No material exception was noted.</p>

# Independent auditor's report continued

## Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Redefine Properties Limited Group and Company Annual Financial Statements for the year ended 31 August 2021", which includes the Directors' Report, the Audit Committee Report and the Certificate by Company Secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the other sections of the document titled "Redefine Properties Integrated Report 2021", which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the directors for the consolidated and separate financial statements

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

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Redefine Properties Limited for 3 years.



**PricewaterhouseCoopers Inc.**

Director: J.P Bennett  
Registered Auditor  
Johannesburg, South Africa

8 November 2021

# Statements of financial position

as at 31 August 2021

Figures in R'000	Notes	Group		Company	
		2021	2020	2021	2020
<b>ASSETS</b>					
<b>Non-current assets</b>		<b>69 972 528</b>	74 842 478	<b>78 636 104</b>	83 391 902
Investment properties		<b>58 186 568</b>	63 315 899	<b>31 712 781</b>	34 491 998
– Fair value of investment properties	3	<b>55 022 940</b>	58 914 331	<b>30 065 903</b>	31 685 511
– Straight-line rental income accrual	4	<b>2 124 800</b>	2 656 797	<b>1 126 934</b>	1 711 600
– Properties under development	5	<b>926 012</b>	1 628 442	<b>416 252</b>	991 368
– Right-of-use assets	6	<b>112 816</b>	116 329	<b>103 692</b>	103 519
Listed securities	7	<b>69 679</b>	69 679	<b>69 679</b>	69 679
Investments in associate and joint ventures	9	<b>8 834 878</b>	8 608 698	<b>7 347 471</b>	7 347 471
Derivative assets	23	<b>187 313</b>	23 288	<b>187 313</b>	23 288
Loans receivable	10	<b>2 463 436</b>	1 997 042	<b>413 081</b>	1 067 080
Other financial assets	11	<b>164 819</b>	620 341	–	361 480
Property, plant and equipment	12	<b>65 835</b>	207 531	<b>37 176</b>	180 773
Investment in subsidiaries*	13.1	–	–	<b>13 639 556</b>	14 177 877
Loans to subsidiaries*	13.2	–	–	<b>25 229 047</b>	25 672 256
<b>Current assets</b>		<b>2 913 608</b>	1 606 099	<b>1 967 979</b>	656 705
Properties held-for-trading		<b>186 102</b>	175 080	<b>175 000</b>	175 079
Trade and other receivables	14	<b>900 527</b>	686 764	<b>432 320</b>	389 229
Loans receivable	10	<b>263 426</b>	304 978	<b>135 796</b>	40 713
Derivative assets	23	<b>104 009</b>	2 520	<b>104 009</b>	2 520
Other financial assets	11	<b>103 159</b>	204 679	–	–
Cash and cash equivalents	15	<b>1 356 385</b>	232 078	<b>1 120 854</b>	49 164
<b>Non-current assets held-for-sale</b>	16	<b>2 749 073</b>	5 721 269	<b>795 046</b>	499 406
<b>Total assets</b>		<b>75 635 209</b>	82 169 846	<b>81 399 129</b>	84 548 013
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>		<b>39 357 856</b>	38 831 234	<b>44 872 990</b>	41 123 142
Shareholders' interest		<b>39 218 183</b>	38 282 966	<b>44 872 990</b>	41 123 142
– Stated capital	17	<b>44 593 547</b>	44 593 547	<b>44 607 971</b>	44 607 971
– Accumulated losses		<b>(5 902 843)</b>	(8 644 993)	<b>(464 498)</b>	(4 226 939)
– Other reserves		<b>527 479</b>	2 334 412	<b>729 517</b>	742 110
Non-controlling interests	19	<b>139 673</b>	548 268	–	–
<b>Non-current liabilities</b>		<b>30 764 305</b>	39 031 386	<b>30 427 761</b>	37 107 575
Interest-bearing borrowings	21	<b>28 458 297</b>	34 790 630	<b>28 458 297</b>	33 310 358
Derivative liabilities	23	<b>1 538 995</b>	3 505 854	<b>1 538 995</b>	3 397 717
Other financial liabilities	24	<b>62 207</b>	80 946	<b>61 445</b>	54 454
Deferred taxation	26	<b>616 008</b>	552 299	<b>287 873</b>	251 592
Lease liability	6	<b>88 798</b>	101 657	<b>81 151</b>	93 454
<b>Current liabilities</b>		<b>5 513 048</b>	4 294 437	<b>6 098 378</b>	6 317 296
Trade and other payables	27	<b>1 835 395</b>	1 614 964	<b>1 046 070</b>	916 042
Interest-bearing borrowings	21	<b>2 284 703</b>	1 859 000	<b>2 284 703</b>	1 859 000
Loans from subsidiaries	13.2	–	–	<b>1 928 090</b>	2 774 905
Interest accrual on interest-bearing borrowings		<b>125 345</b>	236 227	<b>125 345</b>	236 225
Derivative liabilities	23	<b>175 429</b>	355 252	<b>175 429</b>	355 252
Other financial liabilities	24	<b>597 943</b>	30 233	<b>45 985</b>	6 710
Insurance contract liability	25	<b>194 547</b>	130 275	<b>194 547</b>	130 275
Lease liability	6	<b>24 018</b>	43 494	<b>22 541</b>	38 887
Taxation payable	28	<b>275 668</b>	24 992	<b>275 668</b>	–
<b>Non-current liabilities held-for-sale</b>	16	–	12 789	–	–
<b>Total liabilities</b>		<b>36 277 353</b>	43 338 612	<b>36 526 139</b>	43 424 871
<b>Total equity and liabilities</b>		<b>75 635 209</b>	82 169 846	<b>81 399 129</b>	84 548 013

\* Investment in subsidiaries and loans to subsidiaries were previously presented as an aggregate amount classified as interest in subsidiaries. During the current financial year investment in subsidiaries and loans to subsidiaries have been presented separately. Refer to note 13.1: Investment in subsidiaries and 13.2: Loans to/from subsidiaries

# Statements of profit or loss and other comprehensive income

for the year ended 31 August 2021

Figures in R'000	Notes	Group		Company	
		2021	2020* Re-presented	2021	2020* Re-presented
<b>Continuing operations</b>					
<b>Revenue</b>					
<b>Property portfolio revenue</b>		<b>7 156 530</b>	8 387 113	<b>3 753 796</b>	4 586 082
– Contractual rental income	31	<b>7 688 209</b>	8 021 967	<b>4 338 143</b>	4 429 549
– Straight-line rental (expense)/income accrual	4	<b>(531 679)</b>	365 146	<b>(584 347)</b>	156 533
Investment income	32	<b>796</b>	69 136	<b>3 870 019</b>	3 551 868
<b>Total revenue</b>		<b>7 157 326</b>	8 456 249	<b>7 623 815</b>	8 137 950
<b>Costs</b>					
Operating costs	33	<b>(2 981 478)</b>	(2 817 758)	<b>(1 738 928)</b>	(1 576 809)
Expected credit losses – trade receivables	14	<b>75 018</b>	(273 195)	<b>70 245</b>	(189 504)
Administration costs		<b>(326 995)</b>	(401 625)	<b>(275 037)</b>	(303 887)
<b>Net operating profit</b>	34	<b>3 923 871</b>	4 963 671	<b>5 680 095</b>	6 067 750
Other income	35	<b>9 606</b>	40 125	<b>7 399</b>	23 085
(Loss)/gain on disposal of assets		<b>(21 527)</b>	121 938	<b>(188 472)</b>	46 492
Loss on disposal of interest in associate		–	(259 592)	–	–
Changes in fair values of investment properties	36.1	<b>(1 619 273)</b>	(6 678 409)	<b>(657 108)</b>	(3 995 856)
Changes in fair values of financial instruments and other	36.2	<b>1 943 618</b>	(2 715 846)	<b>2 373 793</b>	(2 404 380)
Changes in fair value of the insurance contract liability	25	<b>(64 272)</b>	(130 275)	<b>(64 272)</b>	(130 275)
Amortisation of intangible assets	8	–	(314 277)	–	–
Expected credit losses – loans receivable	10	<b>(113 776)</b>	(140 190)	<b>34 547</b>	(51 863)
Expected credit losses – loans to subsidiaries	13.2	–	–	<b>(337 701)</b>	(537 524)
Impairments	37	–	(7 702 102)	<b>(656 246)</b>	(2 016 246)
Reversal of impairment of investment in associate	38	<b>922 526</b>	–	–	–
Equity-accounted profit/(loss) (net of taxation)	9	<b>275 040</b>	(403 900)	–	–
<b>Profit/(loss) before finance costs and taxation</b>		<b>5 255 813</b>	(13 218 857)	<b>6 192 035</b>	(2 998 817)
Net interest costs		<b>(1 722 702)</b>	(1 980 210)	<b>(1 755 550)</b>	(2 000 554)
– Interest income	39	<b>660 044</b>	942 122	<b>558 690</b>	886 810
– Interest expense	40	<b>(2 382 746)</b>	(2 922 332)	<b>(2 314 240)</b>	(2 887 364)
Foreign exchange gains/(losses)	41	<b>129 889</b>	(1 042 006)	<b>172 329</b>	(1 383 544)
<b>Profit/(loss) before taxation</b>		<b>3 663 000</b>	(16 241 073)	<b>4 608 814</b>	(6 382 915)
Taxation	42	<b>(849 130)</b>	13 117	<b>(820 983)</b>	(31 444)
<b>Profit/(loss) for the year from continuing operations</b>		<b>2 813 870</b>	(16 227 956)	<b>3 787 831</b>	(6 414 359)
<b>Discontinued operations</b>					
Loss from discontinued operations (net of taxation)	51	<b>(192 503)</b>	(384 991)	<b>(36 225)</b>	(171 952)
<b>Profit/(loss) for the year</b>		<b>2 621 367</b>	(16 612 947)	<b>3 751 606</b>	(6 586 311)
Attributable to:					
– Redefine Properties Limited shareholders		<b>2 731 310</b>	(16 628 264)	–	–
– Non-controlling interests		<b>(109 943)</b>	15 317	–	–
<b>Other comprehensive (loss)/income</b>		<b>(1 824 467)</b>	1 625 013	–	–
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
Other reserves		–	(40 178)	–	–
Exchange differences on translation of foreign operations:					
– Subsidiaries		<b>(331 164)</b>	453 171	–	–
– Associate and joint ventures	9	<b>(1 496 580)</b>	1 556 914	–	–
Reclassification of foreign currency differences on disposal of investment		<b>3 277</b>	(344 894)	–	–
<b>Total comprehensive income/(loss) for the year</b>		<b>796 900</b>	(14 987 934)	<b>3 751 606</b>	(6 586 311)
Attributable to:					
– Redefine Properties Limited shareholders		<b>938 608</b>	(15 043 288)	–	–
– Non-controlling interests		<b>(141 708)</b>	55 354	–	–
<b>Earnings per share (cents)</b>	43				
– Basic		<b>50.28</b>	(306.11)	–	–
– Diluted		<b>50.25</b>	(306.11)	–	–

\* Comparative figures have been re-presented in line with the requirements of IFRS 5. See note 51: Discontinued operations for more details on the discontinued operations

# Statements of changes in equity

for the year ended 31 August 2021

Figures in R'000	Stated capital	Accumulated losses	Foreign currency translation reserve
<b>Group</b>			
<b>Balance as at 31 August 2019</b>	44 589 066	10 597 777	668 864
<i>Total comprehensive loss for the year</i>	–	(16 628 264)	1 625 154
Loss for the year	–	(16 628 264)	–
Other comprehensive income for the year	–	–	1 625 154
<i>Transactions with owners (contributions and distributions)</i>	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 associate	–	–	–
<i>Transactions with owners (changes in ownership interests)</i>	–	–	–
Change in ownership of subsidiary with NCI	–	–	–
<b>Balance as at 31 August 2020</b>	<b>44 593 547</b>	<b>(8 644 993)</b>	<b>2 294 018</b>
<i>Total comprehensive income for the year</i>	–	<b>2 731 310</b>	<b>(1 792 702)</b>
Profit for the year	–	<b>2 731 310</b>	–
Other comprehensive loss for the year	–	–	<b>(1 792 702)</b>
<i>Transactions with owners (contributions and distributions)</i>	–	<b>10 840</b>	–
Recognition of share-based payments	–	<b>10 840</b>	–
Dividends	–	–	–
Share of post-acquisition change in net assets of associate	–	–	–
<i>Transactions with owners (changes in ownership interests)</i>	–	–	–
Disposal of subsidiary with NCI	–	–	–
<b>Balance as at 31 August 2021</b>	<b>44 593 547</b>	<b>(5 902 843)</b>	<b>501 316</b>
Notes	17		

Dividend per share (cents)  
Interim  
Final<sup>^</sup>

<sup>^</sup> The final dividend is declared post the financial year end and is therefore a non-adjusting subsequent event (refer to note 60: Events after the reporting period)



Share-based payment reserve	Share of associates' reserves	Shareholders' interest	Non-controlling interests (NCI)	Total equity
57 179	47 424	55 960 310	609 166	56 569 476
-	(40 178)	(15 043 288)	55 353	(14 987 935)
-	-	(16 628 264)	15 317	(16 612 947)
-	(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)
<b>33 110</b>	<b>7 284</b>	<b>38 282 966</b>	<b>548 268</b>	<b>38 831 234</b>
-	-	<b>938 608</b>	<b>(141 708)</b>	<b>796 900</b>
-	-	<b>2 731 310</b>	<b>(109 943)</b>	<b>2 621 367</b>
-	-	<b>(1 792 702)</b>	<b>(31 765)</b>	<b>(1 824 467)</b>
<b>(12 593)</b>	<b>(1 638)</b>	<b>(3 391)</b>	<b>(134 796)</b>	<b>(138 187)</b>
<b>(12 593)</b>	-	<b>(1 753)</b>	-	<b>(1 753)</b>
-	-	-	<b>(134 796)</b>	<b>(134 796)</b>
-	<b>(1 638)</b>	<b>(1 638)</b>	-	<b>(1 638)</b>
-	-	-	<b>(132 091)</b>	<b>(132 091)</b>
-	-	-	<b>(132 091)</b>	<b>(132 091)</b>
<b>20 517</b>	<b>5 646</b>	<b>39 218 183</b>	<b>139 673</b>	<b>39 357 856</b>
18	9		19	
			<b>2021</b>	<b>2020</b>
			<b>60.12</b>	-
			-	-
			<b>60.12</b>	-

# Statements of changes in equity continued

for the year ended 31 August 2021

Figures in R'000	Stated capital	Accumulated losses	Share-based payment reserve	Total equity
<b>Company</b>				
<b>Balance as at 31 August 2019</b>	44 603 490	4 973 597	766 178	50 343 265
Total comprehensive loss for the year	–	(6 586 311)	–	(6 586 311)
Loss for the year	–	(6 586 311)	–	(6 586 311)
<i>Transactions with owners (contributions and distributions)</i>	4 481	(2 614 225)	(24 068)	(2 633 812)
Issue of ordinary shares	4 481	–	–	4 481
Dividends	–	(2 614 036)	–	(2 614 036)
Recognition of share-based payments	–	(189)	(24 068)	(24 257)
<b>Balance as at 31 August 2020</b>	44 607 971	(4 226 939)	742 110	41 123 142
<i>Total comprehensive income for the year</i>	–	<b>3 751 606</b>	–	<b>3 751 606</b>
Profit for the year	–	<b>3 751 606</b>	–	<b>3 751 606</b>
<i>Transactions with owners (contributions and distributions)</i>	–	<b>10 835</b>	<b>(12 593)</b>	<b>(1 758)</b>
Recognition of share-based payments	–	<b>10 835</b>	<b>(12 593)</b>	<b>(1 758)</b>
<b>Balance as at 31 August 2021</b>	<b>44 607 971</b>	<b>(464 498)</b>	<b>729 517</b>	<b>44 872 990</b>
Notes	17		18	

	2021	2020
<b>Dividend per share (cents)</b>	<b>60.12</b>	–
Interim	–	–
Final <sup>^</sup>	<b>60.12</b>	–

<sup>^</sup> The final dividend is declared post the financial year end and is therefore a non-adjusting subsequent event (refer to note 60: Events after the reporting period)

# Statements of cash flows

for the year ended 31 August 2021

Figures in R'000	Notes	Group		Company	
		2021	2020	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash generated from operations	44	<b>4 653 670</b>	4 333 031	<b>3 646 765</b>	3 517 596
Interest received		<b>484 340</b>	822 902	<b>441 823</b>	876 201
Interest paid		<b>(2 391 431)</b>	(3 000 846)	<b>(2 396 475)</b>	(2 953 404)
Taxation paid	45	<b>(532 318)</b>	(29 178)	<b>(508 604)</b>	(4 912)
Dividends received from associate and joint ventures	9	<b>79 191</b>	543 408	–	–
<b>Net cash inflow from operating activities</b>		<b>2 293 452</b>	2 669 317	<b>1 183 509</b>	1 435 481
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Acquisition and development of investment properties	48	<b>(916 427)</b>	(2 838 774)	<b>(563 189)</b>	(1 062 854)
Acquisition of property, plant and equipment	12	<b>(28 550)</b>	(14 582)	<b>(28 550)</b>	(13 536)
Acquisition of other financial assets		<b>(17 946)</b>	(3 224)	–	–
Acquisition of additional interest in subsidiaries	13	–	–	<b>(416 962)</b>	(220 432)
Disposal of controlling interest in subsidiary (net of cash disposed)	50	<b>(44 954)</b>	248 360	–	–
Proceeds on deemed disposal of subsidiary	50	<b>138 752</b>	1 105 279	<b>138 752</b>	–
Investment in associate	9	<b>(606 023)</b>	(196 657)	–	–
Reclassification of subsidiary to held-for-sale		–	(12 645)	–	–
Proceeds on disposal of investment properties and properties classified as held-for-sale	49	<b>4 971 310</b>	905 475	<b>1 569 713</b>	803 945
Proceeds on disposal of property, plant and equipment		<b>100</b>	–	<b>10</b>	–
Proceeds on disposal of listed securities		–	–	–	321 976
Proceeds from other financial assets		<b>230 515</b>	69 227	–	67 443
Financial liabilities repaid		<b>(37 893)</b>	–	<b>(14 982)</b>	–
Proceeds from financial liabilities raised		<b>12 350</b>	–	–	–
Proceeds on disposal of shares in associate	9	–	2 262 265	–	–
Loans receivable repaid	46	<b>565 965</b>	250 642	<b>342 750</b>	241 692
Loans receivable advanced	46	<b>(428 639)</b>	(327 632)	<b>(85 890)</b>	(206 615)
Loans to subsidiaries – advanced by company*		–	–	<b>(3 761 943)</b>	(1 739 731)
Loans to subsidiaries – repaid by subsidiaries*		–	–	<b>6 435 976</b>	4 757 793
Loans from subsidiaries – repaid by company*		–	–	<b>(303 542)</b>	(671 867)
Loans from subsidiaries – advanced by subsidiaries*		–	–	<b>597 193</b>	1 353 437
<b>Net cash inflow from investing activities</b>		<b>3 838 560</b>	1 447 734	<b>3 909 336</b>	3 631 251
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Dividends paid		–	(2 614 319)	–	(2 614 036)
Shares issued to non-controlling interests		–	889	–	–
Dividends paid to non-controlling interests		<b>(134 796)</b>	(20 556)	–	–
Loans repaid from non-controlling interests		–	829	–	–
Loans advanced to non-controlling interests		–	(257)	–	–
Principal elements of lease payments	6	<b>(43 328)</b>	(51 547)	<b>(38 721)</b>	(38 323)
Interest-bearing borrowings at fair value repaid	22	–	(2 812 775)	–	(2 812 775)
Interest-bearing borrowings raised	47	<b>6 372 000</b>	5 187 856	<b>6 372 000</b>	2 539 050
Interest-bearing borrowings repaid	47	<b>(11 201 975)</b>	(3 913 886)	<b>(10 356 097)</b>	(2 181 559)
<b>Net cash outflow from financing activities</b>		<b>(5 008 099)</b>	(4 223 766)	<b>(4 022 818)</b>	(5 107 643)
Net increase/(decrease) in cash and cash equivalents		<b>1 123 913</b>	(106 715)	<b>1 070 027</b>	(40 911)
Cash and cash equivalents at the beginning of the year		<b>232 078</b>	406 694	<b>49 164</b>	91 614
Effect of foreign currency exchange fluctuations		<b>394</b>	(67 900)	<b>1 663</b>	(1 539)
<b>Cash and cash equivalents at end of year</b>	15	<b>1 356 385</b>	232 078	<b>1 120 854</b>	49 164
<b>Cash flows from discontinued operations</b>					
Net increase/(decrease) in cash generated from discontinued operations	51	<b>16 313</b>	38 721	<b>26 398</b>	(3 116)

\* The loans to/from subsidiaries were previously presented as net cash flow movements, these have been correctly presented as gross amounts during the current financial year to enhance the presentation

# Accounting policies

for the year ended 31 August 2021

## 1 Significant accounting policies

The group and company financial statements have been prepared in accordance with and comply with IFRS, its interpretations issued by the International Accounting Standards Board (IASB), International Financial Reporting Interpretations Committee (IFRIC), the JSE Listings Requirements, the requirements of the Companies Act, the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee, and Financial Pronouncements as issued by the Financial Reporting Standards Council.

The group financial statements include the financial statements of Redefine Properties Limited (Redefine or the company) and its subsidiary companies (together referred to as the group), and the share of profit or loss and other comprehensive income and share of net assets of the equity-accounted investees.

The company financial statements refer to Redefine Properties Limited.

### 1.1 Basis of preparation

The group and company financial statements have been prepared on the historical cost basis unless otherwise indicated. The accounting policies apply to both group and company unless otherwise indicated. The presentation currency in the financial statements is South African rand (rand). All amounts have been rounded to the nearest thousand unless otherwise indicated.

### 1.2 Basis of consolidation (group)

Consolidated financial statements are prepared by the parent company, Redefine Properties Limited, using uniform accounting policies for like transactions and other events in similar circumstances. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities in the group are eliminated on consolidation.

#### 1.2.1 Subsidiaries

Subsidiaries are entities over which the group exercises control. The consolidated financial statements incorporate the assets, liabilities, income, expenses and cash flows of the subsidiaries. Consolidation of subsidiaries commences from the date the investor obtains control and ceases on the date on which the investor loses control.

An investor controls an investee when it is exposed, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

When the group obtains control of a business, the business combination is accounted for using the acquisition method at the acquisition date (the date on which control is transferred to the group). The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable assets acquired.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, the other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

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

Changes in the group's ownership interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

#### 1.2.2 Non-controlling interests

The non-controlling interest relates to the portion of equity ownership in a subsidiary not attributable to the parent company. Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

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

# 1 Significant accounting policies continued

## 1.2 Basis of consolidation (group) continued

### 1.2.3 Associates and joint ventures

Associates and joint ventures are accounted for using the equity method.

An associate is an entity over which the group exercises significant influence, but does not control or jointly control the financial and operating policies of the investee.

A joint venture is an arrangement in which the group has joint control, whereby the group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for liabilities. Joint control is a contractually agreed sharing of control of an arrangement that requires unanimous consent by the contractual parties on decisions about the relevant activities.

In applying the equity method, the investment in the associate or joint venture is measured at cost, which includes transaction costs, with the group's share of post-acquisition earnings recognised in profit or loss and other comprehensive income in accordance with the group's accounting policies, and is separately presented in the statement of profit or loss and other comprehensive income. The group's share of the investee's reserves are recognised in the statement of changes in equity per the relevant reserve category.

At initial recognition, the principles for business combinations are applied and any resulting notional goodwill arising on the acquisition is included in the carrying amount of the investment. Any gain on bargain purchase is included as income in the group's share of the associate or joint venture's profit or loss in the period in which the investment is acquired. Similarly, associates or joint ventures are equity accounted from acquisition date and cease to be equity accounted when significant influence or joint control ceases.

Dividend income from associates or joint ventures reduces the carrying value of the investment. If the associates or joint ventures are loss-making, the carrying value is reduced until it is carried at Rnil.

When additional investments are made while maintaining significant influence or joint control, the cost of the additional investment is added to the carrying value of the investee. Notional goodwill that arises from this additional acquisition is added to the carrying value of the investee. When the ownership interest in an investee is reduced without affecting the classification as an associate or joint venture, the group reclassifies to profit or loss the proportionate gain or loss that had previously been recognised in other comprehensive income relating to the reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets and liabilities.

### 1.2.4 Joint operations

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

When a group entity undertakes its activities under joint operations, the group, as a joint operator, recognises in relation to its interest in a joint operation

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

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

# Accounting policies continued

for the year ended 31 August 2021

## 1 Significant accounting policies continued

### 1.3 Investment in subsidiaries (company)

Investment in subsidiaries is measured at cost less any accumulated impairment losses. The cost of the equity instruments acquired by the company in the underlying statutory entities is included in the carrying amount of the investment in subsidiaries. Directly attributable costs related to the acquisition are expensed as incurred.

### 1.4 Loans to and from subsidiaries (company)

Loans to subsidiaries are measured at cost less any accumulated impairment. Loans from subsidiaries are measured at cost. The loans to and from subsidiaries are repayable on demand and are recognised at the fair value of the consideration receivable or payable, and are subsequently measured at amortised cost using the effective interest method. Loans to subsidiaries are tested for impairment using the ECL model per IFRS 9: *Financial Instruments*.

### 1.5 Investments in associates (company)

Investments in associates on the company financial statements are measured at cost less any accumulated impairment losses. The cost is determined as the consideration transferred to obtain the equity interest or, if the investment was previously accounted for as an investment in terms of IFRS 9: *Financial Instruments: Recognition and Measurement*, at the fair value of the investment on the date of transfer to an equity-accounted investment. Directly attributable transaction costs are included in the carrying amount.

### 1.6 Foreign currency translation

#### Reporting foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the group companies at the exchange rates at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated into the functional currency at the exchange rate prevailing at the date that fair value was determined. Non-monetary items that are measured based on historical cost are translated to the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

#### Translation to the presentation currency

The assets and liabilities of foreign operations (including investments in foreign associates and foreign joint ventures), including goodwill and fair value adjustments arising on acquisition, are translated to the group's presentation currency, the South African rand, using the respective foreign exchange rates prevailing at the reporting date.

Income and expenses of foreign operations are translated at the average exchange rates for the period. Exchange differences arising are recognised directly in other comprehensive income and accumulated in equity in the foreign currency translation reserve. On disposal or a decrease in the group's effective interest in the foreign investment, all or a proportionate share of the exchange differences accumulated in equity are reclassified to profit or loss as part of the gain or loss on disposal. If the group disposes of part of its interest in a subsidiary but retains control, the relevant proportion of the cumulative amounts is reattributed to non-controlling interests.

## 1 Significant accounting policies continued

### 1.7 Investment properties

Investment properties, both freehold and leasehold, are held to earn rental income and/or for capital appreciation. The group applies the fair value model. At initial recognition, investment properties are measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Freehold properties consist of land and buildings, which the group has ownership of the land and the building, the buildings are leased to tenants under an operating lease. Leasehold properties consist of buildings developed on leased land for which rental payments are made to the lessor. Leasehold properties that are leased to tenants under operating leases are accounted for as investment properties and measured using the fair value model. Properties held under an operating lease is initially measured at cost.

Gains and losses arising from changes in the fair value are included in profit or loss in the period in which they arise. Changes in fair value are excluded from the calculation of distributable income.

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

Tenant installations and lease commissions are initially recognised at cost. After initial recognition, the cost is amortised on a straight-line basis over the term of the lease.

A gain or loss arising on disposal of investment property is recognised in profit or loss, measured as the difference between the net disposal proceeds and the carrying amount.

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

### 1.8 Properties under development

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

### 1.9 Borrowing costs

Borrowing costs that are directly attributable to the development or acquisition of qualifying assets are capitalised to the cost of that asset. The capitalisation commences when expenditures are incurred for the asset, borrowing costs are incurred and the group undertakes activities that are necessary to prepare the asset for its intended use or sale. Borrowing cost is capitalised until such time as it is substantially ready for its intended use. The capitalisation rate is arrived at by reference to the actual rate payable on borrowings for development purposes less any investment income on the temporary investment of those borrowings or, with regard to that part of the development cost financed out of general funds, to the weighted average borrowing cost. All other borrowing costs are recognised in profit or loss in the period in which they are incurred; interest expense is recognised using the effective interest method.

### 1.10 Property, plant and equipment

#### Owner-occupied properties and hotel

Owner-occupied properties and hotel are initially recognised at cost. After initial recognition, these properties are measured at fair value less accumulated depreciation using the revaluation model under IAS 16: *Property, Plant and Equipment*. The assets are depreciated on a straight-line basis to the residual value. Gains arising from changes in the fair values are recognised in other comprehensive income as a revaluation surplus in the period in which they arise. Any increase is, however, recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset in the period in which it arises. Any loss is recognised in other comprehensive income against the revaluation surplus of the same asset, to the extent that a balance exists in the revaluation reserve in respect of the asset.

# Accounting policies continued

for the year ended 31 August 2021

## 1 Significant accounting policies continued

### 1.10 Property, plant and equipment continued

#### Ancillary assets

Other ancillary non-current tangible assets are included in property, plant and equipment. These assets are measured using the cost model. Initially, ancillary assets are recognised at the purchase consideration including directly attributable costs. These assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses. The assets are depreciated on a straight-line basis to the residual value.

These items are listed below together with their useful lives:

- Owner-occupied properties and hotel: 50 years
- Leasehold improvements: 10 years
- Computer equipment: five years
- Furniture and fittings: three years
- Office equipment: three years
- Motor vehicles: five years
- Right-of-use (ROU) assets: shorter of lease term and five years

The depreciation method, useful lives, and residual values are reviewed at each reporting date. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ROU assets computed per IFRS 16: *Leases* are included in plant, property and equipment as per note 12: Property, plant and equipment and are depreciated over the shorter of the lease term and useful life.

### 1.11 Properties held-for-trading

Properties held-for-trading comprise properties acquired as well as properties developed with the intention of disposing for a profit in the ordinary course of business and are recorded at the lower of cost and net realisable value.

Costs include all costs of purchase, transaction costs, costs of conversion and other costs incurred in bringing the properties to their present condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of selling.

### 1.12 Non-current assets held-for-sale and discontinued operations

A non-current asset or a disposal group comprising assets and liabilities is classified as held-for-sale if it is expected that its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and the sale is highly probable to occur within one year. For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset or disposal group.

Where the group is committed to a sale plan involving the loss of control of a subsidiary, it classifies all the assets and liabilities of that subsidiary as held-for-sale when the criteria set out above and detailed in IFRS 5: *Non-current Assets Held-for-Sale and Discontinued Operations* are met, regardless of whether the group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups held-for-sale are measured at the lower of their carrying amount and fair value less costs of disposal, with any impairment losses recognised in profit or loss. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets on a pro rata basis. However, certain items, such as financial assets within the scope of IFRS 9: *Financial Instruments*, deferred tax assets and investment property, which is measured in accordance with the fair value model, continue to be measured in accordance with the group's accounting policies.

Assets classified as held-for-sale are not depreciated or amortised, and any equity-accounted investee or a portion thereof is no longer equity-accounted.

Non-current assets held-for-sale are presented separately from other assets and liabilities on the statement of financial position. Prior periods are not reclassified.



## 1 Significant accounting policies continued

### 1.12 Non-current assets held-for-sale and discontinued operations continued

A discontinued operation is a component of the group's business, the operations and cash flows of which can be clearly distinguished from the rest of the group and which

- Represents a separate major line of business or geographic area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations, or
- Is a subsidiary acquired exclusively with a view to resale

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

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

### 1.13 Financial instruments

#### Financial assets

##### Investment in debt instruments

#### (i) Classification

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

- Those to be measured at amortised cost
- Those to be measured subsequently at fair value through profit or loss (FVTPL)

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses are recorded in profit or loss. The group reclassifies debt investments when and only when its business model for managing those assets changes. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

#### (ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on the trade date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

#### (iii) Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value.

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the group classifies its debt instruments:

**Amortised cost:** Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains (losses) together with foreign exchange gains/(losses).

**FVTPL:** Assets that do not meet the criteria for amortised cost are measured at FVTPL. Movement in the fair value of a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and is presented net within other gains/(losses) in the period in which it arises.

# Accounting policies continued

for the year ended 31 August 2021

## 1 Significant accounting policies continued

### 1.13 Financial instruments continued

#### Financial assets continued

#### Investment in debt instruments continued

#### (iv) Impairment

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

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

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

The group's financial assets are subject to the ECL model.

For trade receivables, the group applies the simplified approach permitted by IFRS 9: *Financial Instruments*, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The expected loss rates are based on the payment profiles of trade receivables and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the tenants to settle the receivable. Such forward-looking information would include:

- Changes in economic, regulatory, technological and environmental factors (such as industry outlook, GDP, employment and politics)
- External market indicators
- Tenant base

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor. Impaired debts are derecognised when they are assessed as uncollectible.

Debt investment and other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. Impairment losses are presented as a separate line item in the consolidated statement of profit or loss.

#### Investment in equity instruments

At initial recognition, the group recognises equity instruments at fair value. After initial recognition, changes in fair value are recognised in profit and loss. Dividends from such investments continue to be recognised in profit or loss as investment income when the group's right to receive payments is established.

## 1 Significant accounting policies continued

### 1.13 Financial instruments continued

#### Financial assets continued

##### Loans receivable and trade and other receivables

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

The ECL associated with loans and other receivables carried at amortised cost are assessed on a forward-looking basis using the general model per IFRS 9: *Financial Instruments*. The group has leveraged existing parameters used for determining capital demands under the Basel guidance and internal risk management practices to calculate ECL. The group uses three categories (performing, underperforming and non-performing) which reflect the credit risk and how the loss provision is determined for each of those categories. An internal credit risk rating system is also used.

##### Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in values.

##### Financial liabilities

The group recognises a financial liability when it first becomes a party to the contractual rights and obligations in the contract.

All financial liabilities are initially recognised at fair value, minus (in the case of a financial liability that is not at FVTPL) transaction costs that are directly attributable to issuing the financial liability. Financial liabilities are measured at amortised cost, unless the group opted, or is required, to measure a liability at FVTPL. If a hybrid contract contains a host that is not a financial asset, the embedded derivative shall be separated from the host and accounted for as a derivative under IFRS 9: *Financial Instruments*. If, however, the group is unable to measure the embedded derivative separately either at acquisition or at the end of a subsequent financial reporting period, it shall designate the entire hybrid contract as at FVTPL. The exchangeable bonds have been recognised at FVTPL as it is a hybrid contract containing embedded derivatives, these embedded derivatives significantly modify the cash flows of the host contract relating to the exchangeable bonds.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

##### Loans and borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method (see accounting policy 1.9 Borrowing costs). However, interest-bearing borrowings comprising exchangeable bonds remain measured at fair value with subsequent changes in fair value recognised in profit or loss.

##### Trade and other payables

Financial liabilities included in trade and other payables are recognised initially at fair value and subsequently at amortised cost. The fair value of a non-interest-bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

##### Derivatives

The group does not apply hedge accounting in accordance with IFRS 9: *Financial Instruments*. Derivative financial assets and liabilities are classified as financial assets or liabilities at FVTPL. Derivative financial assets and liabilities comprise mainly interest rate swaps, cross-currency swaps and forward foreign exchange contracts for hedging purposes (economic hedge). Recognition of the derivative financial instruments takes place when the economic hedging contracts are entered into. They are measured initially and subsequently at fair value. Directly attributable transaction costs are recognised immediately in profit or loss. Gains or losses on derivatives are recognised in profit or loss in the changes in fair values in the FVTPL line item.

# Accounting policies continued

for the year ended 31 August 2021

## 1 Significant accounting policies continued

### 1.14 Goodwill

Goodwill arising on the acquisition of a business is carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to each of the group's cash generating units (CGUs) that is expected to benefit from the synergies of the combination. In the real estate industry, goodwill may arise from business combinations where the purpose of obtaining control is to acquire certain properties. To this end, goodwill is allocated to the CGUs in which the acquired properties are allocated.

The CGU to which goodwill has been allocated is tested for impairment annually or where there is any an indication that an asset may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of the allocated goodwill and then to the carrying amount of the other assets included in the CGU. An impairment loss in respect of goodwill is not reversed.

The group's policy relating to the goodwill on acquisition of associates is described in accounting policy 1.2.3 Associates and joint ventures.

### 1.15 Intangible assets

Intangible assets are acquired separately or in a business combination and are not internally generated. Intangible assets acquired in a business combination are recognised separately from goodwill at fair value at the acquisition date.

Intangible assets with an infinite useful life (other than goodwill) are stated at cost less accumulated impairment losses. These intangible assets are tested for impairment annually by comparing the recoverable amount with an asset's carrying amount or where there is an indication that an asset may be impaired. Useful life is reviewed at each reporting date to determine whether events and circumstances continue to support an indefinite useful life assessment.

Intangible assets with finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the asset. The amortisation method and useful life is reviewed at financial year end and adjusted if necessary.

The types of intangible assets, including the applicable useful lives, are listed below:

- Right to manage property: 11 years (the useful life has been reassessed from 50 years in prior years)
- Electricity recovery business: infinite life

### 1.16 Impairment of non-financial assets

The carrying value of non-financial assets (other than goodwill, intangible assets with an indefinite useful life, investment in property, property, plant and equipment and deferred tax assets) is reviewed for impairment at each reporting date to determine whether there is any indication of an impairment loss. If such indication exists, the asset's recoverable amount is estimated. Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount is determined for the CGU to which the asset belongs. Recoverable amount is determined as the higher of fair value less costs of disposal or value in use. An impairment loss is recognised if the carrying amount of the asset or CGU exceeds its estimated recoverable amount.

In assessing the value in use, the estimated cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses and the reversal of impairment losses are recognised in profit or loss.

In the case of a CGU, an impairment is first allocated to goodwill and then to the other assets in the CGU on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is only reversed if there is an indication that the impairment loss no longer exists and the recoverable amount increases as a result of a change in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognised in prior years.

## 1 Significant accounting policies continued

### 1.17 Stated capital

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares are shown as a deduction from equity.

### 1.18 Treasury shares

Where a subsidiary company holds shares in the holding company, the consideration paid to acquire these shares is deducted from stated capital as treasury shares. When these shares are sold or reissued, any consideration received is included in stated capital.

### 1.19 Dividends paid

Dividends and other distributions to the holders of equity instruments, in their capacity as owners, are recognised directly in equity on the date of declaration.

### 1.20 Revenue recognition

Revenue includes rental income, service charges, property management charges and investment income.

As per IFRS 16: *Leases*, rental income from operating leases is recognised on a straight-line basis over the lease term. When the group provides incentives to its tenants, the cost of the incentives is recognised over the lease term on a straight-line basis as a reduction of rental income.

As per IFRS 15: *Revenue from Contracts with Customers*, revenue from service and property management charges is recognised in the accounting period in which control of the services is passed to the customer, which is when the service is rendered over time. For certain service contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

Some property management contracts may include multiple elements of service that are provided to tenants. The group assesses whether individual elements of service in the contract are separate performance obligations. Where the contracts include multiple performance obligations and/or lease and non-lease components, the transaction price will be allocated to each performance obligation (lease and non-lease component) based on the relative stand-alone selling prices. Where these selling prices are not directly observable, they are estimated based on an expected cost plus margin. In the case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

Revenue is measured at the transaction price agreed under the contract. Amounts disclosed as revenue are net of variable consideration and payments to customers, which are not for distinct services. This consideration may include discounts, trade allowances, rebates and amounts collected on behalf of third parties. For arrangements that include deferred payment terms that exceed 12 months, the group adjusts the transaction price for the financing component, with the impact recognised as interest income using the effective interest rate method over the period of the financing.

A receivable is recognised when services are provided and control passes to the customer, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

When the group is acting as an agent, the commission rather than gross income is recorded as revenue.

The group pays lease commissions in order to secure certain contracts; these lease commissions are assessed to be an incremental cost of obtaining a contract. For lease commissions paid in relation to revenue contracts, which are for a period greater than one year, the lease commission is capitalised as an other non-current asset and amortised over the period of the revenue contract to which it relates.

Investment income is recognised when the group and company's right to the income is established.

# Accounting policies continued

for the year ended 31 August 2021

## 1 Significant accounting policies continued

### 1.21 Net operating profit

Net operating profit is before losses or gains on disposal of assets, losses or gains on disposal of interest in associates and joint ventures, changes in fair values, amortisation of intangible assets, ECL on loan receivables, ECL on loans to subsidiaries, impairments, reversal of impairments, and equity accounted profit/(loss) (net of taxation).

### 1.22 Employee benefits

#### 1.22.1 Short-term benefits

Short-term employee benefits are benefits that will be settled within 12 months. The cost of short-term employee benefits is recognised during the period in which the employees render the related service. Short-term employee benefits are measured on an undiscounted basis. The accrual of employee entitlements to salaries, bonuses and annual leave represents the amount that the group has a present legal or constructive obligation to pay as a result of the employees' services provided up to the reporting date.

#### 1.22.2 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the group pays fixed contributions to a separate entity. The group will have no legal or constructive obligation to pay further amounts if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### 1.22.3 Other long-term employee benefits

In terms of the long-term staff incentive scheme, a conditional right to a cash award is awarded to employees subject to performance and vesting conditions. The scheme is accounted for in terms of IAS 19: *Employee Benefits* as the group's net obligation in respect of other long-term employee benefits is the amount of future benefits that employees have earned in return for their services to date. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise. No actuarial valuations have been performed.

#### 1.22.4 Share-based payments

##### i) Short-term and long-term restricted incentive scheme

In terms of the restricted share scheme, a conditional right to shares is awarded to employees subject to performance and service conditions. The scheme is accounted for as an equity-settled, share-based payment. The fair value of services received in return for the restricted shares has been determined as follows: the number of shares expected to vest multiplied by the share price at the date of award less discounted future anticipated distributions.

The grant-date fair value of the scheme is recognised as an expense, with a corresponding increase in equity, over the vesting period. The amount recognised as an expense is adjusted for changes in management's estimate of the number of shares expected to vest, such that the amount ultimately recognised is based on the number of awards that vest.

##### ii) Matching share scheme

In terms of the matching share scheme, participants are invited annually to utilise a predetermined percentage of their after tax bonus to acquire Redefine Properties Limited shares. Participants holding shares at the third anniversary of the date of award will be awarded Redefine Properties Limited shares free of consideration based on a multiple of the original shares linked to the group and individual's performance. The scheme is accounted for as an equity-settled, share-based payment. The fair value of services received in return for the matching shares has been determined as follows: the number of shares expected to vest multiplied by the share price at the date of award less discounted future anticipated distributions.

The grant-date fair value of the scheme is recognised as an expense, with a corresponding increase in equity, over the vesting period. The amount recognised as an expense is adjusted for changes in management's estimate of the number of shares expected to vest, such that the amount ultimately recognised is based on the number of awards that vest.

## 1 Significant accounting policies continued

### 1.22 Employee benefits continued

#### 1.22.4 Share-based payments continued

##### iii) Nil-cost options

In terms of the staff incentive scheme, a conditional right to shares or a cash equivalent, at the employee's option, is awarded to employees subject to performance conditions. The scheme is accounted for as a compound financial instrument.

##### Liability portion

The fair value of the amount payable in terms of the cash alternative of the nil-cost options is recognised as an expense, with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at the settlement date based on the value of the cash alternative of the nil-cost options. Any changes in the liability are recognised in profit or loss.

##### Equity portion

The equity portion is calculated as the services received in return for the number of nil-cost options expected to vest multiplied by the share price at the date of award less discounted future anticipated distributions less the above liability portion. The grant-date fair value of the equity portion of the nil-cost option is recognised as an expense, with a corresponding increase in equity, over the vesting period. The amount recognised as an expense is adjusted for changes in management's estimate of the number of shares expected to vest, such that the amount ultimately recognised is based on the number of awards that vest.

##### iv) Conditional awards

In terms of the staff incentive scheme, a conditional right to a cash equivalent is awarded to employees subject to performance conditions. The fair value of the amount payable in respect of conditional awards is recognised as an expense, with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is based on the fair value of the underlying Redefine shares at each reporting date and is measured until settlement date. Any changes in the liability are recognised in profit or loss.

##### v) Redefine Empowerment Trust (company)

The loan granted by the company to the Redefine Empowerment Trust has recourse to the shares of Redefine Properties Limited and no other assets. The issue of the shares on the loan account has been treated as an option grant that vested on the date when the loan was granted.

The grant-date fair value of the options is recognised as an expense, with a corresponding increase in equity. The expense is recognised in full on the grant date, which is also the vesting date.

### 1.23 Taxation and deferred taxation

Income tax expense comprises current and deferred taxation. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on taxable income after deducting the qualifying distribution for the year of assessment, using tax rates that have been enacted or substantially enacted by the reporting date, and includes adjustments for tax payable in respect of previous years. In entities that have REIT status, dividends declared are treated as a qualifying distribution in terms of section 25BB of the Income Tax Act.

Withholding tax relating to foreign distributions received is recognised as part of the current tax expense. The distribution received is presented gross of withholding tax in the financial statements.

Deferred income tax is provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises

- From the initial recognition of goodwill in a business combination
- From the initial recognition of other assets and liabilities in a transaction which is not a business combination and affects neither accounting profit nor taxable income, or
- Differences related to investments in subsidiaries, joint ventures and associates, to the extent that it is probable that they will not reverse in the foreseeable future and the group is able to control the reversal

# Accounting policies continued

for the year ended 31 August 2021

## 1 Significant accounting policies continued

### 1.23 Taxation and deferred taxation continued

Deferred tax is not recognised on the fair value of investment properties and of listed securities. These items will be realised through sale and, in accordance with the income tax requirements relating to REIT status, capital gains tax is not applicable. Deferred tax is not recognised for temporary differences that will form part of future qualifying distributions.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability settled.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income tax levied by the same authority on the same taxable entity or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

### 1.24 Insurance contract liability

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

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

A liability for contractual benefits expected to be incurred in the future is recorded when the premiums are recognised. The premium recognised is with regards to the lender put option (refer to note 25: Insurance contract liability). The liability is determined at the best estimate of the expenditure required to settle the obligation at the end of the reporting period. The liabilities are recalculated at the end of each reporting period using the assumptions established at inception of the contract with movement charged to profit or loss.

### 1.25 Operating segments

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components. The group identifies and presents operating segments based on the information that is provided internally to the executive management committee (Exco), the group's chief operating decision-making forum (CODM). An operating segment's operating results are reviewed regularly by the group's executive committee to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The group comprises six segments, namely office, retail, industrial, specialised, head office and international. Operating profit is the key measure on which the CODM focuses.

### 1.26 Leases

#### 1.26.1 Group/company as a lessee

##### At initial recognition

The ROU asset is measured at its cost, which includes:

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

The lease liability is measured at commencement date at the present value of future lease payments, which are expected to be paid over the lease term.

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

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

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

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



## 1 Significant accounting policies continued

### 1.26 Leases continued

#### 1.26.1 Group/company as a lessee continued

##### At initial recognition continued

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

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the group uses the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The weighted incremental borrowing rate applied is 9.3% by the group and 9.4% by the company.

##### Subsequent measurement

The group measures the ROU assets that meet the definition of investment property using the fair value model applied to its investment property accounting policy refer to 1.10 Property, plant and equipment. ROU assets linked to owner-occupied buildings are measured by applying the revaluation model relevant to that specific class of property, plant and equipment as described in accounting policy 1.10 and tested for impairment as described in accounting policy 1.16 Impairment of non-financial assets.

The lease liability is measured as follows:

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

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

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

#### 1.26.2 Group/company as a lessor

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

The group provides certain incentives for the lessee to enter into lease agreements. Initial periods of the lease term may be agreed to be rent free or at a reduced rent. All incentives are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of the payments, and amortised on a straight-line basis over the lease term. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term. Straight-lining adjustments do not affect distributable income.

### 1.27 Earnings and headline earnings

Earnings per share is calculated on the weighted average number of shares in issue, net of treasury shares, in respect of the year and is based on profit attributable to shareholders. Headline earnings per share is calculated in terms of the requirements set out in Circular 1/2021 issued by SAICA. Distributable income per share is calculated for each six-month period of the distribution, using the number of shares in issue at the interim reporting date and at the financial year-end reporting date.

# Accounting policies continued

for the year ended 31 August 2021

## 1 Significant accounting policies continued

### 1.28 Fair value measurement

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

The three levels of the hierarchy are as follows:

#### **Level 1**

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

#### **Level 2**

Asset and liabilities measured at fair value are categorised as level 2 if the inputs used are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices), other than the quoted prices as used under the level above.

#### **Level 3**

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

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

### 1.29 Key estimates and assumptions

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

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

#### **Investment properties and properties under development**

The portfolio is valued at each reporting date. By obtaining external valuations from accredited valuers for the portfolio, management is of the opinion that the risk relating to estimation uncertainty has been mitigated as far as possible. Refer to accounting policy 1.7 and note 3: Investment properties, accounting policy 1.8 and note 5: Properties under development, and note 30: Fair value disclosures for further information.

#### **Impairment of investment in associate and joint ventures**

Investments in associates and joint ventures are tested for impairment if any impairment indicators are present. Indicators of impairment include:

- Diminishing dividend yields
- Net assets of the company is higher than the market capitalisation
- The carrying amount of the associate or joint venture is higher than the carrying amount of the investees' assets
- A dividend received exceeds the total comprehensive income of the investee

Management will perform an impairment calculation by comparing the carrying amount of the investment to its recoverable amount. The recoverable amount is the higher of the fair value less cost of disposal, represented by the closing share price if applicable, and the value in use, determined by discounting future cash flows.

Refer to accounting policy 1.2.3 Associates and joint ventures and note 9: Investment in associate and joint ventures for the indicators considered, as well as the impairment tests performed, where applicable.

# 1 Significant accounting policies continued

## 1.29 Key estimates and assumptions continued

### Impairment of interests in subsidiaries (company)

#### Shares at cost

The shares held in interests in subsidiaries are tested for impairment if any indicators are present. Indicators of impairment include:

- Diminishing dividend yields
- Net assets of the subsidiary is lower than its carrying value
- A dividend received exceeds the total comprehensive income of the subsidiary
- Economic performance of the subsidiary will be worse than expected

Management performs an impairment calculation by comparing the carrying amount of the investment to its recoverable amount. The recoverable amount is deemed to be the fair value less cost of disposal, as the value-in-use calculation is impractical. The fair value is determined using the adjusted net asset value method.

#### Loans advanced to subsidiaries

Intercompany loans receivable are tested for impairment using the general model per IFRS 9: *Financial Instruments*, as discussed above in accounting policy 1.13 Financial instruments.

#### Business combination versus asset acquisition

The directors have assessed the properties acquired and have concluded that in their view these acquisitions are property acquisitions in terms of IAS 40: *Investment Property* and are therefore accounted for in terms of that standard. In the opinion of the directors, these properties do not constitute a business as defined in terms of IFRS 3: *Business Combinations*, as there were no adequate processes identified within these properties to warrant classification as businesses.

Per IFRS 3, a business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest), or generating other income from ordinary activities.

Per IFRS 3, a business consists of inputs, and substantive processes applied to those inputs, that have the ability to create outputs. Property acquisitions are assessed to determine whether a process was acquired with the property, which would indicate that the acquisition is a business combination. The optional concentration test was not applied.

IFRS 3 defines input as 'an economic resource that creates, or has the ability to create, outputs when one or more processes are applied to it.'

The property acquisition may include the building and/or land and tenants. These are considered to be the inputs. Tenants are considered to be an input, as processes must be applied to create output, such as billing and rental income collection.

IFRS 3 defines a process as 'any system, standard, protocol, convention, or rule that when applied to an input creates or has the ability to create outputs.'

Redefine's employees apply processes to the inputs to generate rental income. The processes include (but are not limited to) letting of space, maintaining of buildings, billing of rent, and collection of rent. These property management and asset management processes are typically provided by Redefine's employees. The property acquired would be included in one of Redefine's operating segments and strategic management processes and resource allocation would be managed at a portfolio level.

Processes are rarely acquired together with the inputs in a single property acquisition. As a result, these property acquisitions would not constitute a business as defined.

The acquisition of a portfolio of properties on a large scale may include the associated business processes. In practice, the statutory entity that owns the property portfolio would typically be acquired together with the business. This would then be accounted for in terms of IFRS 3 and not as a property acquisition in terms of IAS 40.

During the current financial year management concluded the purchase of M1 Marki will meet the requirement of IFRS 3 definition of a business and will be accounted for as a business combination on 31 December 2021.

# Accounting policies continued

for the year ended 31 August 2021

## 1 Significant accounting policies continued

### 1.29 Key estimates and assumptions continued

#### Control versus significant influence

IFRS 10: *Consolidated Financial Statements* determines that an investor controls an investee if, and only if, the investor has power to control the relevant activities of the investee and exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns.

Although two tranches of shares were acquired during the 2019 financial year, which increased Redefine's holding in EPP N.V. (EPP) to approximately 45%, a voting limitation deed (VLD) was entered into. This resulted in Redefine's voting rights being restricted to 40% of the votes present at shareholder meetings. The VLD does not seek to avoid consolidation in the event where control exists, but rather to reaffirm Redefine's non-controlling interest in EPP. In particular, the VLD seeks to avoid any potential indicator of *de facto* control that may otherwise arise as a consequence of shareholder apathy amongst other EPP shareholders, which could result in the votes exercised by Redefine, in respect of its EPP shares, factually constituting a majority of the votes exercised on a particular resolution.

Based on the above assessment, the directors have concluded that Redefine does not control EPP. However, it exercises joint control over EPP and the investment is accounted for using the equity method.

#### Expected credit losses

Management performs ECL calculations at each reporting period by estimating the probability of default and loss given default. Refer to note 55.3: Credit risk management for the key assumptions used in the ECL calculations.

#### Insurance contract liability

Management calculates the insurance contract liability by estimating the market price of the put option and the fair value of the underlying property. Refer to note 25: Insurance contract liability for further information.

#### Facilities and covenants

Undrawn facilities are committed as long as the financial covenants are met. Post the covenant relaxation period (refer to note 61: Going concern) management can reasonably estimate that loan-to-value should normalise within the required level of 50%. Cash flow forecasts are used to estimate projected covenant levels. The disposal of the Journal properties (note 16: Non-current assets and liabilities held-for-sale) is estimated to significantly reduce the LTV.

#### Rental concession

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

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

Where a concessionary discount has been granted, with no change in the scope of the lease, the group has in substance forgiven part of the lease receivable. This is different to an agreement between the group and the tenant to modify the lease agreement. The application of common law principles and government regulation has also contributed to the assessment that concessionary discounts are to be treated as an act of forgiveness of debt rather than a lease modification. Such forgiveness of debt has been accounted for by applying the derecognition requirements of IFRS 9: *Financial Instruments* as detailed in accounting policy 1.13.

## 1 Significant accounting policies continued

### 1.30 New standards and interpretations adopted by the group

During the current financial year, the below standards and interpretations were adopted by the group.

- COVID-19-related rent concessions – amendment to IFRS 16: *Leases*
- Definition of a business – amendment to IFRS 3: *Business Combinations*
- Definition of material – amendment to IAS 1: *Presentation of Financial Statements* and IAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors*
- Interest rate benchmark reform (phase 1) – amendments to IFRS 9: *Financial Instruments*, IAS 39: *Financial Instruments: Recognition and Measurement* and IFRS 7: *Financial Instruments: Disclosure*

The above standards had no material impact during the current financial year.

### 1.31 New standards and interpretations not yet effective

International Financial Reporting Standards, interpretations and amendments issued but not effective			
Number	Effective date	Executive summary	Impact on financial statements
<b>Amendments to IFRS 9: <i>Financial Instruments</i>, IAS 39 <i>Financial Instruments: Recognition and Measurement</i>, IFRS 7: <i>Financial Instruments: Disclosures</i>, IFRS 4: <i>Insurance Contracts</i> and IFRS 16: <i>Leases</i> – interest rate benchmark interbank offered rate (IBOR) reform (phase 2)</b>	Annual periods beginning on or after 1 January 2021  (published August 2020)	The phase 2 amendments address issues that arise from the implementation of the reform of an interest rate benchmark, including the replacement of one benchmark with an alternative one.	The group is in the process of assessing the impact and does not expect the impact to be material
<b>Amendment to IAS 1: <i>Presentation of Financial Statements</i> on classification of liabilities as current or non-current</b>	Annual periods beginning on or after 1 January 2024  (published January 2020)	The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant).	The group is in the process of assessing the impact, given the focus on reducing LTV, it is not expected that the impact will be material
<b>Amendment to IFRS 3: <i>Business Combinations</i></b>	Annual periods beginning on or after 1 January 2022  (published May 2020)	The board has updated IFRS 3: <i>Business Combinations</i> , to refer to the 2018 Conceptual Framework for Financial Reporting in order to determine what constitutes an asset or a liability in a business combination.  In addition, the board added a new exception in IFRS 3 for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37: <i>Provisions, Contingent Liabilities and Contingent Assets</i> , or IFRIC 21: <i>Levies</i> , rather than the 2018 conceptual framework.  The board has also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.	The amendments will be applied going forward for all business combinations post effective date

# Accounting policies continued

for the year ended 31 August 2021

## 1 Significant accounting policies continued

### 1.31 New standards and interpretations not yet effective continued

International Financial Reporting Standards, interpretations and amendments issued but not effective <small>(continued)</small>			
Number	Effective date	Executive summary	Impact on financial statements
<b>Amendments to IAS 16: Property, Plant and Equipment on proceeds before intended use</b>	Annual periods beginning on or after 1 January 2022  (published May 2020)	The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss.	Not expected to materially impact the group
<b>Amendments to IAS 37: Provisions, Liabilities and Contingent Assets on onerous contracts – cost of fulfilling a contract</b>	Annual periods beginning on or after 1 January 2022  (published May 2020)	The amendment clarifies which costs an entity includes in assessing whether a contract will be loss making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of 'costs to fulfil a contract'. Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract.	Not expected to materially impact the group
<b>Annual improvements cycle 2018 to 2020</b>	Annual periods beginning on or after 1 January 2022  (published May 2020)	These amendments include minor changes to: <ul style="list-style-type: none"> <li>→ IFRS 1: <i>First-time Adoption of IFRS</i> has been amended for a subsidiary that becomes a first-time adopter after its parent. The subsidiary may elect to measure cumulative translation differences for foreign operations using the amounts reported by the parent at the date of the parent's transition to IFRS</li> <li>→ IFRS 9: <i>Financial Instruments</i> has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of 'the 10% test' for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation</li> <li>→ IFRS 16: <i>Leases</i>, amendment to illustrative example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives</li> <li>→ IAS 41: <i>Agriculture</i> has been amended to align the requirements for measuring fair value with those of IFRS 13. The amendment removes the requirement for entities to exclude cash flows for taxation when measuring fair value</li> </ul>	Not expected to materially impact the group

# 1 Significant accounting policies continued

## 1.31 New standards and interpretations not yet effective continued

International Financial Reporting Standards, interpretations and amendments issued but not effective <small>(continued)</small>			
Number	Effective date	Executive summary	Impact on financial statements
<b>IFRS 17: <i>Insurance Contracts</i></b>	<p>Annual periods beginning on or after 1 January 2023</p> <p>Early application is permitted for entities that apply IFRS 9: <i>Financial Instruments</i>, and IFRS 15: <i>Revenue from Contracts with Customers</i>, at or before the date of initial application of IFRS 17</p> <p>(published May 2017)</p>	<p>The IASB issued IFRS 17: <i>Insurance Contracts</i> and thereby started a new epoch of accounting for insurers. Whereas the current standard, IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. For insurers, the transition to IFRS 17 will have an impact on financial statements and on key performance indicators.</p> <p>Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period.</p> <p>Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contract, including those with a coverage period of one year or less.</p> <p>For insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation on the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. Consequently, the fair value changes are not recognised in profit or loss in the period in which they occur but over the remaining life of the contract.</p>	Not expected to materially impact the group
<b>Amendments to IFRS 17: <i>Insurance Contracts</i></b>	<p>Annual periods beginning on or after 1 January 2023</p> <p>(published June 2020)</p>	<p>In response to some of the concerns and challenges raised, the board developed targeted amendments and several proposed clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and ease transition. The amendments are not intended to change the fundamental principles of the standard or unduly disrupt implementation already underway.</p>	Not expected to materially impact the group

# Notes to the financial statements

for the year ended 31 August 2021

Figures in R'000	Group	
	Office	Retail
<b>2</b>	<b>Segmental report</b>	
<b>STATEMENT OF FINANCIAL POSITION</b>		
Investment properties (including straight-line rental income accrual)	21 727 633	23 846 918
Right-of-use assets	19 559	81 314
Properties under development	-	44 000
Listed securities	-	-
Investment in associate and joint ventures	-	-
Loans receivable	-	-
Property, plant and equipment	-	-
Properties held-for-trading	-	-
Non-current assets held-for-sale	128 849	524 711
Other assets	-	-
<b>Total assets</b>	<b>21 876 041</b>	<b>24 496 943</b>
Interest-bearing borrowings	-	-
Other liabilities	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>
<b>STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>		
Contractual rental income	2 877 031	3 286 170
Straight-line rental (expense)/income accrual	44 059	(42 176)
Investment income	-	-
<b>Total revenue</b>	<b>2 921 090</b>	<b>3 243 994</b>
Operating costs (including expected credit losses – trade receivable)	(892 403)	(1 509 273)
Administration costs	-	-
<b>Net operating profit</b>	<b>2 028 687</b>	<b>1 734 721</b>
Other income	-	58
(Loss)/gain on disposal of assets	-	-
Changes in fair values of investment properties	(1 692 319)	(441 967)
Changes in fair values of financial instruments and other	-	-
Changes in fair value of the insurance contract liability	-	-
Expected credit losses – loans receivable	-	-
Reversal of impairment of investment in associate	-	-
Equity-accounted profit (net of taxation)	-	-
<b>Profit before finance costs and taxation</b>	<b>336 368</b>	<b>1 292 812</b>
Interest income	-	-
Interest expense	(11)	(26)
Foreign exchange gains	-	-
<b>Profit before taxation</b>	<b>336 357</b>	<b>1 292 786</b>
Taxation	-	-
<b>Profit for the year from continuing operations</b>	<b>336 357</b>	<b>1 292 786</b>
Loss from discontinued operations (net of taxation)	-	-
<b>Profit for the year</b>	<b>336 357</b>	<b>1 292 786</b>
Non-controlling interests	-	-
<b>Profit for the year attributable to Redefine Properties Limited shareholders</b>	<b>336 357</b>	<b>1 292 786</b>



## Group

2021

Industrial	Specialised	Head office	Local	International	Total
11 209 889	363 300	-	57 147 740	-	57 147 740
11 943	-	-	112 816	-	112 816
882 012	-	-	926 012	-	926 012
-	-	69 679	69 679	-	69 679
-	-	-	-	8 834 878	8 834 878
-	-	1 186 816	1 186 816	1 540 046	2 726 862
-	28 600	37 214	65 814	21	65 835
11 102	175 000	-	186 102	-	186 102
187 778	-	-	841 338	1 907 735	2 749 073
-	-	1 882 129	1 882 129	934 083	2 816 212
12 302 724	566 900	3 175 838	62 418 446	13 216 763	75 635 209
-	-	28 393 934	28 393 934	2 349 066	30 743 000
-	-	3 791 487	3 791 487	1 742 866	5 534 353
-	-	32 185 421	32 185 421	4 091 932	36 277 353
1 422 327	75 384	-	7 660 912	27 297	7 688 209
(511 904)	(21 658)	-	(531 679)	-	(531 679)
-	-	-	-	796	796
910 423	53 726	-	7 129 233	28 093	7 157 326
(451 889)	(31 397)	-	(2 884 962)	(21 498)	(2 906 460)
-	-	(291 231)	(291 231)	(35 764)	(326 995)
458 534	22 329	(291 231)	3 953 040	(29 169)	3 923 871
461	3 944	3 661	8 124	1 482	9 606
-	(39 918)	-	(39 918)	18 391	(21 527)
483 510	12 266	(22 190)	(1 660 700)	41 427	(1 619 273)
-	-	530 661	530 661	1 412 957	1 943 618
-	-	(64 272)	(64 272)	-	(64 272)
-	-	(116 206)	(116 206)	2 430	(113 776)
-	-	-	-	922 526	922 526
-	-	-	-	275 040	275 040
942 505	(1 379)	40 423	2 610 729	2 645 084	5 255 813
-	-	568 881	568 881	91 163	660 044
(90)	(1)	(2 100 488)	(2 100 616)	(282 130)	(2 382 746)
-	-	-	-	129 889	129 889
942 415	(1 380)	(1 491 184)	1 078 994	2 584 006	3 663 000
-	-	(585 487)	(585 487)	(263 643)	(849 130)
942 415	(1 380)	(2 076 671)	493 507	2 320 363	2 813 870
-	(192 503)	-	(192 503)	-	(192 503)
942 415	(193 883)	(2 076 671)	301 004	2 320 363	2 621 367
-	72 828	-	72 828	37 115	109 943
942 415	(121 055)	(2 076 671)	373 832	2 357 478	2 731 310

# Notes to the financial statements continued

for the year ended 31 August 2021

Figures in R'000	Group	
	Office	Retail
<b>2</b>		
<b>Segmental report</b> <small>continued</small>		
<b>STATEMENT OF FINANCIAL POSITION</b>		
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 associate 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	-	-
<b>Total assets</b>	<b>23 309 005</b>	<b>25 791 091</b>
Interest-bearing borrowings	-	-
Other liabilities	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>
<b>STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>		
Contractual rental income	2 861 936	3 211 145
Straight-line rental income accrual	195 281	86 894
Investment income	-	-
<b>Total revenue</b>	<b>3 057 217</b>	<b>3 298 039</b>
Operating costs (including expected credit losses on trade receivables)	(958 578)	(1 546 010)
Administration costs	-	-
<b>Net operating profit</b>	<b>2 098 639</b>	<b>1 752 029</b>
Other income	-	-
Loss on disposal of asset	-	-
Changes in fair values of investment properties	(2 802 340)	(3 016 101)
Changes in fair values of financial instruments and other	-	-
Changes in fair value of the insurance contract liability	-	-
Amortisation of intangible assets	-	-
Impairments (including expected credit losses on loans receivable)	(1 913 811)	(2 883 661)
Equity-accounted loss (net of taxation)	-	-
<b>Loss before finance costs and taxation</b>	<b>(2 617 512)</b>	<b>(4 147 733)</b>
Interest income	-	-
Interest expense	(92)	(963)
Foreign exchange losses	-	-
<b>Loss before taxation</b>	<b>(2 617 604)</b>	<b>(4 148 696)</b>
Taxation	-	-
<b>Loss for the year from continuing operations</b>	<b>(2 617 604)</b>	<b>(4 148 696)</b>
Loss from discontinued operations (net of taxation)	-	-
<b>Loss for the year</b>	<b>(2 617 604)</b>	<b>(4 148 696)</b>
Non-controlling interests	-	-
<b>Loss for the year attributable to Redefine Properties Limited shareholders</b>	<b>(2 617 604)</b>	<b>(4 148 696)</b>

<b>Group</b>						
<b>2020</b>						
<b>Industrial</b>	<b>Specialised</b>	<b>Head office</b>	<b>Local</b>	<b>International</b>	<b>Total</b>	
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	
-	26 660	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	15 871 863	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	64 353	-	7 635 630	386 336	8 021 966	
108 023	(25 052)	-	365 146	-	365 146	
-	-	19 757	19 757	49 379	69 136	
1 606 219	39 301	19 757	8 020 533	435 715	8 456 248	
(442 951)	(21 662)	-	(2 969 201)	(121 752)	(3 090 953)	
-	-	(272 334)	(272 334)	(129 291)	(401 625)	
1 163 268	17 639	(252 577)	4 778 998	184 672	4 963 670	
16 113	10 427	11 100	37 640	2 485	40 126	
-	-	-	-	(137 654)	(137 654)	
(1 680 010)	(157 049)	(10 606)	(7 666 106)	987 697	(6 678 409)	
-	-	(1 260 629)	(1 260 629)	(1 455 217)	(2 715 846)	
-	-	(130 275)	(130 275)	-	(130 275)	
-	-	(314 277)	(314 277)	-	(314 277)	
(510 710)	-	(106 903)	(5 415 085)	(2 427 207)	(7 842 291)	
-	-	-	-	(403 900)	(403 900)	
(1 011 339)	(128 983)	(2 064 167)	(9 969 733)	(3 249 124)	(13 218 857)	
-	-	889 539	889 539	52 583	942 122	
(54)	-	(2 470 345)	(2 471 454)	(450 878)	(2 922 332)	
-	-	-	-	(1 042 006)	(1 042 006)	
(1 011 393)	(128 983)	(3 644 973)	(11 551 648)	(4 689 425)	(16 241 073)	
-	-	30 122	30 122	(17 005)	13 117	
(1 011 393)	(128 983)	(3 614 851)	(11 521 526)	(4 706 430)	(16 227 956)	
-	(384 991)	-	(384 991)	-	(384 991)	
(1 011 393)	(513 974)	(3 614 851)	(11 906 517)	(4 706 430)	(16 612 947)	
-	105 165	-	105 165	(120 482)	(15 317)	
(1 011 393)	(408 809)	(3 614 851)	(11 801 352)	(4 826 912)	(16 628 264)	

# Notes to the financial statements continued

for the year ended 31 August 2021

Figures in R'000	Notes	Group		Company	
		2021	2020	2021	2020
<b>3 Investment properties</b>					
<b>Carrying amount</b>					
Cost		<b>47 689 794</b>	49 851 604	<b>21 123 981</b>	22 075 200
Right-of-use assets	6	<b>112 816</b>	116 329	<b>103 692</b>	103 519
Cumulative fair value adjustments		<b>7 333 146</b>	9 062 727	<b>8 941 922</b>	9 610 311
Balance at end of year <sup>^</sup>		<b>55 135 756</b>	59 030 660	<b>30 169 595</b>	31 789 030
<b>Movement for the year</b>					
Balance at beginning of year		<b>59 030 660</b>	72 794 853	<b>31 789 030</b>	35 172 942
Additions at cost:		<b>575 119</b>	1 023 562	<b>365 514</b>	624 085
– arising from acquisitions		–	73 445	–	–
– arising from subsequent expenditure		<b>569 622</b>	903 673	<b>362 295</b>	611 710
– capitalised borrowing costs*		<b>5 497</b>	46 444	<b>3 219</b>	12 375
Disposals at fair value		<b>(2 761 600)</b>	(5 501 773)	<b>(1 299 288)</b>	(127 177)
Change in fair value <sup>^^</sup>		<b>(2 261 579)</b>	(6 734 894)	<b>(1 253 055)</b>	(3 714 684)
Tenant installations and lease commissions:		<b>(19 331)</b>	(5 186)	<b>8 269</b>	(14 003)
– costs capitalised		<b>105 600</b>	97 229	<b>75 588</b>	48 425
– amortisation		<b>(94 935)</b>	(99 055)	<b>(60 354)</b>	(59 591)
– scrapped		<b>(29 996)</b>	(3 360)	<b>(6 965)</b>	(2 837)
Transfer from properties under development	5	<b>739 592</b>	2 879 167	<b>669 874</b>	400 289
Transfer to properties under development	5	<b>(44 000)</b>	–	<b>(44 000)</b>	–
Transfer to non-current assets held-for-sale	16	<b>(748 753)</b>	(5 666 480)	<b>(748 753)</b>	(499 405)
Transfer from property, plant and equipment	12	<b>97 165</b>	–	<b>97 165</b>	–
Transfer from property, plant and equipment (Right-of-use asset)	12	<b>18 686</b>	–	<b>18 686</b>	–
Right-of-use asset		<b>(22 200)</b>	116 329	<b>(18 513)</b>	103 519
Foreign exchange gain		–	490 228	–	–
Straight-line rental income adjustment	4	<b>531 679</b>	(365 146)	<b>584 348</b>	(156 534)
Straight-line rental income adjustment – discontinued operations	4	<b>318</b>	–	<b>318</b>	–
Balance at end of year		<b>55 135 756</b>	59 030 660	<b>30 169 595</b>	31 789 030
<b>Reconciliation to valuations</b>					
Fair value of investment properties		<b>55 022 940</b>	58 914 331	<b>30 065 903</b>	31 685 511
Fair value of right-of-use assets	6	<b>112 816</b>	116 329	<b>103 692</b>	103 519
Fair value of investment properties and right-of-use-assets		<b>55 135 756</b>	59 030 660	<b>30 169 595</b>	31 789 030
Straight-line rental income accrual	4	<b>2 124 800</b>	2 656 797	<b>1 126 935</b>	1 711 600
Valuation at 31 August		<b>57 260 556</b>	61 687 457	<b>31 296 530</b>	33 500 630

\* Borrowing costs were capitalised using the weighted average cost of debt of 8.1% (2020: 8.0%). Borrowing costs included in investment property relates to properties that are either undergoing partial development or partial re-development

<sup>^</sup> The balance includes ROU assets presented separately on the statement of financial position

<sup>^^</sup> Ushukela Industrial Park and Chris Hani Crossing were partially damaged by the looting experienced in South Africa during July 2021 which resulted in a decline in fair value amounting to R148.7 million. During July and August 2021 Redefine submitted insurance claims for these two properties amounting to R148.7 million. The insurers are in the process of assessing the claims to determine the amount of compensation due to Redefine for damages to the buildings caused by the looting

First mortgage bonds have been registered over South African investment property (which includes investment property reclassified as held-for-sale) with a fair value of R46.5 billion (2020: R49.2 billion) as security for secured interest-bearing borrowings of R21.4 billion (2020: R23.5 billion) as well as International investment property with a fair value of R0 billion (2020: R5.1 billion) as security for secured interest-bearing borrowings of R0 billion (2020: R0.9 billion) for the group.

First mortgage bonds have been registered over South African investment property (which includes investment property reclassified as held-for-sale) with a fair value of R23.6 billion (2020: R24.6 billion) as security for secured interest-bearing borrowings of R21.4 billion (2020: R23.0 billion) for the company.

Refer to note 30: Fair value disclosures for the valuation techniques applied and unobservable inputs used and note 2: Segmental report for a breakdown by segment of investment property, contractual rental income and property expenses.

Redefine owns the title to all investment properties and the risk relating to their right is managed through the lease agreements with the tenants on a lease by lease basis.

Figures in R'000	Notes	Group		Company	
		2021	2020	2021	2020
<b>4</b>					
<b>Straight-line rental income accrual</b>					
Balance at beginning of year		<b>2 656 797</b>	2 291 651	<b>1 711 600</b>	1 555 066
Arising during the year	3	<b>(531 679)</b>	365 146	<b>(584 347)</b>	156 534
Discontinued operations	3	<b>(318)</b>	-	<b>(318)</b>	-
Balance at end of year	3	<b>2 124 800</b>	2 656 797	<b>1 126 935</b>	1 711 600
<b>5</b>					
<b>Properties under development</b>					
Balance at beginning of year		<b>1 628 442</b>	3 553 678	<b>991 368</b>	1 230 507
Acquisitions		-	53 705	-	-
Development costs		<b>108 585</b>	1 417 303	<b>70 148</b>	248 435
Capitalised borrowing costs*		<b>147 953</b>	220 078	<b>73 755</b>	114 716
Change in fair value		<b>(159 688)</b>	149 558	<b>(46 852)</b>	(165 672)
Disposals		-	(1 207 283)	-	(36 329)
Transfer from investment property	3	<b>44 000</b>	-	<b>44 000</b>	-
Foreign exchange gain		-	320 570	-	-
Transfer to non-current assets held-for-sale	16	<b>(92 586)</b>	-	<b>(46 293)</b>	-
Transfer to held-for-trading		<b>(11 102)</b>	-	-	-
Completed developments transferred to investment properties	3	<b>(739 592)</b>	(2 879 167)	<b>(669 874)</b>	(400 289)
Balance at end of year		<b>926 012</b>	1 628 442	<b>416 252</b>	991 368

\* Borrowing costs were capitalised using the weighted average cost of debt of 8.1% (2020: 8.0%)

Refer to note 30: Fair value disclosures for the valuation techniques applied and unobservable inputs used.

# Notes to the financial statements continued

for the year ended 31 August 2021

## 6 Leases – where the group and company are a lessee

Lease liabilities are measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate, which ranges for all leases between 8.1% to 10.1%.

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

Figures in R'000	Notes	Group		Company	
		2021	2020	2021	2020
<b>Right-of-use assets classified as investment property</b>					
Opening balance		116 329	–	103 519	–
Recognised on initial application of IFRS 16		–	197 911	–	108 867
Fair value adjustments		(22 183)	(10 191)	(18 495)	(5 348)
Derecognised on disposal of ELI		–	(74 673)	–	–
Reclassify from property, plant and equipment to investment properties		18 686	–	18 686	–
Derecognition on expiry of a lease		(16)	–	(18)	–
Foreign exchange gain		–	3 282	–	–
Fair value at 31 August	3	112 816	116 329	103 692	103 519
<b>Right-of-use assets classified as property, plant and equipment</b>					
Opening balance		28 822	–	28 822	–
Recognised on initial application of IFRS 16		–	46 573	–	46 573
Reclassify from property, plant and equipment to investment properties	3	(18 686)	–	(18 686)	–
Revaluation adjustments		(10 136)	(17 751)	(10 136)	(17 751)
Fair value at 31 August	12	–	28 822	–	28 822
Total right-of-use asset		112 816	145 151	103 692	132 341
<b>Lease liability:</b>					
Opening balance		145 151	–	132 341	–
Recognised on initial application of IFRS 16		–	244 484	–	155 440
Interest expense		11 003	15 582	10 082	12 907
Lease payments		(43 328)	(43 524)	(38 721)	(36 006)
Derecognised on disposal of ELI		–	(74 673)	–	–
Derecognition on expiry of a lease		(10)	–	(10)	–
Foreign exchange gain		–	3 282	–	–
		112 816	145 151	103 692	132 341
The statement of profit or loss and other comprehensive income shows the following amounts relating to leases:					
Fair value loss on right-of-use assets		32 335	27 942	28 649	23 099
Interest expense		11 003	15 582	10 083	12 907
Expense relating to low-value leases		1 094	1 941	1 094	1 886
The total group and company cash outflow for leases in 2021 was R43.3 million (2020: R49.0 million) and R38.7 million (2020:R40.0 million) respectively.					
Some of the property leases in which the group and company are the lessee contain variable lease payment terms that are linked to rent collected from the leased properties. The lease payments are based on rental income collected for these properties and are as follows:					
Variable payments		4 806	4 314	4 806	4 314

## 6

Figures in R'000	Group		Company	
	2021	2020	2021	2020
<b>Leases – where the group and company are a lessee</b> continued				
The maturity analysis of the lease liability is as follows:				
<b>Maturity analysis – contractual undiscounted cash flows</b>				
Gross lease liabilities – minimum lease payments:				
– Less than 12 months	<b>24 018</b>	43 494	<b>22 541</b>	38 887
– Between one and two years	<b>18 581</b>	25 806	<b>17 723</b>	24 322
– Between two and three years	<b>19 681</b>	18 402	<b>18 816</b>	17 545
– Between three and four years	<b>19 464</b>	19 488	<b>18 615</b>	18 624
– Between four and five years	<b>15 080</b>	19 263	<b>14 345</b>	18 414
– Over five years	<b>170 679</b>	185 305	<b>154 864</b>	168 754
Total undiscounted cash flows	<b>267 503</b>	311 758	<b>246 904</b>	286 546
Less the impact of discounting	<b>(154 687)</b>	(166 607)	<b>(143 212)</b>	(154 205)
<b>Total lease liability</b>	<b>112 816</b>	145 151	<b>103 692</b>	132 341

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

- Land and buildings held under operating leases classified as investment property
- A building in which the group has an ownership share and which was partially occupied by the group for administrative purposes in the prior year, has been transferred from owner-occupied (Property, plant and equipment) to investment properties. Refer to note 12: Property, plant and equipment

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

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

The group has elected to apply the practical expedient for the treatment of **COVID-19** pandemic rent concessions. The impact of **COVID-19** pandemic concessions on the statement of profit or loss is a reduction of Rnil (2020: R0.1 million) in administrations costs for the 2021 financial year for the group and Rnil (2020: R0.1 million) for the company.

# Notes to the financial statements continued

for the year ended 31 August 2021

7	Figures in R'000	Notes	Group		Company	
			2021	2020	2021	2020
<b>Listed securities</b>						
	Delta Property Fund Limited		69 679	69 679	69 679	69 679
	Balance at end of year		69 679	69 679	69 679	69 679
<b>Movement for the year</b>						
	Balance at beginning of year		69 679	937 288	69 679	522 519
	Disposals		-	(692 470)	-	(321 976)
	Change in fair value	36.2	-	(175 139)	-	(130 864)
	Balance at end of year*		69 679	69 679	69 679	69 679

\* Share price as at 31 August 2021, 43 cents (2020: 43 cents)

Details of listed securities	Stock exchange	% held	2021 Number of shares held	2020 Number of shares held	2021 Number of shares held	2020 Number of shares held
Delta Property Fund Limited	JSE (REIT)	22.7	162 043 079	162 043 079	162 043 079	162 043 079

#### Delta Property Fund Limited (Delta)

During the 2018 year, Redefine sold its 22.7% interest in Delta to a BEE consortium. The BEE consortium funded this transaction with a vendor loan from Redefine, at an interest rate of prime plus 2.0%, for an initial period of five years, with an extension option of three years. The shares are ceded to Redefine as security for the loan provided.

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



## 8

Figures in R'000	Group		Company	
	2021	2020	2021	2020
<b>Goodwill and intangible assets</b>				
Cost	6 311 905	6 311 905	1 168 697	1 168 697
Accumulated impairment – opening balance	(5 369 070)	(60 888)	(1 168 697)	(35 731)
Impairment	–	(5 308 182)	–	(1 132 966)
Accumulated amortisation – opening balance	(942 835)	(628 558)	–	–
Amortisation	–	(314 277)	–	–
<b>Balance at end of year</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Movement for the year</b>				
Balance at beginning of year	–	5 622 459	–	1 132 966
Impairment of goodwill	–	(5 032 766)	–	(857 550)
Impairment of intangible asset	–	(275 416)	–	(275 416)
Amortisation of intangibles	–	(314 277)	–	–
<b>Balance at end of year</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Goodwill</b>				
At acquisition cost/indefinite life	5 093 654	5 093 654	893 281	893 281
Accumulated impairment – opening balance	(5 093 654)	(60 888)	(893 281)	(35 731)
Impairment	–	(5 032 766)	–	(857 550)
<b>Total goodwill</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Intangible assets</b>				
At cost less amortisation				
The right to manage property – Redefine*	–	–	–	–
– Cost	942 835	942 835	–	–
– Accumulated amortisation – opening balance	(942 835)	(628 558)	–	–
– Amortisation	–	(314 277)	–	–
Electricity recovery business#	–	–	–	–
– Cost	275 416	275 416	275 416	275 416
– Accumulated impairment – opening balance	(275 416)	–	(275 416)	–
– Impairment	–	(275 416)	–	(275 416)
<b>Total intangible assets</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

\* 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.

During the prior financial year, due to the depressed economic conditions and lack of economic growth in South Africa, the volatility of international markets exacerbated by trade restrictions and the decreasing trend in the market capitalisation of the group were indicators of possible impairment.

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

# Notes to the financial statements continued

for the year ended 31 August 2021

## 8 Goodwill and intangible assets continued

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

Group – 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
Accumulated impairment		(1 791 488)	(2 776 834)	(464 444)	(5 032 766)
<b>Total goodwill</b>		–	–	–	–

\* The financial year in which the business combination occurred

Company – 31 August 2020				
	Office	Retail	Industrial	Total
Arising from business combination of:				
Fountainhead group*	169 724	589 565	98 261	857 550
Impairment	(169 724)	(589 565)	(98 261)	(857 550)
<b>Total goodwill</b>	–	–	–	–

\* The financial year in which the business combination occurred was 2015

The recoverable amounts of the CGUs 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 during the prior financial year are shown in the table below:

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

During the prior financial year, as the recoverable amount did not exceed the carrying amount of each CGU including the allocated goodwill, this resulted in goodwill being fully impaired during August 2020 financial year.

An impairment loss in respect of goodwill is not reversed.

## 8 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 during August 2020 financial year 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, during the prior financial year, the ongoing increases in electricity-related costs, structural tariff changes and tenant mix were noted as 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 during the prior financial year. 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 CGUs during the prior financial year:

Figures in R'000	2020				Total
	Office	Retail	Industrial	Specialised	
Electricity recovery business	122 322	106 828	46 266	–	275 416
Impairment	(122 322)	(106 828)	(46 266)	–	(275 416)
	–	–	–	–	–

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

- Electricity recovered from tenants will increase by 6.0% per annum
- Operating expenses relating to electricity recovered from tenants will increase by 8.7% per annum
- A discount rate of 14.0% 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 was Rnil

The carrying amount of the electricity recovery business was accordingly impaired in full during the prior financial period.

# Notes to the financial statements continued

for the year ended 31 August 2021

				Group	
Figures in R'000	Principal place of business	Effective interest (%)	Notes	2021	2020
<b>9</b>	<b>Investments in associate and joint ventures</b>				
<b>Associate</b>					
EPP N.V.	Poland	45.4 (2020: 45.4)		6 489 101	7 347 471
<b>Joint ventures</b>					
European Logistics Investment B.V.	Poland	46.5 (2020: 46.5)		2 345 777	1 261 227
Mall of the South Proprietary Limited	South Africa	20.0 (2020: nil)		-	-
Carrying amount				<b>8 834 878</b>	8 608 698
<b>Movement for the year</b>					
Balance at beginning of year				<b>8 608 698</b>	11 850 004
Additional investment in joint venture				<b>606 023</b>	196 657
Investment from subsidiary becoming a joint venture				-	898 221
Disposal of associate				-	(2 262 265)
<i>Equity-accounted results for the year per the statement of profit or loss and other comprehensive income</i>					
Equity-accounted profit or loss of associate and joint ventures (net of taxation)				<b>275 040</b>	(403 900)
Share of distributable profit				<b>1 228 727</b>	972 152
Fair value adjustment of investment property				<b>(953 687)</b>	(1 376 052)
Other comprehensive income of associate and joint ventures				<b>(178 378)</b>	(547 475)
Items that are or may be reclassified to profit or loss – realised				-	(40 178)
Items that are or may be reclassified to profit or loss				<b>(178 378)</b>	(507 297)
Dividends and interest from associate and joint ventures				<b>(79 191)</b>	(543 408)
Dividend income				<b>(79 191)</b>	(543 408)
Share of other reserves of associate				<b>(1 638)</b>	38
Profit on dilution of interest in associate				-	1 778
Loss on disposal of interest in associate				-	(259 592)
Impairment of investment in associate				-	(2 385 570)
Reversal of impairment of investment in associate				<b>922 526</b>	-
Currency translation adjustment of foreign investments				<b>(1 318 202)</b>	2 064 211
Recognised in other comprehensive income				<b>(1 318 202)</b>	2 064 211
Balance at end of year				<b>8 834 878</b>	8 608 698

				Company	
Figures in R'000	Principal place of business	Effective interest (%)	Notes	2021	2020
<b>Associate</b>					
EPP N.V.	Poland	45.4 (2020: 45.4)		<b>7 347 471</b>	7 347 471
<b>Joint venture</b>					
Mall of the South Proprietary Limited <sup>^</sup>	South Africa	20.0 (2020: nil)		-	-
Carrying amount				<b>7 347 471</b>	7 347 471
<b>Movement for the year</b>					
Balance at beginning of year				<b>7 347 471</b>	7 876 870
Impairment for the year				-	(529 399)
Balance at end of year				<b>7 347 471</b>	7 347 471

<sup>^</sup> The carrying amount of the investment has been limited to nil, as it is loss-making. The investment was acquired during the current financial year

Redefine's offshore property exposure comprises of the investment in foreign associate (EPP) and foreign joint venture (ELI). Refer to note 2: Segmental report for details on the foreign operations relating to the group. There are no restrictions on the ability of the foreign associate to transfer funds to its shareholders in the form of cash and dividends or interest.

## 9 Investments in associate and joint ventures continued

### EPP N.V. (EPP)

EPP listed on the Luxembourg Stock Exchange on 30 August 2016, and thereafter listed on the JSE on 13 September 2016 (the JSE listing being the primary listing). The acquisition date of Redefine's investment is 1 June 2016.

EPP has a 31 December financial year end. For practical purposes and in consideration of the sensitivity of financial information reported, results to 30 June 2021 (being the interim reporting date) have been accounted for using the equity method for the group and the company applied cost less accumulated impairment.

During the 2020 financial year, the prolonged decline in the share price of EPP and the impact of **COVID-19** on its operations led to the recognition of an impairment loss amounting to R2.3 billion for the group and R529.4 million for the company. During the 2021 financial year, the improvement in the EPP share price, the low Polish unemployment rate, the favourable progress of the vaccination programme in Poland, and EPP's main strategic objective to reduce leverage in the business through the disposal of a selected group of assets by means of either outright sales or sales to new long-term joint venture partners were noted as indicators that the impairment loss recognised in the prior period had partially reversed. The carrying value of EPP was subject to impairment testing in accordance with IAS 36: *Impairment of Assets*. The reversal of impairment was calculated by comparing the carrying amount to the recoverable amount.

The recoverable amount was based on the value in use of the investment and was calculated using a 5 year dividend growth model considering the following factors:

- Stabilisation of the pandemic situation attributable mostly to the progress in the vaccination programme and strong pandemic prevention measures taken by the Polish government during March 2021 to date. In Poland, by 12 September 2021, 52% of the population has received at least one dose of the vaccine and 51% are fully inoculated. Vaccinations are already available for everyone from 12 years of age
- EPP's retail centres are 100% operational as at 30 June 2021 with footfall trends continuing to trend positively (84% of 2019 footfall levels in August 2021)
- Investment properties' value increased by 6% for the six months interim period ending 30 June 2021 to €2.25 billion (December 2020: €2.13 billion)
- Distributable earnings per share increased by 54% to 3.66 euro cents (June 2020: 2.38 euro cents)
- The Polish economy is experiencing a strong rebound and has already returned to pre-pandemic growth and development levels. Outlook for the Polish economy is positive. Oxford Economics has forecast 2021 GDP growth of 4.9% for Poland which is expected to increase by 5.6% in 2022. According to the report, Poland is one of the few countries expected to experience the fastest return to pre-pandemic levels
- The strong economy is reflected in the low unemployment rate, which is forecast to continue decreasing. Declining unemployment is anticipated to boost wage growth, which is expected to stimulate additional retail spending. Oxford Economics forecasts retail growth in Poland to be as high as 7.2% in 2021 and 4.9% in 2022

Based on the above in determining the recoverable amount of the investment in EPP the discount rate and exit yield were adjusted from the prior year.

The following key assumptions and inputs were used:

- Dividend growth – 2.5% (2020: 3.0%)
- Exit yield – 9.5% (2020: 9.9%)
- Discount rate – 12.0% (2020: 12.9%)

	2021	2020
<b>Holding on JSE</b>		
Number of shares	<b>412 568 785</b>	412 568 785
Closing share price – 31 August (ZAR)	<b>11.68</b>	7.33
Quoted fair value of the investment (R'000)	<b>4 818 803</b>	3 024 129

First mortgage bonds have been registered over 44 200 000 of the EPP shares (2020: 44 200 000).

# Notes to the financial statements continued

for the year ended 31 August 2021

## 9 Investments in associate and joint ventures continued

### European Logistics Investment B.V. (ELI)

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

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

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

RDF EUR has entered into two put options with GP:

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

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

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

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

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

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

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

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

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

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

ELI has a 31 August financial year end. The financial results up to 31 August 2021 have been accounted for using the equity method.

No impairment test was performed for ELI, as no impairment indicators were present at year-end.

## 9 Investments in associate and joint ventures continued

### Mall of the South Proprietary Limited (MOTS PropCo)

During October 2020, Firstrand Bank (FRB) (through Rand Merchant Bank (RMB)), RMB Investment and Advisory (RMBIA) and Redefine entered into a transaction which provided for the Mall of the South (MOTS) to be acquired by a newly established entity MOTS PropCo.

RMBIA holds an 80% equity interest in MOTS PropCo and Redefine holds the remaining 20% equity interest.

The purpose of MOTS PropCo is the acquisition, management and disposal of properties (including but not limited to the MOTS and any other retail property). According to the shareholders' agreement, the decisions pertaining to the relevant activities are decided by unanimous consent of both RMBIA and Redefine. RMBIA or Redefine can prevent the other party from making unilateral decisions on relevant activities without its consent.

In addition, both RMBIA and Redefine have joint control of and rights to the net assets of the arrangement (MOTS PropCo).

MOTS PropCo and Redefine entered into a property management agreement in terms of which RMBIA and Redefine jointly mandate Redefine to provide property management services to MOTS PropCo. The terms and conditions of this agreement is subject to the unanimous consent of RMBIA and Redefine. Redefine receives a market-related fee for these property management services. Redefine (or any other appointed property manager) may be removed at any time, without cause, provided RMBIA and Redefine unanimously agree.

The asset management function will be performed by both shareholders, whereby decision-making in this regard would also be required to be unanimous.

Therefore, RMBIA and Redefine meet the definition of joint control and the MOTS PropCo meets the definition of a joint venture from date of establishment.

FRB (through RMB) advanced a term and revolving facility to a maximum amount of R1.825 billion to MOTS PropCo for the outright acquisition of MOTS from Truzen (Zenprop).

The consideration payable for MOTS comprises:

- An initial purchase price of R1.760 billion
- An escalation by the prevailing prime overdraft rate of the initial purchase price as the closing date occurred after 1 November 2020
- An agterskot payment to a maximum amount of R25.5 million

As security for the facility advanced to MOTS PropCo, RMB will register a first covering mortgage bond over MOTS, as well as benefit from a cession in security of the leases, rental income, sales and insurance proceeds related to MOTS.

Redefine issued a put option (shares) whereby RMBIA will have the right to sell its shares in MOTS PropCo to Redefine and put option (claims) to FRB whereby FRB will have the right to sell its rights and obligations under the facility to Redefine.

In addition, during the tenor of the facility, RMBIA, (through RMB as advisor to RMBIA), and Redefine (the agents), acting jointly, will market the shares and claims in MOTS PropCo (or if applicable, MOTS in any form) to potential third-party acquirors.

To the extent that the shares and claims in MOTS PropCo (or if applicable, MOTS in any form) are disposed of to a third-party for an amount which is less than the aggregate of the put option (claims) exercise price; put option (shares) exercise price and the Redefine sale price (aggregate sale price), Redefine will be liable to pay RMB the shortfall.

Refer to note 25: Insurance contract liability and note 23: Derivative assets/(liabilities) for further details on the above arrangements.

MOTS PropCo has a 30 June financial year end. The audited financial results up to 30 June 2021 has been accounted for using the equity method.

# Notes to the financial statements continued

for the year ended 31 August 2021

## 9 Investments in associate and joint ventures continued

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

Figures in R'000	Group			
	2021			
	Mall of the South Proprietary Limited	EPP N.V.	European Logistics Investments B.V.	Total
Functional currency	ZAR	EUR	PLN	
Effective interest	20.0%	45.4%	46.5%	
<b>SUMMARISED STATEMENTS OF FINANCIAL POSITION</b>				
Investment property	1 587 000	38 845 894	10 388 422	50 821 316
Property, plant and equipment	-	-	49	49
Other non-current assets	-	2 988 401	738 852	3 727 253
Non-current assets	1 587 000	41 834 295	11 127 323	54 548 618
Current assets	21 965	2 205 284	871 928	3 099 177
Other	-	-	178 454	178 454
Total assets	1 608 965	44 039 579	12 177 705	57 826 249
Interest-bearing borrowings	1 762 976	22 706 022	4 272 410	28 741 408
Loans from shareholders	-	-	1 276 668	1 276 668
Other non-current liabilities	5 745	2 309 007	766 421	3 081 173
Non-current liabilities	1 768 721	25 015 029	6 315 499	33 099 249
Current liabilities	64 774	2 972 081	871 373	3 908 228
Total liabilities	1 833 495	27 987 110	7 186 872	37 007 477
Net assets	(224 530)	16 052 469	4 990 833	20 818 772
Proportionate share of net assets	-*	7 294 202	2 320 737	9 614 939
Goodwill (included in carrying amount)	-	536 445	25 040	561 485
Impairment of investment in associate	-	(1 341 546)	-	(1 341 546)
Carrying amount of investments	-	6 489 101	2 345 777	8 834 878
<b>SUMMARISED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>				
Revenue	138 506	3 121 825	650 681	3 911 012
Operating costs	(57 918)	(901 751)	(254 864)	(1 214 533)
Fair value adjustments	(225 424)	(2 098 795)	1 568 162	(756 057)
Equity-accounted losses	-	(648 334)	-	(648 334)
Interest expense	(72 269)	(822 711)	(179 947)	(1 074 927)
Profit/(loss) for the year	(224 530)	(1 060 720)	1 628 019	342 769
Equity-accounted (losses)/profit	-	(481 989)	757 029	275 040
Other comprehensive (loss)/income	-	(410 334)	17 370	(392 964)
Equity-accounted other comprehensive income/(loss)	-	(186 455)	8 077	(178 378)
Total comprehensive (loss)/income	(224 530)*	(1 471 054)	1 645 389	(50 195)
Bargain purchase on acquisition of associate	-	-	-	-
Total equity-accounted earnings of associate and joint ventures	-	(668 444)	765 106	96 662
Dividend income	-	-	(79 191)	(79 191)
Additional specific disclosure for joint ventures:				
Taxation (per the statement of profit or loss and other comprehensive income)	-	-	(342 168)	(342 168)
Cash and cash equivalents	6 879	-	871 928	878 807
Other non-current financial liabilities	-	-	(66 178)	(66 178)
Current financial liabilities (excluding trade and other payables)	24 580	-	-	24 580

\* The investment is in a loss-making position, the equity accounted earnings are limited to nil



## 9 Investments in associate and joint ventures continued

Figures in R'000	Group				Total
	2020				
	EPP N.V.	RDI REIT Plc	European Logistics Investments B.V.		
Functional currency	EUR	GBP	PLN		
Effective interest	45.4%	0.0%	46.5%		
<b>SUMMARISED STATEMENTS OF FINANCIAL POSITION</b>					
Investment property	44 008 801	–	8 277 478		52 286 279
Property, plant and equipment	–	–	76		76
Other non-current assets	3 403 237	–	–		3 403 237
Non-current assets	47 412 038	–	8 277 554		55 689 592
Current assets	4 206 342	–	476 225		4 682 568
Total assets	51 618 380	–	8 753 780		60 372 160
Interest-bearing borrowings	27 569 682	–	4 022 294		31 591 975
Loans from shareholders	–	–	706 417		706 417
Other non-current liabilities	2 743 017	–	505 298		3 248 315
Non-current liabilities	30 312 699	–	5 234 008		35 546 707
Current liabilities	1 502 337	–	821 630		2 323 967
Total liabilities	31 815 036	–	6 055 638		37 870 673
Net assets	19 803 345	–	2 698 142		22 501 487
Proportionate share of net assets	8 998 590	–	1 254 636		10 253 226
Goodwill (included in carrying amount)	612 953	–	6 591		619 544
Impairment of investment in associate	(2 264 072)	–	–		(2 264 072)
<b>Carrying amount of investments</b>	<b>7 347 471</b>	<b>–</b>	<b>1 261 227</b>		<b>8 608 698</b>
<b>SUMMARISED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>					
Revenue	3 041 792	1 393 030	457 705		4 989 040
Operating costs	(832 267)	(532 329)	(170 142)		(1 571 620)
Fair value adjustments	(1 903 268)	(2 341 433)	82 884		(4 324 037)
Equity-accounted profit	(145 004)	(8 158)	–		(153 728)
Interest expense	(741 367)	(465 023)	(115 650)		(1 354 258)
Profit/(loss) for the year	71 757	(2 117 080)	288 464		(1 903 356)
<b>Equity-accounted profit</b>	<b>32 606</b>	<b>(499 317)</b>	<b>62 811</b>		<b>(403 900)</b>
Other comprehensive (loss)/income	(1 052 358)	48 950	17 325		(986 083)
<b>Equity-accounted other comprehensive (loss)/income</b>	<b>(478 189)</b>	<b>(20 309)</b>	<b>(8 800)</b>		<b>(507 297)</b>
Total comprehensive (loss)/income	(980 600)	(2 068 130)	305 788		(2 742 942)
<b>Bargain purchase on acquisition of associate</b>	<b>–</b>	<b>1 778</b>	<b>–</b>		<b>1 778</b>
<b>Total equity-accounted earnings of associate and joint ventures</b>	<b>(445 582)</b>	<b>(517 848)</b>	<b>54 011</b>		<b>(909 419)</b>
<b>Dividend income</b>	<b>(389 286)</b>	<b>(131 407)</b>	<b>(22 715)</b>		<b>(543 408)</b>
<i>Additional specific disclosure for joint ventures:</i>					
Taxation (per the statement of profit or loss and other comprehensive income)	–	–	(26 801)		(26 801)
Cash and cash equivalents	–	–	270 695		270 695
Other non-current financial liabilities	–	–	(4 871 538)		(4 871 538)
Current financial liabilities (excluding trade and other payables)	–	–	(12 483)		(12 483)

# Notes to the financial statements continued

for the year ended 31 August 2021

Figures in R'000	Notes	Group		Company	
		2021	2020	2021	2020
<b>10</b>					
<b>Loans receivable</b>					
Gross vendor loans		2 956 495	2 422 079	537 227	1 134 892
Gross share purchase scheme		78 385	74 183	78 385	74 183
Gross loan receivable	55.3	3 034 880	2 496 262	615 612	1 209 075
Expected credit loss	55.3	(308 018)	(194 242)	(66 735)	(101 282)
Balance at end of year		2 726 862	2 302 020	548 877	1 107 793
<b>Non-current</b>		2 463 436	1 997 042	413 081	1 067 080
Vendor loans		2 402 757	1 949 610	352 402	1 019 647
Share purchase scheme		60 679	47 432	60 679	47 433
<b>Current</b>		263 426	304 978	135 796	40 713
Vendor loans		263 426	296 183	135 796	31 919
Share purchase scheme		-	8 795	-	8 794

	Capital repayment date	Interest rate (%)	Group		Company	
			2021	2020	2021	2020
<b>Redefine share purchase scheme</b>			78 385	74 183	78 385	74 183
The loan was granted to directors and employees in terms of the share purchase scheme to purchase Redefine Properties Limited shares. The loan is secured by 6 803 337 (2020: 6 803 337) Redefine Properties Limited shares.	Earlier of: - 14 May 2023 or - three years after termination of employment	3m JIBAR +2.00	78 385	65 388	78 385	65 389
			-	8 795	-	8 794
<b>Khulemani Masingita</b>			121 750	114 110	121 750	114 110
The loan is secured by a mortgage bond over the investment property.	Third anniversary of the commencement date of the development. Development has not yet commenced.	3m JIBAR +2.00				
<b>Setso Holdco Proprietary Limited</b>			544 895	593 192	-	-
The loan is secured by a pledge of the shareholder equity of the wholly owned subsidiary, Setso Property Fund Proprietary Limited.	30 December 2022 30 December 2021 31 December 2020*	13.00 13.00 13.00	344 895 50 000 150 000	293 192 50 000 250 000	- - -	- - -
<b>Kyalami Retail Village Proprietary Limited</b>			168 913	173 821	-	-
The loan is secured by a suretyship and pledge agreement from the shareholders of Kyalami Retail Village Proprietary Limited.	11 November 2021	Prime -0.50				

\* As at 31 December 2020, R250 million became due to Redefine. Setso made partial payments of R100 million up to 31 August 2021. Subsequent to year end, Setso has made further payments of R90 million. Setso is categorised as underperforming, refer to note 55.3: Financial risk management.

## 10 Loans receivable continued

	Capital repayment date	Interest rate (%)	Group		Company	
			2021	2020	2021	2020
<b>Chariot Top Group B.V</b> This loan is unsecured. During the current year Redefine exchanged its 25% equity interest in Chariot Top Group B.V for additional loans receivable from Chariot Top Group B.V. Refer to note 11: Other financial assets.	31 December 2027	7.20	<b>961 998</b>	627 542	-	627 542
<b>Cradlestone Mall Proprietary Limited</b> The loan is secured by a pledge agreement from the shareholders of Cradlestone Mall Proprietary Limited.	18 November 2022	Prime -0.50	<b>93 066</b>	87 225	-	-
<b>Divercity Urban Property Fund Proprietary Limited</b> The loan is secured by a cession and pledge agreement of the shares in K201810351 (South Africa) Proprietary Limited held by Divercity Urban Property Fund Proprietary Limited. This loan was early settled during June 2021. Previous capital repayment date 30 September 2021.	29 June 2021	9.20	-	172 563	-	172 563
<b>Turnover Trading 191 Proprietary Limited</b> The loan is secured by a second covering sectional title mortgage bond, suretyship from the sureties and a cession of the borrowers co-ownership voting rights.	1 May 2023 30 November 2020	10.00 10.00	<b>41 490</b> -	41 309 20 000	- -	- -
<b>Van Der Merwe Venter Proprietary Limited</b> The loan is secured by first mortgage bonds over various investment properties.	27 September 2021	10.05	<b>63 075</b>	137 019	<b>63 075</b>	137 019
<b>Noskop 2 Proprietary Limited</b> The loan is secured by a suretyship by QPG Holdings Proprietary Limited and two directors of QPG Holdings Proprietary Limited.	31 August 2020	Prime +3.00	-	1 134	-	1 134
<b>Enyuka Ermelo</b> The loan is unsecured.	30 November 2022	9.60	<b>46 904</b>	46 919	<b>46 904</b>	46 919
<b>Enyuka Alberton</b> The loan is unsecured.	30 November 2022	9.60	<b>35 594</b>	35 605	<b>35 594</b>	35 605
<b>European Logistics Investment B.V.</b> The loan is unsecured.	31 December 2027	8.00	<b>608 906</b>	391 640	-	-
<b>Respublica Student Living</b> The loan is secured by the second-ranking guarantee from Micawber 891 RF (Pty) Ltd (SPV), a counter-indemnity to the SPV, first continuous covering mortgage bond registered over the investment properties in favour of the SPV and Cession in security of lease agreements and rentals pertaining to the investment properties and all insurance policies pertaining to the investment properties.	29 February 2024	first year: Prime +2.00, second year: Prime +4.00, third year to final repayment date: Prime +6.00	<b>269 904</b>	-	<b>269 904</b>	-
Gross loan receivable			<b>3 034 880</b>	2 496 262	<b>615 612</b>	1 209 075

# Notes to the financial statements continued

for the year ended 31 August 2021

Figures in R'000	Group		Company	
	2021	2020	2021	2020
<b>11 Other financial assets</b>				
<b>Fair value through profit and loss</b>				
<b>Non-current</b>	<b>164 819</b>	620 341	–	361 480
Madison International Holdings	–	80 115	–	–
Rental guarantee	–	1 325	–	–
Enterprise Development Fund	–	3 082	–	–
Investment in Chariot Top Group B.V.	–	361 480	–	361 480
Lango Real Estate Limited (formerly known as Growthpoint Investec African Properties Limited)	<b>164 819</b>	174 339	–	–
<b>Current</b>	<b>103 159</b>	204 679	–	–
Madison International Holdings	<b>87 689</b>	203 503	–	–
Rental guarantee	<b>15 470</b>	1 176	–	–
	<b>267 978</b>	825 020	–	361 480

## Madison International Holdings VII LLC (Madison)

In February 2020, Madison acquired 46.5% of ELI and GP acquired an additional 2.0%, increasing their shareholding from 5.0% to 7.0%. The assets under construction portion of the proceeds from the sale of 48.5% of ELI was outstanding at reporting date and has been recognised as other financial assets. Refer to note 9: Investment in associate and joint ventures and note 30: Fair value disclosures for the Madison earnings for the fair value determination.

## Rental guarantee

In January 2020, Stykow, a Polish investment property, that was held by Central Logistics Investments sp. z.o.o. (CLI) was disposed, as part of the agreement a rental guarantee was entered into with the buyer to guarantee a certain level of rental income to be generated from the disposed property. A rental guarantee liability has been recognised, 5.0% of the rental guarantee which has been recognised as an asset, and is recoverable from GP.

During the current financial year, Leicester Street student accommodation (Leicester) was disposed by Journal Student Accommodation Fund, as part of the agreement a rental guarantee was entered into with the buyer to guarantee a certain level of rental income to be generated from the disposed property. A portion of the proceeds were withheld by a third party and realised to Journal Student Accommodation Fund based on the generated income of the building.

## Investment in Chariot Top Group B.V.

During December 2017, Redefine acquired a 25% equity share in Chariot Top Group B.V. (Chariot) for an initial acquisition price of R138.3 million (EUR8.5 million). Due to Redefine not obtaining the power to participate in the financial and operating policy decisions of Chariot, the definition of significant influence has not been met. Chariot has therefore been accounted for as an unlisted investment at FVTPL. In order to calculate the fair value of the investment, a look-through approach to their statement of financial position was adopted where 25% of the fair value in the underlying assets and liabilities was used to calculate the fair value of Redefine's investment.

Further to the above equity investment, Redefine granted an initial loan of R771.7 million (EUR49.4 million) in proportion to its shareholding (refer to note 10: Loans receivable) and entered into profit participation agreement with East Management (refer to note 24: Other financial liabilities).

During the current financial year, the investment in Chariot Top Group B.V. was disposed for a consideration of R373.3 million (EUR21.5 million) as part of the M1 Marki transaction. Refer to note 10: Loans receivable. The consideration was settled by increasing the vendor loan with Chariot.

## Lango Real Estate Limited

Redefine disposed of its investment in SB Wings Development Proprietary Limited, a Mauritian-based subsidiary, during the prior financial year. The purchase consideration received was an exchange of 2 093 517 shares in an unlisted company, Lango Real Estate Limited, valued at R174.3 million (USD10.5 million). Refer to note 49: Proceeds on disposal of investment properties and properties classified as held-for-sale.

Figures in R'000	Notes	Group		Company	
		2021	2020	2021	2020
<b>12</b>		<b>Property, plant and equipment</b>			
		<b>Carrying amount</b>			
		<b>21 198</b>	28 511	<b>21 198</b>	28 511
		<b>23 329</b>	45 194	<b>23 329</b>	45 194
		<b>(2 131)</b>	(16 683)	<b>(2 131)</b>	(16 683)
		<b>12 176</b>	17 384	<b>12 158</b>	17 356
		<b>39 847</b>	44 675	<b>39 819</b>	42 605
		<b>(27 671)</b>	(25 994)	<b>(27 661)</b>	(25 249)
		<b>-</b>	(1 297)	<b>-</b>	-
		<b>2 765</b>	4 205	<b>2 724</b>	4 138
		<b>5 568</b>	7 113	<b>5 429</b>	5 115
		<b>(2 803)</b>	(1 696)	<b>(2 705)</b>	(977)
		<b>-</b>	(1 212)	<b>-</b>	-
		<b>-</b>	100 239	<b>-</b>	100 239
		<b>-</b>	100 948	<b>-</b>	100 948
		<b>-</b>	(709)	<b>-</b>	(709)
		<b>28 600</b>	26 660	<b>-</b>	-
		<b>42 109</b>	42 108	<b>-</b>	-
		<b>(11 689)</b>	(15 448)	<b>-</b>	-
		<b>(1 820)</b>	-	<b>-</b>	-
	6	<b>-</b>	28 822	<b>-</b>	28 822
		<b>-</b>	46 573	<b>-</b>	46 573
		<b>-</b>	(17 751)	<b>-</b>	(17 751)
		<b>239</b>	292	<b>239</b>	293
		<b>444</b>	2 796	<b>444</b>	465
		<b>(205)</b>	(1 382)	<b>(205)</b>	(172)
		<b>-</b>	(1 122)	<b>-</b>	-
		<b>857</b>	1 418	<b>857</b>	1 414
		<b>2 793</b>	2 951	<b>2 793</b>	2 793
		<b>(1 936)</b>	(1 533)	<b>(1 936)</b>	(1 379)
		<b>65 835</b>	207 531	<b>37 176</b>	180 773

# Notes to the financial statements continued

for the year ended 31 August 2021

Figures in R'000	Notes	Group		Company	
		2021	2020	2021	2020
<b>12</b>					
<b>Property, plant and equipment</b>					
continued					
<b>Movement for the year</b>					
Balance at beginning of year		<b>207 531</b>	195 511	<b>180 773</b>	159 878
Additions at cost		<b>28 550</b>	61 122	<b>28 550</b>	60 108
– Leasehold improvements		<b>23 329</b>	–	<b>23 329</b>	–
– Computer equipment		<b>4 859</b>	8 746	<b>4 859</b>	8 375
– Furniture and fittings		<b>347</b>	4 815	<b>347</b>	4 815
– Office equipment		<b>15</b>	988	<b>15</b>	345
– Right-of-use assets		<b>–</b>	46 573	<b>–</b>	46 573
Disposals at carrying amount		<b>(1 153)</b>	(41)	<b>(1 153)</b>	–
– Computer equipment		<b>(1 153)</b>	(41)	<b>(1 153)</b>	–
Transfer to investment property*		<b>(115 851)</b>	–	<b>(115 851)</b>	–
– Owner-occupied	3	<b>(97 165)</b>	–	<b>(97 165)</b>	–
– Right-of-use assets	3	<b>(18 686)</b>	–	<b>(18 686)</b>	–
Revaluation		<b>(9 449)</b>	(28 625)	<b>(13 209)</b>	(22 608)
– Owner-occupied		<b>(3 073)</b>	(4 857)	<b>(3 073)</b>	(4 857)
– Right-of-use assets	6	<b>(10 136)</b>	(17 751)	<b>(10 136)</b>	(17 751)
– Hotel		<b>3 760</b>	(6 017)	<b>–</b>	–
Depreciation		<b>(43 789)</b>	(18 234)	<b>(41 934)</b>	(16 605)
– Leasehold improvements		<b>(30 642)</b>	(4 519)	<b>(30 642)</b>	(4 520)
– Computer equipment		<b>(8 910)</b>	(9 224)	<b>(8 904)</b>	(8 869)
– Furniture and fittings		<b>(1 788)</b>	(2 736)	<b>(1 762)</b>	(2 443)
– Office equipment		<b>(68)</b>	(1 164)	<b>(68)</b>	(213)
– Motor vehicles		<b>(561)</b>	(591)	<b>(558)</b>	(560)
– Owner-occupied		<b>(1 820)</b>	–	<b>–</b>	–
Impairment		<b>–</b>	(3 891)	<b>–</b>	–
– Computer equipment		<b>–</b>	(1 297)	<b>–</b>	–
– Furniture and fittings		<b>–</b>	(1 212)	<b>–</b>	–
– Office equipment		<b>–</b>	(1 382)	<b>–</b>	–
Foreign exchange (loss)/gain		<b>(4)</b>	1 689	<b>–</b>	–
– Office equipment		<b>(4)</b>	1 689	<b>–</b>	–
Balance at end of year		<b>65 835</b>	207 531	<b>37 176</b>	180 773

\* Reclassification of Rosebank towers to investment properties

First mortgage bonds have been registered over South African property, plant and equipment with a revaluation amount of R28.6 million (2020: R100.2 million).

Figures in R'000		Notes	Company	
			2021	2020
<b>13</b>	<b>Interests in subsidiaries</b>			
<b>13.1</b>	<b>Investment in subsidiaries</b>			
	Shares at cost less impairment		<b>13 639 556</b>	14 177 877
	<b>Movement in shares at cost</b>			
	Balance at beginning of year		<b>14 177 877</b>	14 236 065
	Acquisitions		<b>416 962</b>	295 693
	Journal Student Accommodation Fund and Student Accommodation Operations Proprietary Limited		-	7 898
	Redefine Europe B.V.		<b>416 962</b>	287 795
	Disposal of shares		<b>(299 037)</b>	-
	Respublica Student Living Proprietary Limited		<b>(299 037)</b>	-
	Impairment of subsidiaries	37	<b>(656 246)</b>	(353 881)
	Redefine Global Proprietary Limited		<b>(651 015)</b>	(144 089)
	Micawber 185 Proprietary Limited		<b>(1)</b>	(1)
	Redefine Europe B.V.		<b>(5 230)</b>	(158 020)
	Journal Student Accommodation Fund and Journal Student Living Pty Ltd		-	(51 771)
	<b>Balance at end of year</b>		<b>13 639 556</b>	14 177 877
	<b>Impairment of shares</b>			
	<b>Shares at cost less impairment</b>			
	Gross carrying amount		<b>21 289 408</b>	21 171 483
	Accumulated impairment opening balance		<b>(6 993 606)</b>	(6 639 725)
	Impairment of shares	37	<b>(656 246)</b>	(353 881)
	<b>Net shares at cost</b>		<b>13 639 556</b>	14 177 877
	The shares held in subsidiaries are tested annually for impairment. Impairment indicators were present, i.e. the net asset value of the relevant underlying subsidiary was below the carrying value of the investment and the carrying value of the investment is not expected to be recovered through distributable profits of the relevant subsidiary.			
	Subsequently an impairment test was performed and an impairment was recognised as the carrying amount exceeded the recoverable amount, for investments which will not be recovered through its distributable profits, for subsidiaries mentioned above.			
<b>13.2</b>	<b>Loans to/(from) subsidiaries</b>			
	Loans to local subsidiaries are interest free (except for the loan advanced to Respublica Student Living, before it was disposed). These loans are unsecured with no fixed repayment dates. Loans to international subsidiaries carry an interest charge. Refer to note 39: Interest income, for the interest income earned from subsidiaries and refer to note: 57 Related-party transactions for intercompany transactions.			
	<b>Loans from subsidiaries</b>	57	<b>(1 928 090)</b>	(2 774 905)
	<b>Loans to subsidiaries</b>	57		
	Gross intercompany loans receivable		<b>26 707 213</b>	26 812 721
	Expected credit loss	55.3	<b>(1 478 166)</b>	(1 140 465)
	Expected credit loss – opening balance		<b>(1 140 465)</b>	(602 940)
	Expected credit loss movement		<b>(337 701)</b>	(537 525)
	<b>Net intercompany loan receivable</b>		<b>25 229 047</b>	25 672 256

# Notes to the financial statements continued

for the year ended 31 August 2021

Figures in R'000	Notes	Group		Company	
		2021	2020	2021	2020
<b>14</b>					
<b>Trade and other receivables</b>					
Trade receivables (incl. municipal recoveries)		<b>728 208</b>	792 255	<b>464 077</b>	486 089
Less: expected credit loss	55.3	<b>(327 697)</b>	(402 715)	<b>(210 196)</b>	(280 441)
Net trade receivables		<b>400 511</b>	389 540	<b>253 881</b>	205 648
Deposits		<b>92 237</b>	106 363	<b>55 807</b>	58 901
Prepayments*		<b>306 762</b>	49 567	<b>86 602</b>	39 258
Rates clearances		<b>12 741</b>	30 122	<b>11 835</b>	32 264
Interest receivable		<b>4 142</b>	-	<b>4 142</b>	-
Current taxation receivable		<b>60</b>	-	<b>-</b>	-
Value added taxation		-	19	-	-
Other receivables		<b>84 074</b>	111 153	<b>20 053</b>	53 158
Trade and other receivables		<b>900 527</b>	686 764	<b>432 320</b>	389 229

\* Redefine Europe will acquire shares in Bruin sp. z.o.o (Marki SPV), which holds the title to the Marki Commercial Centre located in Marki near Warsaw, Poland (the M1 Marki), from Chariot for an aggregate purchase price equal to 75% of the net asset value attributable to Marki SPV (the M1 Marki transaction). During March 2021, Redefine Europe prepaid an amount of € 10 million (R175 million) toward Marki SPV

Refer to note 55.3: Financial risk management, for credit risk.

Figures in R'000	Notes	Group		Company	
		2021	2020	2021	2020
<b>15</b>					
<b>Cash and cash equivalents</b>					
Unrestricted cash balances		<b>1 356 385</b>	232 078	<b>1 120 854</b>	49 164
A significant portion of bank balances are with The Standard Bank of South Africa Limited and the National Australian Bank (NAB), who have a Moody's credit rating of Ba1 and Aa3 respectively.					
<b>16</b>					
<b>Non-current assets and liabilities held-for-sale</b>					
<b>Non-current assets held-for-sale</b>					
South African investment property		<b>841 338</b>	541 405	<b>795 046</b>	499 406
Foreign investment property		<b>1 907 735</b>	5 167 075	<b>-</b>	-
Journal Student Living Pty Ltd		<b>-</b>	12 789	<b>-</b>	-
		<b>2 749 073</b>	5 721 269	<b>795 046</b>	499 406
<b>Non-current liabilities held-for-sale</b>					
Journal Student Living Proprietary Fund		<b>-</b>	(12 789)	<b>-</b>	-
		<b>-</b>	(12 789)	<b>-</b>	-
Balance at beginning of year		<b>5 708 480</b>	1 081 659	<b>499 406</b>	555 302
Additions		<b>1 570</b>	7 868	<b>-</b>	510
Disposals		<b>(3 353 979)</b>	(789 926)	<b>(520 284)</b>	(567 787)
Transfer from investment property	3	<b>748 753</b>	5 666 480	<b>748 753</b>	499 405
Transfer from properties under development	5	<b>92 586</b>	-	<b>46 293</b>	-
Tenant installations amortised		<b>(165)</b>	(54)	<b>(165)</b>	(53)
Change in fair values		<b>54 081</b>	(266 068)	<b>21 043</b>	12 029
Translation differences		<b>(502 253)</b>	8 521	<b>-</b>	-
Balance at end of year		<b>2 749 073</b>	5 708 480	<b>795 046</b>	499 406

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



Figures in R'000	Notes	Group		Company	
		2021	2020	2021	2020
<b>17 Stated capital</b>					
<b>Authorised</b>					
10 000 000 000 (2020: 10 000 000 000) ordinary shares of no par value					
<b>Issued</b>					
5 793 183 210 (2020: 5 793 183 210 ) ordinary shares of no par value		<b>44 593 553</b>	44 593 553	<b>44 607 971</b>	44 607 971
Less: 360 553 015 (2020: 360 553 015) treasury shares		<b>(6)</b>	(6)	<b>-</b>	-
		<b>44 593 547</b>	44 593 547	<b>44 607 971</b>	44 607 971
<b>Reconciliation of issued stated capital</b>					
In issue at beginning of year		<b>44 593 547</b>	44 589 066	<b>44 607 971</b>	44 603 490
Shares reallocated from treasury shares		<b>-</b>	4 481	<b>-</b>	4 481
Balance at end of year		<b>44 593 547</b>	44 593 547	<b>44 607 971</b>	44 607 971
<b>Reconciliation of number of ordinary shares ('000)</b>					
Number of shares at end of year		<b>5 432 630</b>	5 432 630	<b>5 438 507</b>	5 438 507
Total treasury shares		<b>360 553</b>	360 553	<b>354 676</b>	354 676
Held by:					
The Redefine Empowerment Trust		<b>300 000</b>	300 000	<b>300 000</b>	300 000
Afrika Tikkun Investment Trust		<b>54 676</b>	54 676	<b>54 676</b>	54 676
Madison Property Fund Managers Proprietary Limited		<b>5 877</b>	5 877	<b>-</b>	-
Number of shares at end of year per the share register		<b>5 793 183</b>	5 793 183	<b>5 793 183</b>	5 793 183
<b>Reconciliation of issued number used in calculating distribution per share ('000)</b>					
In issue at beginning of year		<b>5 432 630</b>	5 431 786	<b>5 438 507</b>	5 437 663
Issued during the year		<b>-</b>	844	<b>-</b>	844
Balance at end of year		<b>5 432 630</b>	5 432 630	<b>5 438 507</b>	5 438 507
<b>18 Share-based payment reserve</b>					
- Restricted share scheme	20	<b>14 003</b>	20 241	<b>14 003</b>	20 241
- Long-term incentive plan	20	<b>242</b>	-	<b>242</b>	-
- Matching share scheme	20	<b>6 272</b>	12 869	<b>6 272</b>	12 869
- The Redefine Empowerment Trust	20	<b>-</b>	-	<b>709 000</b>	709 000
		<b>20 517</b>	33 110	<b>729 517</b>	742 110

# Notes to the financial statements continued

for the year ended 31 August 2021

Figures in R'000	Principal place of business	NCI effective interest/voting rights (%)	Group	
			2021	2020
<b>19</b>	<b>Non-controlling interests</b>			
Journal Student Accommodation Fund and Journal Student Living (Pty) Ltd	Australia	10.0 (2020: 10.0)	<b>138 662</b>	328 853
Respublica Student Living Proprietary Limited	South Africa	0.0 (2020: 46.6)	<b>-</b>	218 106
Mfuko sp. z o.o. 0000796191	Poland	5.0 (2020: 5.0)	<b>1 011</b>	1 309
			<b>139 673</b>	548 268

## Journal Student Accommodation Fund and Journal Student Living (Pty) Ltd

With effect from 1 September 2016, Redefine acquired a 90.0% equity interest in Journal Student Accommodation Fund (JSAF) and Journal Student Living (Pty) Ltd (JSL). Redefine controls JSAF and JSL due to the number of voting rights held.

The shareholder holding the remaining 10.0% is Citiplan Student Accommodation Fund (Citiplan).

During the current financial year, JSL – which was classified as held-for-sale (refer to note 16: Non-current asset and liabilities held-for-sale) during the prior financial year – was disposed. Refer to note 50: Disposal of a non-controlling interest in subsidiaries. The NCI amount above relates to JSAF.

## Respublica Student Living Proprietary Limited

With effect from 1 September 2015, Redefine initially acquired a 51.0% equity interest in Respublica Student Living Proprietary Limited (RSL). Subsequent share issuances resulted in Redefine taking up additional shares in a disproportionate percentage to its initial holding, thereby increasing Redefine's holding to 53.4%. Redefine controls RSL due to the number of voting rights held.

The shareholder holding the remaining 46.6% interest is Bridgehead Real Estate Fund Proprietary Limited (Bridgehead).

RSL has a 28 February financial year end with interim management accounts to 31 August available for consolidation purposes.

With effect from 1 March 2021, Redefine disposed of its 53.4% interest in RSL. Refer to note 50: Disposal of a non-controlling interest in subsidiaries.

## European Logistics Investment B.V.

On 2 July 2018, the group acquired 95.0% effective ownership of the shares and voting rights in a number of special purpose vehicles (SPVs) through a newly formed Redefine Europe structure with residence in the Netherlands. The SPV shares were acquired by Logistics Platform B.V. (Logistics), a 100% subsidiary of ELI in which the Redefine group had a 95.0% shareholding.

The shareholders holding the remaining 5% were two of the partners of GP.

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

## Mfuko sp. z o.o. 0000796191

On 31 January 2020, ELI entered into a sale purchase agreement to sell 100% of its investment in CLI to Tritax Eurobox PLC (Tritax). As part of this sale purchase agreement, it was agreed that the shareholders of ELI would retain the development rights for a possible extension of the Strykow building owned by CLI. Therefore, a Polish company, Mfuko sp. z o.o. 0000796191 was incorporated to hold these development rights. These development rights expire on 31 January 2022.

## 19 Non-controlling interests continued

The non-controlling interest balance is reconciled as follows:

	2021				
	Journal Student Accommodation Fund and Journal Student Living*	Respublica Student Living*	European Logistics Investment B.V.	Mfuko sp. z o.o. 0000796191	Total
Opening balance	328 853	218 106	–	1 309	548 268
Share of loss for the year	(37 013)	(72 827)	–	(103)	(109 943)
Share of other comprehensive income for the year	(31 570)	–	–	(195)	(31 765)
Share of dividends for the year	(120 819)	(13 977)	–	–	(134 796)
Disposal of interest in subsidiary	(789)	(131 302)	–	–	(132 091)
Balance at end of year	138 662	–	–	1 011	139 673

	2020				
	Journal Student Accommodation Fund and Journal Student Living	Respublica Student Living	European Logistics Investment B.V.	Mfuko sp. z o.o. 0000796191	Total
Opening balance	182 377	336 785	90 004	–	609 166
Interest in additional net asset value	879	–	–	10	889
Share of profit/(loss) for the year	111 930	(105 168)	7 473	1 080	15 315
Share of other comprehensive income for the year	36 905	–	2 913	219	40 037
Share of dividends for the year	(3 238)	(13 511)	(3 807)	–	(20 556)
Change in ownership of subsidiary with NCI	–	–	(96 583)	–	(96 583)
Balance at end of year	328 853	218 106	–	1 309	548 268

\* The investments in JSL and RSL were disposed during the current financial year. Refer to note 50: Disposal of a non-controlling interest in subsidiaries

Summarised financial information for each subsidiary that has a non-controlling interest is presented below which reflects the financial information prepared by the respective entities in accordance with IFRS.

# Notes to the financial statements continued

for the year ended 31 August 2021

## 19 Non-controlling interests continued

Figures in R'000	2021				Total
	Journal Student Accommodation Fund and Journal Student Living*	Respublica Student Living*	European Logistics Investment B.V.	Mfuko sp. z o.o. 0000796191	
Functional currency	AUD	ZAR	EUR	EUR	
NCI effective interest/voting rights	10.0%	0.0%	0.0%	5.0%	
<b>SUMMARISED STATEMENTS OF FINANCIAL POSITION</b>					
Non-current assets	2	-	-	-	2
Investment property	-	-	-	-	-
Property, plant and equipment	2	-	-	-	2
Non current assets held-for-sale	1 907 735	-	-	-	1 907 735
Current assets	183 392	-	-	25 224	208 616
Total assets	2 091 129	-	-	25 224	2 116 353
Non-current liabilities	115 267	-	-	4 969	120 236
Interest-bearing borrowings	-	-	-	-	-
Loans from shareholders	114 505	-	-	266	114 771
Other non-current liabilities	762	-	-	4 703	5 465
Current liabilities	589 241	-	-	14	589 255
Total liabilities	704 508	-	-	4 983	709 491
Net assets	1 386 621	-	-	20 241	1 406 862
Net assets attributable to non-controlling interests	138 662	-	-	1 012	139 674
<b>SUMMARISED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>					
Revenue	27 278	70 375	-	-	97 653
Operating costs	(29 059)	(37 895)	-	(14)	(66 968)
Administration costs	-	-	-	(217)	(217)
Fair value adjustments	(298 014)	(167 227)	-	-	(465 241)
Interest income	1 366	507	-	-	1 873
Interest expense	(74 975)	(22 145)	-	(8)	(97 128)
Other	3 277	90	-	(1 830)	1 537
Loss for the year	(370 127)	(156 295)	-	(2 069)	(528 491)
Other comprehensive loss	(315 697)	-	-	(3 880)	(319 577)
Total comprehensive loss	(685 824)	(156 295)	-	(5 949)	(848 068)
Net total comprehensive loss attributable to non-controlling interests	(68 583)	(72 827)	-	(298)	(141 708)
<b>Dividends</b>	<b>1 208 185</b>	<b>30 000</b>	<b>-</b>	<b>-</b>	<b>1 238 185</b>

\* The investments in JSL and RSL were disposed during the current financial year. Refer to note 50: Disposal of non-controlling interest in subsidiaries

## 19 Non-controlling interests continued

	2020				
	Journal Student Accommodation Fund and Journal Student Living	Respublica Student Living	European Logistics Investment B.V.	Mfuko sp. z o.o. 0000796191	Total
<b>Figures in R'000</b>					
Functional currency	AUD	ZAR	EUR	EUR	
NCI effective interest/voting rights	10.0%	46.6%	0.0%	5.0%	
<b>SUMMARISED STATEMENTS OF FINANCIAL POSITION</b>					
Non-current assets	3 895	1 052 387	–	–	1 056 282
Investment property	–	1 049 306	–	–	1 049 306
Property, plant and equipment	3 895	3 081	–	–	6 976
Non current assets held-for-sale	5 167 075	–	–	–	5 167 075
Current assets	76 189	71 687	–	28 799	176 675
Total assets	5 247 159	1 124 074	–	28 799	6 400 032
Non-current liabilities	1 918 366	602 274	–	2 570	2 523 210
Interest-bearing borrowings	918 760	561 512	–	–	1 480 272
Loans from shareholders	932 231	–	–	–	932 231
Other non-current liabilities	67 375	40 762	–	2 570	110 707
Current liabilities	40 267	53 722	–	20	94 009
Total liabilities	1 958 633	655 996	–	2 590	2 617 219
Net assets	3 288 526	468 078	–	26 209	3 782 813
Net assets attributable to non-controlling interests	328 853	218 106	–	1 309	548 268
<b>SUMMARISED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>					
Revenue	185 700	194 051	200 652	–	580 403
Operating costs	(64 485)	(91 027)	(68 961)	(7)	(224 481)
Administration costs	(34 477)	–	(26 220)	(90)	(60 788)
Fair value adjustments	1 081 374	(283 714)	(23 788)	–	773 872
Interest income	497	(453)	–	–	44
Interest expense	(49 311)	(44 558)	(57 609)	–	(151 478)
Other	–	–	125 402	21 705	147 107
Profit/(loss) for the year	1 119 297	(225 701)	149 475	21 608	1 064 679
Other comprehensive income	369 051	–	58 264	4 403	431 718
Total comprehensive income/(loss)	1 488 348	(225 701)	207 739	26 011	1 496 397
Net total comprehensive income/(loss) attributable to non-controlling interests	148 835	(105 168)	10 387	1 301	55 355
<b>Dividends</b>	32 376	29 000	76 149	–	137 525

# Notes to the financial statements continued

for the year ended 31 August 2021

## 20 Share-based payments

### Restricted scheme

#### Long-term incentive

The restricted share scheme, which awards employees a conditional right to receive shares in Redefine against the achievement of specific performance conditions, free of any cost, is operated by the group. As the participants will receive shares in settlement of their awards, a share-based payment expense has been recognised.

In terms of the restricted share scheme, a conditional right to a share is awarded to employees subject to the satisfaction of performance conditions over the performance period, as well as the service condition over the vesting period.

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

The executive directors, prescribed officers (below) and other employees participate in the restricted share scheme. These participants will not be entitled to any voting rights or distributions of Redefine prior to the vesting of the restricted shares.

The fair value of services received in return for the conditional share awards has been determined as follows:

→ The number of shares expected to vest multiplied by the share price at the date of the award less discounted anticipated future distributions

	2021	2020
Shares expected to vest*	<b>2 967 733</b>	3 500 533
Vesting period	<b>3 years</b>	3 years
Average discounted price per share <sup>#</sup>	<b>4.93</b>	7.59
IFRS 2: <i>Share-based Payments</i> expense recognised in administration expenses (R'000)	<b>5 300</b>	11 272
Weighted average share price at date of vesting	<b>3.44</b>	7.86

\* This was determined by taking into account the performance of the group to date and forecasts to the end of the performance period, against the performance targets set at the time of the award

<sup>#</sup> The future anticipated distributions were adjusted for annual growth of between 0% and 8.3% and discounted by a distribution yield of between 7.7% and 11.8%

These awards will vest over the next three years.

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

						Fair value	
	2020	Granted	Forfeited	Vested	2021	IFRS 2 charge R'000	of shares granted R'000
AJ König	1 214 586	-	(239 043)	(207 487)	768 056	1 804	-
LC Kok	944 714	-	(171 102)	(135 678)	637 934	1 471	-
NG Nyawo <sup>^^</sup>	-	1 178 063	-	-	1 178 063	1 118	5 419
DH Rice <sup>*^</sup>	725 636	-	(490 104)	(235 532)	-	-	-
MJ Ruttell <sup>*</sup>	585 597	-	(110 839)	(91 078)	383 680	895	-
Other employees	30 000	-	-	(30 000)	-	12	-
	<b>3 500 533</b>	<b>1 178 063</b>	<b>(1 011 088)</b>	<b>(699 775)</b>	<b>2 967 733</b>	<b>5 300</b>	<b>5 419</b>

						Fair value	
	2019	Granted	Forfeited	Vested	2020	IFRS 2 charge R'000	of shares granted R'000
AJ König	1 245 611	333 975	(5 475)	(359 525)	1 214 586	3 640	825
LC Kok	903 964	288 750	(1 935)	(246 065)	944 714	2 830	713
M Wainer <sup>**</sup>	1 565 011	-	(373 019)	(1 191 992)	-	-	-
DH Rice <sup>*^</sup>	992 636	-	(6 115)	(260 885)	725 636	2 966	-
MJ Ruttell <sup>*</sup>	586 386	162 211	(3 000)	(160 000)	585 597	1 747	401
Other employees	60 000	-	-	(30 000)	30 000	89	-
	<b>5 353 608</b>	<b>784 936</b>	<b>(389 544)</b>	<b>(2 248 467)</b>	<b>3 500 533</b>	<b>11 272</b>	<b>1 939</b>

<sup>^^</sup> NG Nyawo was appointed on 01 February 2021

<sup>\*</sup> DH Rice and MJ Ruttell form part of the executive committee and meet the definition of a 'prescribed officer' in terms of the Companies Act

<sup>^</sup> DH Rice retired and is no longer a prescribed officer from 31 August 2020

<sup>\*\*</sup> M Wainer resigned on 31 August 2019

In terms of the Redefine retirement policy, a director or prescribed officer is no longer eligible to participate in the share schemes three years prior to the retirement age of 65.

## 20 Share-based payments continued

### Long-term incentive plan

The long-term incentive plan (LTIP), which awards employees with a conditional right to receive shares in Redefine against the achievement of specific performance conditions, free of any cost, is operated by the group. As the participants will receive shares in settlement of their awards, a share-based payment expense has been recognised. In terms of the LTIP, a conditional right to a share is awarded to employees subject to the satisfaction of performance conditions over the performance period, as well as the service condition over the vesting period. Of the awards, 100% are subject to performance conditions. Participants will not be entitled to any voting rights or distributions of Redefine prior to the vesting of the shares. Full-time employees at Paterson grading level F-upper to D-upper (executive and senior management) are eligible to participate. The fair value of services received in return for the conditional share awards has been determined as follows: the number of shares expected to vest multiplied by the share price at the date of the award less discounted anticipated future distributions

The executive directors and prescribed officer below participate in the LTIP scheme. These participants will not be entitled to any voting rights or distributions of Redefine prior to the vesting of shares

	2021	2020
Shares expected to vest*	2 222 396	-
Vesting period	3 years	-
Average discounted price per share <sup>#</sup>	3.05	-
IFRS 2 <i>Share-based payments</i> expense recognised in administration expenses (R'000)	242	-

\* This was determined by taking into account the performance of the group to date and forecasts to the end of the performance period, against the performance targets set at the time of the award

<sup>#</sup> The future anticipated distributions were adjusted for annual growth of between 0% and 7.0% and discounted by a distribution yield of 11.98%

These awards will vest over the next three years.

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

						IFRS 2 charge R'000	Fair value of shares granted R'000
	2020	Granted	Forfeited	Vested	2021		
AJ König	-	820 464	-	-	820 464	89	3 774
LC Kok	-	564 178	-	-	564 178	62	2 595
NG Nyawo <sup>^^</sup>	-	484 988	-	-	484 988	53	2 231
MJ Ruttell <sup>#</sup>	-	352 766	-	-	352 766	38	1 623
	-	2 222 396	-	-	2 222 396	242	10 223

<sup>^^</sup> NG Nyawo was appointed on 1 February 2021

<sup>#</sup> MJ Ruttell form part of the executive committee and meet the definition of a 'prescribed officer' in terms of the Companies Act

# Notes to the financial statements continued

for the year ended 31 August 2021

## 20 Share-based payments continued

### Short-term incentive

The short-term incentive share scheme – which awards employees a right to receive shares in Redefine, free of any cost, on condition that they remain in the employ of Redefine Properties – is operated by the group. As the participants will receive shares in settlement of their awards, a share-based payment expense has been recognised.

The deferral mechanism in which 50% of the short-term incentive payment is deferred and converted into a conditional right to shares that vest over three years at the end of each year following the award. As performance is measured on the way in, the deferral is only subject to employment conditions during the vesting period. The deferred short-term incentive share award has been made to the group's executive directors and prescribed officer and no dividends are earned on the conditional shares during the vesting period.

The participants will not be entitled to any voting rights or distributions of Redefine prior to the vesting of the short-term incentive shares.

The fair value of services received in return for the conditional share awards has been determined as follows:

→ The number of shares expected to vest multiplied by the share price at the date of the award less discounted anticipated future distributions

	2021	2020
Shares expected to vest	<b>334 911</b>	932 144
Vesting period	<b>1-3 years</b>	1-3 years
Average discounted price per share <sup>#</sup>	<b>7.86</b>	8.58
IFRS 2: <i>Share-based Payments</i> expense recognised in administration expenses (R'000)	<b>1 206</b>	4 800
Weighted average share price at date of vesting	<b>3.44</b>	7.86

<sup>#</sup> The future anticipated distributions were adjusted for annual growth of between 4.0% and 8.3% and discounted by a distribution yield of between 8.3% and 10.1%

These awards will vest in three equal tranches over one to three years.

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

						Fair value of shares granted R'000	IFRS charge R'000
	2020	Granted	Forfeited	Vested	2021	R'000	R'000
AJ König	<b>289 387</b>	-	-	<b>(144 694)</b>	<b>144 693</b>	<b>521</b>	-
LC Kok	<b>232 789</b>	-	-	<b>(116 395)</b>	<b>116 394</b>	<b>419</b>	-
DH Rice* <sup>^</sup>	<b>262 321</b>	-	-	<b>(262 321)</b>	-	-	-
MJ Ruttell*	<b>147 647</b>	-	-	<b>(73 823)</b>	<b>73 824</b>	<b>266</b>	-
	<b>932 144</b>	-	-	<b>(597 233)</b>	<b>334 911</b>	<b>1 206</b>	-

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

\* DH Rice and MJ Ruttell form part of the executive committee and meet the definition of a 'prescribed officer' in terms of the Companies Act

<sup>^</sup> DH Rice retired and is no longer a prescribed officer from 31 August 2020

\*\* M Wainer resigned on 31 August 2019

In terms of the Redefine retirement policy, a director or prescribed officer is no longer eligible to participate in the share schemes three years prior to the retirement age of 65.



## 20 Share-based payments continued

### Matching scheme

In terms of the matching share scheme, participants are invited annually to utilise a predetermined percentage of their after-tax bonus to acquire Redefine shares.

Participants holding these shares at the third anniversary of the date of the grant date will be awarded additional Redefine shares free of consideration based on a multiple of the original shares linked to the group and individual's performance. Performance conditions are based on growth in recurring distribution per share in relation to peer companies, meeting the approved budgeted distribution per share and individual performance.

As the participants will receive shares in settlement of their awards, a share-based payment reserve has been recognised. Vesting of the matching shares will occur in three years from the date of award. The participant will not be entitled to any voting rights or distributions of Redefine prior to the vesting of the matching shares.

Matching share scheme awards are subject to the performance condition.

The fair value of services received in return for the matching share awards has been determined as follows:

→ The number of shares expected to vest multiplied by the share price at the date of the award less discounted anticipated future distributions

	2021	2020
Shares expected to vest	901 824	2 274 066
Vesting period	3 years	3 years
Average discounted price per share <sup>#</sup>	7.12	7.36
IFRS 2 <i>Share-based payments</i> expense recognised in administration expenses (R'000)	2 342	4 988
Weighted average share price at date of vesting	3.44	7.86

<sup>#</sup> The future anticipated distributions were adjusted for annual growth of between 0.8% and 5.9% and discounted by a distribution yield of between 8.5% and 10.9%

These awards will vest over the next two years.

The number of matching shares awarded in terms of the matching share award scheme are:

	2020	Granted	Forfeited	Vested	2021	IFRS 2 charge R'000	Fair value of shares granted R'000
AJ König	906 000	-	(230 857)	(200 381)	474 762	1 131	-
LC Kok	730 851	-	(169 434)	(134 355)	427 062	1 016	-
DH Rice* <sup>^</sup>	463 335	-	(295 121)	(168 214)	-	195	-
MJ Ruttell*	173 880	-	(95 449)	(78 431)	-	-	-
	2 274 066	-	(790 861)	(581 381)	901 842	2 342	-

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

\* DH Rice and MJ Ruttell form part of the executive committee and meet the definition of a 'prescribed officer' in terms of the Companies Act

<sup>^</sup> DH Rice retired and is no longer a prescribed officer from 31 August 2020

\*\* M Wainer resigned on 31 August 2019

In terms of the Redefine retirement policy, a director or prescribed officer is no longer eligible to participate in the share schemes three years prior to the retirement age of 65.

# Notes to the financial statements continued

for the year ended 31 August 2021

## 20 Share-based payments continued

### Nil-cost options

Under the staff incentive scheme operated by the group, certain employees are awarded nil-cost options. These awards grant employees a conditional right to receive a number of shares or the cash equivalent at the employees' option against the achievement of specific performance conditions over the performance period, free of any cost. Performance conditions are based on growth in recurring distribution per share in relation to peer companies, meeting the approved budgeted distribution per share and individual performance. As the participants will receive shares or a cash alternative in settlement of their awards, a share-based payment expense has been recognised.

The participant will not be entitled to any voting rights or distributions of Redefine prior to the vesting of the nil-cost option.

The fair value of services received in return for the nil-cost option award has been determined as follows:

→ The number of shares expected to vest multiplied by the share price at the date of the award less discounted anticipated future distributions

	2021	2020
Total nil-cost options	<b>6 711 688</b>	6 011 215
Vesting period	<b>3-8 years</b>	3-8 years
Shares expected to vest*	<b>5 070 407</b>	2 934 924
Average discounted price per share <sup>#</sup>	<b>2.56</b>	1.57
IFRS 2: <i>Share-based Payments</i> expense (R'000) recognised in:	<b>3 891</b>	(203)
Operating costs (R'000)	<b>1 837</b>	(849)
Administration expenses (R'000)	<b>2 054</b>	646

\* This was determined by taking into account the performance of the group to date and forecasts to the end of the performance period, against the targets set at the time of the award

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

These awards will vest over the next three to eight years.

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

	2021	2020
Opening balance	<b>6 011 215</b>	4 209 354
Granted	<b>2 571 457</b>	2 571 457
Forfeited	<b>(830 563)</b>	(141 294)
Vested	<b>(1 040 421)</b>	(628 302)
Outstanding nil-cost options granted to employees	<b>6 711 688</b>	6 011 215

## 20 Share-based payments continued

### Conditional awards

Under the staff incentive scheme operated by the group, certain employees are granted conditional awards. These awards afford recipient employees a conditional right to receive cash settlement of the market value of the number of shares awarded against the achievement of specific performance conditions. Performance conditions are based on growth in recurring distribution per share in relation to peer companies, meeting the approved budgeted distribution per share and individual performance. As it is anticipated that the participants will receive a cash settlement of their awards, a share-based payment expense has been recognised.

In terms of the staff incentive share scheme, a conditional right to the cash settlement is awarded to employees subject to the satisfaction of performance conditions over the vesting period.

The participant will not be entitled to any voting rights or distributions.

The fair value of services received in return for the conditional awards has been determined as follows:

→ The number of shares expected to vest multiplied by share price at reporting date less discounted anticipated future distributions

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

	2021	2020
Total conditional shares	<b>4 739 608</b>	4 216 350
Vesting period	<b>3 years</b>	3 years
Shares expected to vest*	<b>2 478 468</b>	2 001 995
Average discounted price per share <sup>#</sup>	<b>3.81</b>	1.73
IFRS 2: <i>Share-based Payments</i> expense (R'000) recognised in:	<b>4 503</b>	994
Operating costs (R'000)	<b>3 480</b>	(2 221)
Administration expenses (R'000)	<b>1 023</b>	3 215

\* Taking into account the performance of the group to date and forecasts to the end of the performance period, against the targets set at the time of the award

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

These awards will vest over the next three years.

	2021	2020
Opening balance	<b>4 216 350</b>	3 358 668
Granted	<b>1 768 557</b>	1 768 557
Forfeited	<b>(653 400)</b>	(180 682)
Vested	<b>(591 899)</b>	(730 193)
Outstanding conditional awards granted to employees	<b>4 739 608</b>	4 216 350

### The Redefine Empowerment Trust

In 2015, Redefine granted the Redefine Empowerment Trust a loan to acquire Redefine shares. The loan is secured by 300 000 000 Redefine shares and will be repaid using the dividends on the shares and the proceeds generated by the future sale of shares. The Redefine shares that are not required to be sold to settle the loan balance will become unencumbered shares. As the loan only has recourse to the shares and no other assets, the issue of the shares on loan account was treated as an option grant that vested on the date when the loan was granted.

The loan bears interest at the lower of 16% per annum or the amount of the distribution received by the Redefine Empowerment Trust and is repayable in two instalments of 15% and seven instalments of 10% of the original loan balance. The first loan repayment will occur when the Redefine share price has grown by R1 from the share price on the date the loan was advanced. The share price is further required to appreciate by 6% each repayment date in order for an instalment to be repaid.

	Company	
	2021	2020
Number of encumbered shares held by the Redefine Empowerment Trust	<b>300 000 000</b>	300 000 000

# Notes to the financial statements continued

for the year ended 31 August 2021

Figures in R'000	Group		Company	
	2021	2020	2021	2020
<b>21 Interest-bearing borrowings</b>				
<b>Held at amortised cost</b>				
Bank loans	5 901 564	11 506 703	5 901 564	10 026 431
Secured	5 591 111	9 844 070	5 591 111	8 363 797
Unsecured	310 453	1 662 633	310 453	1 662 634
Bonds and commercial paper	24 841 436	25 142 927	24 841 436	25 142 927
Secured	15 815 817	14 604 817	15 815 817	14 604 817
Unsecured	9 025 619	10 538 110	9 025 619	10 538 110
	<b>30 743 000</b>	<b>36 649 630</b>	<b>30 743 000</b>	<b>35 169 358</b>
<b>Non-current</b>				
Bank loans	5 591 111	10 306 703	5 591 111	8 826 431
Bonds and commercial paper	22 867 186	24 483 927	22 867 186	24 483 927
	<b>28 458 297</b>	<b>34 790 630</b>	<b>28 458 297</b>	<b>33 310 358</b>
<b>Current</b>				
Bank loans	310 453	1 200 000	310 453	1 200 000
Bonds and commercial paper	1 974 250	659 000	1 974 250	659 000
	<b>2 284 703</b>	<b>1 859 000</b>	<b>2 284 703</b>	<b>1 859 000</b>

The average all-in interest rate in respect of the total local group borrowings is 8.1% (2020: 8.1%) and for the company 8.1% (2020: 8.0%).

Local interest-bearing borrowings are mainly at floating rates, of which 85.2% (2020: 85.0%) and 85.2% (2020:84.9%) have been economically hedged to fixed rates for the group and company respectively. Refer to note 23: Derivative assets/(liabilities) for further detail of the group's interest rate swap agreements.

Group interest-bearing borrowings have been secured by mortgage loans over investment property to the value of R46.5 billion (2020: R54.5 billion) and pledges over investments in associates to the value of R0.7 billion (2020: R0.8 billion).

Company interest-bearing borrowings have been secured by mortgage loans over investment property to the value of R23.6 billion (2020: R24.7 billion) and pledges over investments in associates to the value of R0.7 billion (2020: R0.8 billion).

Total group and company undrawn facilities at year end amount to R4.5 billion (2020: R2.6 billion).

Refer to note 55: Financial risk management and note 56: Capital management.

## Variable and fixed rate loans – South African rand

Bank loans	Facility end date	Interest rate (%)	Group		Company	
			2021	2020	2021	2020
<b>Absa</b>			<b>2 000 000</b>	2 570 000	<b>2 000 000</b>	2 570 000
	1 July 2022 <sup>#</sup>	Prime -1.45	-	570 000	-	570 000
	30 April 2024	3m JIBAR +1.58	500 000	500 000	500 000	500 000
	1 July 2024	3m JIBAR +1.80	500 000	500 000	500 000	500 000
	30 September 2024	3m JIBAR +1.60	500 000	500 000	500 000	500 000
	1 July 2025	3m JIBAR +1.95	500 000	500 000	500 000	500 000
<b>LibFin</b>			<b>670 499</b>	1 000 000	<b>670 499</b>	1 000 000
	20 October 2023	3m JIBAR +1.85	500 000	500 000	500 000	500 000
	20 October 2024	3m JIBAR +1.95	170 499	500 000	170 499	500 000
<b>Nedbank</b>			-	535 564	-	350 000
	31 December 2020	3m JIBAR +1.75	-	350 000	-	350 000
	31 August 2022	3m JIBAR +2.20*	-	105 242	-	-
	9 June 2025	3m JIBAR +2.20*	-	80 322	-	-

<sup>#</sup> Early refinanced

\* Respublica was sold during the current financial year, and therefore deconsolidated. Refer to note 50: Disposal of a non-controlling interest in subsidiaries

## 21 Interest-bearing borrowings continued

### Variable and fixed rate loans – South African rand continued

Bank loans	Facility end date	Interest rate (%)	Group		Company	
			2021	2020	2021	2020
<b>Rand Merchant Bank</b>			-	1 393 265	-	1 017 316
	31 August 2024 <sup>#</sup>	Prime -1.30	-	1 017 316	-	1 017 316
	11 December 2022	3m JIBAR +2.00*	-	225 518	-	-
	10 June 2025	3m JIBAR +2.05*	-	80 431	-	-
	10 June 2025	3m JIBAR +2.05*	-	70 000	-	-
<b>Standard Bank</b>			<b>882 000</b>	1 203 700	<b>882 000</b>	1 203 700
	31 March 2022 <sup>#</sup>	3m JIBAR +1.62	-	1 150 000	-	1 150 000
	31 March 2022 <sup>#</sup>	Prime -1.48	-	53 700	-	53 700
	11 August 2024	3m JIBAR +2.00	<b>490 000</b>	-	<b>490 000</b>	-
	11 August 2026	3m JIBAR +2.25	<b>392 000</b>	-	<b>392 000</b>	-
Total local currency loans			<b>3 552 499</b>	6 702 529	<b>3 552 499</b>	6 141 016

<sup>#</sup> Early refinanced

\* Respublica was sold during the current financial year, and therefore deconsolidated. Refer to note 50: Disposal of a non-controlling interest in subsidiaries

### Variable rate loans – foreign currency

Bank loans	Facility end date	Interest rate (%)	Group		Company	
			2021	2020	2021	2020
<b>AUD loans</b>						
		3m BBSW				
Standard Chartered Bank	18 September 2024	+2.45	<b>1 070 540</b>	1 219 020	<b>1 070 540</b>	1 219 020
National Bank of Australia	28 February 2022	BBSY bid rate	-	918 760	-	-
<b>EUR loans</b>			<b>1 132 495</b>	939 281	<b>1 132 495</b>	939 281
		3m				
Standard Bank Isle of Man	31 July 2022	EUR IBOR +2.50	<b>310 453</b>	-	<b>310 453</b>	-
		6m				
Standard Bank Isle of Man	24 March 2024	EUR IBOR +2.73	<b>822 042</b>	939 281	<b>822 042</b>	939 281
<b>GBP loans</b>						
Standard Bank Isle of Man			-	1 312 633	-	1 312 633
	30 October 2020	3m LIBOR +2.81	-	1 312 633	-	1 312 633
<b>USD loans</b>						
Standard Bank Isle of Man			<b>146 030</b>	414 480	<b>146 030</b>	414 480
		3m US				
	29 February 2024	LIBOR +2.43	<b>146 030</b>	414 480	<b>146 030</b>	414 480
Total variable rate loans – foreign currency			<b>2 349 065</b>	4 804 174	<b>2 349 065</b>	3 885 414

# Notes to the financial statements continued

for the year ended 31 August 2021

## 21 Interest-bearing borrowings continued

### Variable rate loans – foreign currency continued

Bonds and commercial paper	Capital repayment date	Interest rate (%)	Group		Company	
			2021	2020	2021	2020
<b>Listed bonds</b>			<b>7 175 619</b>	6 878 110	<b>7 175 619</b>	6 878 110
Three-year RDFB13	12 March 2021	3m JIBAR +1.40	–	299 000	–	299 000
Four-year RDFB08	30 September 2021		<b>750 026</b>	750 338	<b>750 026</b>	750 338
Nominal value		3m JIBAR +1.85	<b>750 000</b>	750 000	<b>750 000</b>	750 000
Issued at premium			<b>1 404</b>	1 404	<b>1 404</b>	1 404
Amortised premium			<b>(1 378)</b>	(1 066)	<b>(1 378)</b>	(1 066)
Five-year RDFB09	2 December 2021		<b>830 224</b>	831 105	<b>830 224</b>	831 105
Nominal value		3m JIBAR +1.85	<b>830 000</b>	830 000	<b>830 000</b>	830 000
Issued at premium			<b>3 966</b>	3 966	<b>3 966</b>	3 966
Amortised premium			<b>(3 742)</b>	(2 861)	<b>(3 742)</b>	(2 861)
Three-year RDFB16	11 February 2022	3m JIBAR +1.30	<b>100 000</b>	250 000	<b>100 000</b>	250 000
Three-year RDFB19	22 March 2022	3m JIBAR +1.31	<b>10 000</b>	210 000	<b>10 000</b>	210 000
Five-year RDFB11	27 March 2022	3m JIBAR +1.75	<b>164 000</b>	216 000	<b>164 000</b>	216 000
Three-year RDFB23	22 August 2022	3m JIBAR +1.35	<b>120 000</b>	120 000	<b>120 000</b>	120 000
Five-year RDFB12	27 November 2022		<b>310 369</b>	310 667	<b>310 369</b>	310 667
Nominal value		3m JIBAR +1.65	<b>310 000</b>	310 000	<b>310 000</b>	310 000
Issued at premium			<b>896</b>	896	<b>896</b>	896
Amortised premium			<b>(527)</b>	(229)	<b>(527)</b>	(229)
Five-year RDFB14	12 March 2023	3m JIBAR +1.60	<b>428 000</b>	428 000	<b>428 000</b>	428 000
Five-year RDFB15	5 December 2023	3m JIBAR +1.60	<b>646 000</b>	646 000	<b>646 000</b>	646 000
Five-year RDFB17	11 February 2024	3m JIBAR +1.55	<b>465 000</b>	465 000	<b>465 000</b>	465 000
Five-year RDFB20	22 March 2024	3m JIBAR +1.55	<b>231 000</b>	231 000	<b>231 000</b>	231 000
Five-year RDFB22	29 March 2024	3m JIBAR +1.67	<b>640 000</b>	640 000	<b>640 000</b>	640 000
Five-year RDFB24	22 August 2024	3m JIBAR +1.65	<b>630 000</b>	630 000	<b>630 000</b>	630 000
Five-year RDFB26	28 November 2024	3m JIBAR +1.65	<b>299 000</b>	299 000	<b>299 000</b>	299 000
Three-year RDFB27	24 July 2024	3m JIBAR +2.00	<b>1 000 000</b>	–	<b>1 000 000</b>	–
Seven-year RDFB18	11 February 2026	3m JIBAR +1.75	<b>382 000</b>	382 000	<b>382 000</b>	382 000
Seven-year RDFB21	22 March 2026	3m JIBAR +1.80	<b>170 000</b>	170 000	<b>170 000</b>	170 000

## 21 Interest-bearing borrowings continued

### Variable rate loans – foreign currency continued

Bonds and commercial paper	Capital repayment date	Interest rate (%)	Group		Company	
			2021	2020	2021	2020
<b>Unlisted bonds</b>			<b>17 665 817</b>	17 904 817	<b>17 665 817</b>	17 904 817
Five-year RDF06U	28 August 2022 <sup>#</sup>	3m JIBAR +1.85	–	1 525 000	–	1 525 000
Four-year RDF13U	30 August 2022 <sup>#</sup>	3m JIBAR +1.65	–	1 286 000	–	1 286 000
Five-year RDF07U	22 December 2022	3m JIBAR +1.80	<b>848 000</b>	848 000	<b>848 000</b>	848 000
Three-year RDF27U	4 May 2023	3m JIBAR +2.08	<b>1 500 000</b>	1 500 000	<b>1 500 000</b>	1 500 000
Five-year RDF08U	1 August 2023	3m JIBAR +1.60	<b>500 000</b>	500 000	<b>500 000</b>	500 000
Five-year RDF09U	21 August 2023 <sup>#</sup>	3m JIBAR +1.65	–	2 000 000	–	2 000 000
Five-year RDF28U	21 August 2023	3m JIBAR +1.65	<b>1 350 000</b>	–	<b>1 350 000</b>	–
Five-year RDF29U	21 August 2023	3m JIBAR +1.65	<b>650 000</b>	–	<b>650 000</b>	–
Five-year RDF14U	30 August 2023	3m JIBAR +1.70	<b>2 338 000</b>	2 338 000	<b>2 338 000</b>	2 338 000
Five-year RDF11U	31 August 2023	3m JIBAR +1.63	<b>1 846 817</b>	1 846 817	<b>1 846 817</b>	1 846 817
Six-year RDF15U	30 August 2024	3m JIBAR +1.80	<b>1 196 000</b>	1 196 000	<b>1 196 000</b>	1 196 000
Six-year RDF12U	31 August 2024	3m JIBAR +1.72	<b>1 175 000</b>	1 175 000	<b>1 175 000</b>	1 175 000
Three-year RDF31U	31 August 2024	3m JIBAR +1.95	<b>235 000</b>	–	<b>235 000</b>	–
Five-year RDF26U	22 October 2024 <sup>#</sup>	3m JIBAR +1.60	–	800 000	–	800 000
Five-year RDF30U	22 October 2024	3m JIBAR +1.60	<b>700 000</b>	–	<b>700 000</b>	–
Six-year RDF17U	08 November 2024	3m JIBAR +1.60	<b>500 000</b>	500 000	<b>500 000</b>	500 000
Seven-year RDF10U	21 August 2025	3m JIBAR +1.55	<b>1 010 000</b>	1 010 000	<b>1 010 000</b>	1 010 000
Six-year RDF19U	30 August 2025	3m JIBAR +1.85	<b>380 000</b>	380 000	<b>380 000</b>	380 000
Four-year RDF32U	31 August 2025	3m JIBAR +2.10	<b>937 000</b>	–	<b>937 000</b>	–
Seven-year RDF18U	13 April 2026	3m JIBAR +1.70	<b>500 000</b>	500 000	<b>500 000</b>	500 000
Eight-year RDF16U	30 August 2026	3m JIBAR +2.05	<b>500 000</b>	500 000	<b>500 000</b>	500 000
Five-year RDF33U	31 August 2026	3m JIBAR +2.25	<b>1 500 000</b>	–	<b>1 500 000</b>	–
<b>Commercial paper</b>			–	360 000	–	360 000
12m RDFC50	16 November 2020	3m JIBAR +1.05	–	200 000	–	200 000
12m RDFC51	11 June 2021	3m JIBAR +1.90	–	160 000	–	160 000
<b>Total bonds and commercial paper</b>			<b>24 841 436</b>	25 142 927	<b>24 841 436</b>	25 142 927

<sup>#</sup> Restructured into a new facility

# Notes to the financial statements continued

for the year ended 31 August 2021

## 22 Interest-bearing borrowings at fair value

### Held at FVTPL

During the 2017 financial year, Redefine issued exchangeable bonds for a principal amount of EUR100 000 each, and a total principal amount of EUR150 million. The exchangeable bonds were settled by cash, the exchange property, or a combination at Redefine's option. The settlement value was calculated as either the principal amount of EUR150 million or the value of the final exchange property at the bondholder's option on settlement date.

Figures in R'000	Group		Company	
	2021	2020	2021	2020
<b>Secured</b>				
<b>Euro exchangeable bonds</b>				
Opening balance	-	2 540 589	-	2 540 589
Impact of foreign currency movement	-	229 085	-	229 085
Fair value gain	-	43 101	-	43 101
Repayment	-	(2 812 775)	-	(2 812 775)
At fair value	-	-	-	-

## 23 Derivative assets/(liabilities)

Non-current assets	<b>187 313</b>	23 288	<b>187 313</b>	23 288
Current assets	<b>104 009</b>	2 520	<b>104 009</b>	2 520
Non-current liabilities	<b>(1 538 995)</b>	(3 505 854)	<b>(1 538 995)</b>	(3 397 717)
Current liabilities	<b>(175 429)</b>	(355 252)	<b>(175 429)</b>	(355 252)
	<b>(1 423 102)</b>	(3 835 298)	<b>(1 432 102)</b>	(3 727 161)
Forward exchange contracts	<b>282 153</b>	(60 338)	<b>282 153</b>	(60 338)
Cross-currency interest rate swaps	<b>(766 381)</b>	(2 252 813)	<b>(766 381)</b>	(2 252 813)
Interest rate swaps	<b>(908 892)</b>	(1 522 147)	<b>(908 892)</b>	(1 414 010)
Put option (shares)	<b>(29 982)</b>	-	<b>(29 982)</b>	-
	<b>(1 423 102)</b>	(3 835 298)	<b>(1 423 102)</b>	(3 727 161)

A significant portion of the foreign currency exposure on income has been economically hedged. Refer to note 55: Financial risk management for further detail.

Redefine has entered into a number of cross-currency interest rate swaps, which are used to transform long-term ZAR borrowings into synthetic foreign currency borrowings. This is achieved by swapping interest during the derivative contract and exchanging the currency principal amounts at maturity. This is used to fund Redefine's foreign investments with an interest rate relative to the investment's local funding environment.

Redefine issued a put option (shares) to RMBIA, whereby RMBIA has the right to sell its shares in MOTS PropCo to Redefine for an amount that equals the put options (shares) exercise price. Refer to note 25: Insurance contract liability.



## 23 Derivative assets/(liabilities) continued

Maturity	Nominal value	Rate (%)	Group		Company	
			2021	2020	2021	2020
<b>Cross-currency interest rate swaps</b>						
<b>Standard Bank</b>			<b>(36 570)</b>	(103 583)	<b>(36 570)</b>	(103 583)
24 November 2021	EUR20 000 000	1.43				
	ZAR306 000 000	3m JIBAR +1.85	<b>(36 570)</b>	(103 583)	<b>(36 570)</b>	(103 583)
<b>Rand Merchant Bank</b>			<b>(87 091)</b>	(233 527)	<b>(87 091)</b>	(233 527)
28 June 2023	EUR50 300 000	1.79				
	ZAR797 461 230	3m JIBAR +1.70	<b>(87 091)</b>	(233 527)	<b>(87 091)</b>	(233 527)
<b>Standard Chartered</b>			<b>(72 937)</b>	(430 461)	<b>(72 937)</b>	(430 461)
12 July 2021	EUR40 000 000	1.44				
	ZAR580 800 000	3m JIBAR +1.65	-	(230 884)	-	(230 884)
28 June 2022	EU40 000 000	1.37				
	ZAR616 800 000	3m JIBAR +1.50	<b>(72 937)</b>	(199 577)	<b>(72 937)</b>	(199 577)
<b>Absa</b>			<b>(539 963)</b>	(1 303 867)	<b>(539 963)</b>	(1 303 867)
20 December 2022	EUR58 000 000	1.74				
	ZA839 840 000	3m JIBAR +1.85	<b>(173 081)</b>	(350 305)	<b>(173 081)</b>	(350 305)
22 January 2024	EUR64 922 243	1.81				
	ZAR1 014 734 663	3m JIBAR +1.65	<b>(143 308)</b>	(340 336)	<b>(143 308)</b>	(340 336)
31 May 2024	EUR65 000 000	1.35				
	ZAR1 035 450 000	3m JIBAR +1.60	<b>(123 437)</b>	(312 150)	<b>(123 437)</b>	(312 150)
2 April 2024	EUR35 000 000	1.75				
	ZAR577 500 000	3m JIBAR +1.60	<b>(48 765)</b>	(154 049)	<b>(48 765)</b>	(154 049)
13 September 2024	EUR32 000 000	1.40				
	ZAR518 080 000	3m JIBAR +1.60	<b>(50 119)</b>	(143 441)	<b>(50 119)</b>	(143 441)
13 September 2024	EUR800 000	1.40				
	ZAR12 952 000	3m JIBAR +1.60	<b>(1 253)</b>	(3 586)	<b>(1 253)</b>	(3 586)
<b>Investec</b>			<b>(29 820)</b>	(181 375)	<b>(29 820)</b>	(181 375)
10 October 2023	EUR45 000 000	1.89				
	ZAR765 112 500	3m JIBAR +1.70	<b>(29 820)</b>	(181 375)	<b>(29 820)</b>	(181 375)
<b>Total cross-currency interest rate swaps</b>			<b>(766 381)</b>	(2 252 813)	<b>(766 381)</b>	(2 252 813)

# Notes to the financial statements continued

for the year ended 31 August 2021

## 23 Derivative assets/(liabilities) continued

Maturity	Nominal value	Rate (%)	Group		Company	
			2021	2020	2021	2020
<b>Interest rate swap agreements</b>						
<b>Absa</b>			<b>(294 239)</b>	(491 333)	<b>(294 239)</b>	(491 333)
1 July 2021	350 000 000	7.94	-	(14 844)	-	(14 844)
7 July 2021	350 000 000	7.96	-	(14 915)	-	(14 915)
10 August 2021	350 000 000	7.75	-	(14 362)	-	(14 362)
8 September 2021*	250 000 000	7.82	-	(15 350)	-	(15 350)
8 September 2021*	250 000 000	7.82	-	(12 853)	-	(12 853)
8 September 2021*	300 000 000	7.80	-	(12 853)	-	(12 853)
22 September 2021*	350 000 000	7.75	-	(17 682)	-	(17 682)
22 September 2021*	350 000 000	7.76	-	(17 639)	-	(17 639)
27 September 2021*	700 000 000	7.74	-	(35 202)	-	(35 202)
14 February 2022	250 000 000	7.73	<b>(4 895)</b>	(14 865)	<b>(4 895)</b>	(14 865)
14 July 2022*	700 000 000	7.39	-	(48 272)	-	(48 272)
30 January 2023*	250 000 000	7.50	-	(21 026)	-	(21 026)
2 August 2023	250 000 000	7.00	<b>(12 167)</b>	(20 009)	<b>(12 167)</b>	(20 009)
8 September 2023	300 000 000	5.85	<b>(9 086)</b>	-	<b>(9 086)</b>	-
30 January 2024	250 000 000	7.65	<b>(17 513)</b>	(26 585)	<b>(17 513)</b>	(26 585)
4 April 2024	700 000 000	7.48	<b>(49 629)</b>	(73 198)	<b>(49 629)</b>	(73 198)
14 June 2024	650 000 000	7.30	<b>(45 721)</b>	(65 983)	<b>(45 721)</b>	(65 983)
2 August 2024	250 000 000	7.15	<b>(15 596)</b>	(23 038)	<b>(15 596)</b>	(23 038)
9 September 2024	250 000 000	5.90	<b>(7 586)</b>	-	<b>(7 586)</b>	-
9 September 2024	250 000 000	5.90	<b>(7 586)</b>	-	<b>(7 586)</b>	-
23 September 2024	350 000 000	5.92	<b>(10 434)</b>	-	<b>(10 434)</b>	-
23 September 2024	350 000 000	5.92	<b>(10 434)</b>	-	<b>(10 434)</b>	-
26 September 2024	700 000 000	6.29	<b>(28 423)</b>	-	<b>(28 423)</b>	-
16 January 2025	500 000 000	6.95	<b>(29 935)</b>	(42 657)	<b>(29 935)</b>	(42 657)
30 January 2025	250 000 000	6.85	<b>(13 881)</b>	-	<b>(13 881)</b>	-
5 September 2025	700 000 000	6.57	<b>(31 353)</b>	-	<b>(31 353)</b>	-
<b>Nedbank</b>			<b>(135 564)</b>	(219 469)	<b>(135 564)</b>	(201 986)
18 April 2023*	500 000 000	7.34	-	(43 265)	-	(43 265)
5 June 2023*	500 000 000	7.07	-	(42 836)	-	(42 836)
8 February 2024	500 000 000	7.53	<b>(33 508)</b>	(51 887)	<b>(33 508)</b>	(51 887)
13 February 2024	250 000 000	7.60	<b>(17 149)</b>	(26 553)	<b>(17 149)</b>	(26 553)
24 December 2024**	180 000 000	7.11	-	(17 483)	-	-
29 July 2025	500 000 000	6.77	<b>(26 611)</b>	-	<b>(26 611)</b>	-
29 July 2025	500 000 000	6.82	<b>(27 436)</b>	-	<b>(27 436)</b>	-
1 September 2025	500 000 000	6.87	<b>(30 860)</b>	(37 445)	<b>(30 860)</b>	(37 445)
<b>Rand Merchant Bank</b>			<b>(102 725)</b>	(191 798)	<b>(102 725)</b>	(168 520)
19 May 2021	350 000 000	7.39	-	(10 007)	-	(10 007)
25 October 2022**	165 000 000	6.70	-	(9 933)	-	-
8 February 2023*	500 000 000	7.39	-	(40 414)	-	(40 414)
6 August 2023	500 000 000	6.99	<b>(24 308)</b>	(39 609)	<b>(24 308)</b>	(39 609)
21 August 2023	250 000 000	6.83	<b>(11 141)</b>	(18 501)	<b>(11 141)</b>	(18 501)
27 August 2023	250 000 000	6.80	<b>(10 995)</b>	(18 236)	<b>(10 995)</b>	(18 236)
21 August 2024	250 000 000	6.98	<b>(14 124)</b>	(21 184)	<b>(14 124)</b>	(21 184)
27 August 2024	250 000 000	6.93	<b>(13 697)</b>	(20 569)	<b>(13 697)</b>	(20 569)
11 December 2024**	140 000 000	7.11	-	(13 345)	-	-
8 February 2025	500 000 000	6.90	<b>(28 460)</b>	-	<b>(28 460)</b>	-
<b>Investec</b>			<b>(26 001)</b>	(34 843)	<b>(26 001)</b>	(34 843)
19 February 2026	500 000 000	6.86	<b>(26 001)</b>	(34 843)	<b>(26 001)</b>	(34 843)

\* Contracts were blended and extended into a new contract

\*\* Respublica was sold during the current financial year, and therefore deconsolidated. Refer to note 50: Disposal of a non-controlling interest in subsidiaries

## 23 Derivative assets/(liabilities) continued

Maturity	Nominal value	Rate (%)	Group		Company	
			2021	2020	2021	2020
<b>Interest rate swap agreements continued</b>						
<b>Standard Bank</b>			<b>(102 369)</b>	(152 370)	<b>(102 369)</b>	(152 370)
16 October 2020	400 000 000	7.62	-	(3 785)	-	(3 785)
13 April 2021	400 000 000	8.46	-	(14 309)	-	(14 309)
12 November 2021*	400 000 000	7.59	-	(19 494)	-	(19 494)
14 November 2021*	400 000 000	8.02	-	(21 622)	-	(21 622)
28 February 2022*	350 000 000	8.38	-	(23 836)	-	(23 836)
31 August 2022*	350 000 000	8.60	-	(32 012)	-	(32 012)
15 March 2023	400 000 000	6.09	<b>(12 721)</b>	-	<b>(12 721)</b>	-
15 March 2024	400 000 000	6.21	<b>(15 875)</b>	-	<b>(15 875)</b>	-
15 March 2024	350 000 000	7.42	<b>(24 907)</b>	-	<b>(24 907)</b>	-
15 March 2024	350 000 000	6.66	<b>(17 987)</b>	-	<b>(17 987)</b>	-
1 September 2025	500 000 000	6.88	<b>(30 879)</b>	(37 312)	<b>(30 879)</b>	(37 312)
<b>National Australian Bank</b>			-	(67 375)	-	-
1 February 2022#	AUD17 100 000	2.88	-	(8 419)	-	-
1 February 2023#	AUD17 100 000	2.89	-	(14 350)	-	-
1 February 2024#	AUD17 100 000	3.07	-	(20 333)	-	-
1 August 2024#	AUD4 247 050	1.39	-	(2 236)	-	-
29 August 2025#	AUD32 500 000	1.52	-	(22 037)	-	-
<b>Standard Chartered</b>			<b>(247 994)</b>	(364 959)	<b>(247 994)</b>	(364 959)
30 May 2023	250 000 000	7.15	<b>(11 571)</b>	(19 679)	<b>(11 571)</b>	(19 679)
2 August 2023	250 000 000	7.00	<b>(12 208)</b>	(19 954)	<b>(12 208)</b>	(19 954)
30 August 2023	250 000 000	6.75	<b>(10 632)</b>	(17 923)	<b>(10 632)</b>	(17 923)
13 February 2024	250 000 000	7.60	<b>(16 983)</b>	(25 945)	<b>(16 983)</b>	(25 945)
22 February 2024	500 000 000	7.60	<b>(33 644)</b>	(51 419)	<b>(33 644)</b>	(51 419)
30 May 2024	250 000 000	7.29	<b>(15 483)</b>	(23 447)	<b>(15 483)</b>	(23 447)
2 August 2024	250 000 000	7.15	<b>(15 496)</b>	(22 989)	<b>(15 496)</b>	(22 989)
30 August 2024	250 000 000	6.89	<b>(13 204)</b>	(20 122)	<b>(13 204)</b>	(20 122)
20 December 2024	500 000 000	7.00	<b>(31 711)</b>	(44 827)	<b>(31 711)</b>	(44 827)
16 January 2025	500 000 000	7.00	<b>(30 663)</b>	(43 627)	<b>(30 663)</b>	(43 627)
28 January 2025	500 000 000	6.80	<b>(26 945)</b>	(39 032)	<b>(26 945)</b>	(39 032)
1 September 2025	500 000 000	6.82	<b>(29 454)</b>	(35 995)	<b>(29 454)</b>	(35 995)
<b>Total interest rate swaps</b>			<b>(908 892)</b>	(1 522 147)	<b>(908 892)</b>	(1 414 011)
<b>Put option (shares)</b>			<b>(29 982)</b>	-	<b>(29 982)</b>	-

\* Contracts were blended and extended into a new contract

# Contracts were early settled post sale of Leicester student accommodation

# Notes to the financial statements continued

for the year ended 31 August 2021

Figures in R'000	Group		Company	
	2021	2020	2021	2020
<b>24 Other financial liabilities</b>				
Staff incentive schemes	24 759	14 537	24 759	14 537
Nil-cost options	8 859	3 758	8 859	3 758
Conditional awards	8 058	3 116	8 058	3 116
Cash awards	7 842	7 663	7 842	7 663
Profit participation liability	47 655	46 628	47 655	46 628
Loan from non-controlling shareholder	761	-	-	-
Rental and earnings guarantee	52 512	50 014	35 017	-
ELI carry payment	120 647	-	-	-
Journal Student accommodation exit fee	413 816	-	-	-
	660 150	111 179	107 431	61 165
<b>Non-current</b>				
Staff incentive schemes	13 791	7 826	13 791	7 826
Profit participation liability	47 655	46 628	47 655	46 628
Loan from non-controlling shareholder	761	-	-	-
Rental guarantee	-	26 492	-	-
	62 207	80 946	61 446	54 454
<b>Current</b>				
Staff incentive schemes	10 968	6 711	10 968	6 710
Rental and earnings guarantee	52 512	23 522	35 017	-
Journal student accommodation exit fee	413 816	-	-	-
ELI carry payment	120 647	-	-	-
	597 943	30 233	45 985	6 710

## Cash awards

In terms of the staff incentive scheme, a conditional right to a cash award is awarded to certain employees subject to performance and vesting conditions. These cash awards give employees a right to receive a cash bonus against the achievement of specific performance conditions. As it is anticipated that the participants will receive a cash settlement of their awards, an IAS 19: *Employee Benefits* expense has been recognised.

Figures in R'000	Group		Company	
	2021	2020	2021	2020
Opening balance	7 663	4 932	7 663	4 932
Current service costs	179	2 731	179	2 731
	7 842	7 663	7 842	7 663

## Profit participation liability

As part of the Chariot transaction, entered into during December 2017, Redefine entered into a profit participation loan agreement with East Management Slovakia s.r.o. (East Management). In terms of the agreement, East Management will be entitled to 5.0% of any and all investment proceeds generated by Chariot. This liability has been measured at fair value and translated to the spot rate at 31 August 2021. Refer to note 11: Other financial assets for more details on the Chariot transaction.

## Loan from non-controlling shareholders

The loan from non-controlling shareholder is a loan provided by Citiplan to the Journal group, the loan bears no interest.

## Rental and earnings guarantee

The rental guarantee was issued on the sale of the investment property, Strykow. Redefine accounts for 100% of the guarantee liability. Of the liability, 5% is recovered from GP when realised.

Effective from 1 March, Redefine disposed of its 53.4% interest in RSL, refer to note 50: Disposal of controlling interest in subsidiaries and properties owned by the company, being Hatfield Square, Roscommon House and Yale Village. As part of the sale, Redefine entered into an earnings guarantee agreement with RSL and guaranteed the earnings before interest, tax, depreciation and amortisation (EBITDA) generated by the properties for the 12 months commencing on 1 March 2021 for a maximum amount of R50 million. As at 31 August 2021, the fair value of the earnings guarantee was R27.1 million.

## 24 Other financial liabilities continued

### ELI carry payment

Redefine Europe and GP entered into a co-investment agreement on 13 July 2018 to invest in ELI and explore a logistics platform opportunity in Poland. The original investors also entered into a carry agreement that dictates that a carry payment is payable as consideration for the intermediation services provided by GP to enable Redefine Europe to acquire the shares in ELI.

During the 2020 financial year, Redefine Europe agreed to sell 48.5% of its shares in ELI to Madison and GP and entered into a new shareholder's agreement. Simultaneously, Redefine Europe and GP also entered into a new carry agreement, with the terms of the agreement remaining unchanged.

The carry payment is equal to a percentage of the calculated internal rate of return (IRR) exceeding certain hurdle rates, based on the actual cash invested and received from ELI by Redefine Europe. The carry payment is payable on the earlier of i) 13 July 2020 or 13 July 2023 (at the election of GP); or ii) Redefine Europe's exit from its investment in ELI.

At 31 August 2021, the calculated IRR of the ELI investment exceeds the hurdles in the carry agreement and therefore a financial liability has been recognised.

### Journal student accommodation exit fee

Citiplan is entitled to an exit fee on the disposal of the Australian student accommodation property assets, Leicester and Swanston Street (Swanston) student accommodation. The exit fee is accrued when the completion of the disposal of the properties takes place. As at 31 August 2021, the exit fee relating to Leicester was accrued for, with the Swanston exit fee expected to be accrued by February 2022, when the disposal of Swanston is complete. Both these fees will be settled when the proceeds from the disposal of Swanston are received by Redefine.

## 25 Insurance contract liability

Figures in R'000	Group		Company	
	2021	2020	2021	2020
Opening balance	130 275	-	130 275	-
Changes in the insurance contract liability	64 272	130 275	64 272	130 275
Put option arrangement (2013)	(130 275)	130 275	(130 275)	130 275
Original put option strike price	-	285 850	-	285 850
Modified put option strike price	-	(155 575)	-	(155 575)
Termination of put option arrangement (2013)	(130 275)	-	(130 275)	-
Underwrite arrangement (2021)	194 547	-	194 547	-
Shortfall	194 547	-	194 547	-
Balance at end of year	194 547	130 275	194 547	130 275

### Put option arrangement (2013)

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

The trigger events in the lender call option and borrower put option contracts are based on circumstances in which Zenprop is experiencing financial difficulties, there is an event of default, security for the transaction has ceased, or when the solvency of Truzen 89 Trust (an entity associated with Zenprop and FRB (acting through its RMB division)) has deteriorated. The trigger events relating to the lender put option are directly linked to the creditworthiness of Zenprop as the lender. The put option between RMB and the group is triggered when either the lender call option or the borrower put option is triggered.

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

# Notes to the financial statements continued

for the year ended 31 August 2021

## 25 Insurance contract liability continued

### Put option arrangement (2013) continued

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

The parties to the above transaction undertook to restructure the initial put arrangements (2013). The restructure concluded in October 2020, which resulted in the termination of the initial put arrangements (2013), the establishment of MOTS PropCo (refer to note 9: Investment in associate and joint ventures) and the additional arrangements noted below.

### Underwrite agreement (2021)

Redefine, RMBIA, FRB and MOTS PropCo entered into a placement and underwrite agreement:

During the tenor of the facilities, RMBIA (through RMB as advisor to RMBIA) and Redefine (the agents), acting jointly, will market the shares and claims in MOTS PropCo (or if applicable, MOTS in any form) to potential third-party acquirors.

To the extent that the shares and claims in MOTS PropCo (or if applicable, MOTS in any form) are disposed of to a third-party for an amount which is less than the aggregate of the put option (claims) exercise price; put option (shares) exercise price and the Redefine sale price (aggregate sale price) described below, Redefine will be liable to pay the sellers the shortfall. The shortfall is defined as an amount equal to the aggregate sale price less the net disposal proceeds less any applicable taxes and costs incurred or to be incurred (net disposal proceeds) received in disposing of such shares and claims (or if applicable, MOTS in any form).

The Redefine sale price shall be the greater of:

Redefine's attributable portion (20%) of the difference between all day one loan facilities and amounts contributed by Redefine, which are used to reduce the facility outstanding and the facility outstanding upon the put option exercise date (claims) excluding hedge break costs or gains or R1.00.

Redefine (the insurer) accepts insurance risk from RMBIA/FRB (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (namely the sale of MOTS PropCo or MOTS at less than the aggregate sales price) adversely affects the policyholder. RMBIA and FRB could suffer a loss if MOTS PropCo or MOTS is sold at less than either the outstanding facility or at less than the net asset value of MOTS. The underwrite agreement is considered an insurance contract in the scope of IFRS 4: *Insurance Contracts*.

The insurance liability contract is estimated as the difference between the aggregate sales price and the net disposal proceeds (shortfall). The net disposal proceeds were determined with reference to the fair value of MOTS.

MOTS was valued by obtaining an external valuation from an accredited valuator (Jones Lang LaSalle – J Askew (FRICS) and S Crous (MRICS)).

The valuation was performed using the five-year discounted cash flow method. The valuation model generates a net present value for the property by discounting forecasted future cash flows and a residual value at the end of the cash flow projection period by the discount rate. The residual value is calculated by capitalising the net income forecasted for the 12-month period immediately following the final year of cash flow at the exit cap rate. The discount rate applied is determined by adding a growth rate, based on forecasted market-related rental increases, to the determined capitalisation rate. The capitalisation rate is dependent on a number of factors, such as location, the condition of the property, current market conditions, the lease covenants and the risk inherent in the property. The independent valuer applied current market-related assumptions to the risks in the rental streams of the property. At the reporting period, the key assumptions used by the group in determining the fair value of the property were as follows:

- Expected market rental growth: 1.5% to 4% (FY20: 1% to 4%)
- Expected expense growth: 5.5% to 6.0% (FY20: 5.5% to 6.0%)
- Discount rate: 11.8% (FY20: 13.0%)
- Exit capitalisation rate: 8.3% (FY20: 8.5%)

## 25 Insurance contract liability continued

### Put option (claims)

Redefine issued a put option (claims) to FRB, whereby FRB has the right to sell its rights and obligations under the facility to Redefine for the put option (claims) exercise price at the put option (claims) exercise date.

The put option (claim) exercise price is equal to the MOTS PropCo facility outstanding to FRB at the put option (claims) exercise date.

FRB may exercise the put option (claims) upon the occurrence of a trigger event (claims) at any point during the put option tenor.

The put option (claims) is triggered by events that include the facility value exceeding a specified amount, a breach of covenants or Redefine's insolvency and therefore would compensate FRB in the event the property is not sold to a third party, by Redefine assuming MOT PropCo's liability to repay the facility outstanding.

Where the underwrite agreement is triggered upon the sale of MOTS/MOTS PropCo to a third party, Redefine has the obligation to compensate FRB for the difference between the selling price realised and the outstanding facility. In both instances, where either the underwrite agreement or the put option (claims) is exercised, the agreements ensure that the facility with FRB is settled. Therefore, the likelihood of the put option (claims) being exercised, i.e. taking into account the probability of an event of default as well as the amount payable by Redefine when FRB exercises this option, will be incorporated into the value of the insurance liability.

### Put option (shares)

Redefine issued a put option (shares) to RMBIA, whereby RMBIA has the right to sell its shares in MOTS PropCo to Redefine for an amount that equals the put options (shares) exercise price.

The put option (shares) exercise price is the greater of:

RMBIA's attributable portion (80%) of the difference between all day one loan facilities and amounts contributed by Redefine that are used to reduce the facility outstanding and the facility outstanding upon the put option exercise date (claims) excluding hedge break costs or gains or R1.00.

RMBIA may exercise the put option (shares) upon the occurrence of a trigger event (shares) at any point during the put option tenor.

The put option (shares) exercise price represents RMBIA's attributable portion of the net asset value of MOTS PropCo excluding any growth in the fair value of MOTS in excess of the day one facilities. The value of the put option (shares) fluctuates in response to the value of the MOTS PropCo shares, which is ultimately driven by the value of MOTS and the outstanding facility. Therefore, the put option (shares) meets the definition of a derivative. Refer to note 23: Derivative assets/(liabilities).

The put options lapse as soon as MOTS is sold under the placement and underwrite agreement. Under the Redefine underwrite commitment, Redefine will be liable for any shortfall in terms of the placement and underwrite agreement and will therefore not be liable for any amounts under the put options.

# Notes to the financial statements continued

for the year ended 31 August 2021

Figures in R'000	Group		Company	
	2021	2020	2021	2020
<b>26 Deferred taxation</b>				
Capital allowances	<b>616 008</b>	549 729	<b>287 873</b>	251 592
Deferred capital gains tax on investment property – Logistics Platform B.V.	-	2 570	-	-
	<b>616 008</b>	552 299	<b>287 873</b>	251 592
<b>Movement for the year</b>				
Balance at beginning of year	<b>552 299</b>	934 628	<b>251 592</b>	225 060
Adjustment of prior year deferred taxation	-	2 881	-	-
Deferred capital gains tax on investment property – Logistics Platform B.V.	-	7 154	-	-
Capital allowances	<b>64 205</b>	54 994	<b>36 281</b>	26 532
Disposal of ELI	-	(311 983)	-	-
Amortisation of intangible asset	-	(87 998)	-	-
Deferred capital gains tax on Cromwell Property Group shares	-	(47 341)	-	-
Foreign exchange translation reserve (FCTR)	<b>(496)</b>	-	-	-
Foreign exchange gain – Logistics Platform B.V.	-	(36)	-	-
Balance at end of year	<b>616 008</b>	552 299	<b>287 873</b>	251 592

Capital gains taxation is not applicable on the sale of investment property and shares in a REIT or property company, in terms of section 25BB of the Income Tax Act applicable to REITs. Consequently, no deferred tax was raised on the fair value adjustments recognised in respect of investment property.

Allowances relating to immovable property can no longer be claimed and if a REIT sells immovable property, the allowances claimed in previous years will be recouped. A deferred taxation liability was raised in this respect.

Section 25BB of the Income Tax Act allows for the deduction of the qualifying distributions paid to the shareholders, but the deduction is limited to the taxable income. To the extent that no taxation will be payable in future as a result of the qualifying distribution, no deferred taxation was raised on items such as the straight-line lease income accrual.

A deferred taxation asset is recognised for assessed losses to the extent that it is probable that taxable profit will be available against which the assessed losses can be utilised.

During the budget speech on 24 February 2021, the Minister of Finance proposed a reduction of the company tax rate to 27% for companies with years of assessment commencing on or after 1 April 2022. Uncertainty exists regarding the implementation date of the reduction and, therefore, the deferred tax rate used was 28%.

Figures in R'000	Group		Company	
	2021	2020	2021	2020
<b>27 Trade and other payables</b>				
Trade payables	<b>118 205</b>	51 407	<b>55 718</b>	27 308
Accrued expenses	<b>361 638</b>	422 453	<b>271 884</b>	219 066
Deposits	<b>283 015</b>	281 580	<b>159 632</b>	148 731
Rental received in advance from tenants	<b>181 105</b>	168 536	<b>112 357</b>	91 074
Municipal expenses	<b>482 718</b>	458 080	<b>264 501</b>	248 915
Value added taxation	<b>89 230</b>	99 338	<b>56 017</b>	86 020
Sundry creditors	<b>319 484</b>	133 570	<b>125 961</b>	94 928
Balance at end of year	<b>1 835 395</b>	1 614 964	<b>1 046 070</b>	916 042
<b>28 Taxation payable</b>				
South African Revenue Services income tax	<b>156 393</b>	24 992	<b>156 393</b>	-
- Journal Student Accommodation Fund capital gains tax	<b>185 331</b>	-	<b>185 331</b>	-
- Cromwell Property Group capital gains tax	-	24 992	-	-
- Prior year refund	<b>(28 938)</b>	-	<b>(28 938)</b>	-
Australian Taxation Office income tax				
- Journal Student Accommodation Fund withholding tax	<b>119 275</b>	-	<b>119 275</b>	-
Balance at end of year	<b>275 668</b>	24 992	<b>275 668</b>	-



## 29 Financial instrument categories

Figures in R'000	Group		
	At amortised cost	At fair value through profit or loss	Total
<b>Year ended 31 August 2021</b>			
<b>Financial assets</b>			
Listed securities	–	69 679	69 679
Derivative assets	–	291 322	291 322
Loans receivable	2 726 862	–	2 726 862
Other financial assets	–	267 978	267 978
Trade and other receivables	593 705	–	593 705
Cash and cash equivalents	1 356 385	–	1 356 385
	<b>4 676 952</b>	<b>628 979</b>	<b>5 305 931</b>
<b>Financial liabilities</b>			
Interest-bearing borrowings	30 743 000	–	30 743 000
Interest accrual on interest-bearing borrowings	125 345	–	125 345
Derivative liabilities	–	1 714 424	1 714 424
Other financial liabilities	559 983	100 167	660 150
Trade and other payables	1 565 060	–	1 565 060
	<b>32 993 388</b>	<b>1 814 591</b>	<b>34 807 979</b>
<b>Year ended 31 August 2020</b>			
<b>Financial assets</b>			
Listed securities	–	69 679	69 679
Derivative assets	–	25 808	25 808
Loans receivable	2 302 020	–	2 302 020
Other financial assets	–	825 020	825 020
Trade and other receivables	637 178	–	637 178
Cash and cash equivalents	232 078	–	232 078
	<b>3 171 276</b>	<b>920 507</b>	<b>4 091 783</b>
<b>Financial liabilities</b>			
Interest-bearing borrowings	36 649 630	–	36 649 630
Interest accrual on interest-bearing borrowings	236 227	–	236 227
Derivative liabilities	–	3 861 106	3 861 106
Other financial liabilities	14 537	96 642	111 179
Trade and other payables	1 347 090	–	1 347 090
	<b>38 247 484</b>	<b>3 957 748</b>	<b>42 205 232</b>

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

# Notes to the financial statements continued

for the year ended 31 August 2021

## 29 Financial instrument categories continued

Figures in R'000	Company		
	At amortised cost	At fair value through profit or loss	Total
<b>Year ended 31 August 2021</b>			
<b>Financial assets</b>			
Listed securities	–	69 679	69 679
Derivative assets	–	291 322	291 322
Loans receivable	548 877	–	548 877
Loans to subsidiaries	25 229 047	–	25 229 047
Trade and other receivables	345 718	–	345 718
Cash and cash equivalents	1 120 854	–	1 120 854
	<b>27 244 496</b>	<b>361 001</b>	<b>27 605 497</b>
<b>Financial liabilities</b>			
Interest-bearing borrowings	30 743 000	–	30 743 000
Interest accrual on interest-bearing borrowings	125 345	–	125 345
Derivative liabilities	–	1 714 424	1 714 424
Other financial liabilities	24 758	82 672	107 430
Loans from subsidiaries	1 928 090	–	1 928 090
Trade and other payables	877 696	–	877 696
	<b>33 698 889</b>	<b>1 797 096</b>	<b>35 495 985</b>
<b>Year ended 31 August 2020</b>			
<b>Financial assets</b>			
Listed securities	–	69 679	69 679
Derivative assets	–	25 808	25 808
Loans receivable	1 107 793	–	1 107 793
Loans to subsidiaries	25 627 256	–	25 627 256
Other financial assets	–	361 480	361 480
Trade and other receivables	349 971	–	349 971
Cash and cash equivalents	49 164	–	49 164
	27 179 184	456 967	27 636 151
<b>Financial liabilities</b>			
Interest-bearing borrowings	35 169 358	–	35 169 358
Interest accrual on interest-bearing borrowings	236 225	–	236 225
Derivative liabilities	–	3 752 969	3 752 969
Other financial liabilities	14 538	46 626	61 164
Loans from subsidiaries	2 774 905	–	2 774 905
Trade and other payables	738 948	–	738 948
	38 933 974	3 799 595	42 733 569

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

## 30 Fair value disclosures

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

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

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

\* Includes properties under development and right-of-use assets

# Notes to the financial statements continued

for the year ended 31 August 2021

## 30 Fair value disclosures continued

Figures in R'000	Group			
	Fair value	Level 1	Level 2	Level 3
<b>Year ended 31 August 2020</b>				
<b>Assets</b>				
Investment properties*	63 315 899	–	–	63 315 899
Investment property held-for-sale	5 708 480	–	–	5 708 480
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
<b>Liabilities</b>				
Derivative liabilities	3 861 106	–	3 861 106	–
Other financial liabilities	96 642	–	–	96 642
	3 957 748	–	3 861 106	96 642

Figures in R'000	Balance at beginning of year	Acquisitions/ (disposals)	Gains/(losses)	Balance at end of year
			in profit or loss for the year	
<b>Level 3 reconciliation:</b>				
<b>Year ended 31 August 2020</b>				
Investment properties	75 086 504	(6 678 067)	(6 837 309)	61 571 128
Properties under development	3 553 678	(2 074 794)	149 558	1 628 442
Right-of-use asset	–	–	116 329	116 329
Investment property held-for-sale	645 461	5 329 087	(266 068)	5 708 480
Other financial assets	373 387	406 849	44 784	825 020
Loans receivable	112 032	(112 032)	–	–
Derivative liabilities	(7 854)	–	7 854	–
Other financial liabilities	(46 921)	(41 721)	(8 000)	(96 642)
	79 716 287	(3 170 678)	(6 792 852)	69 752 757

\* Includes properties under development and right-of-use assets

## 30 Fair value disclosures continued

Figures in R'000	Company			
	Fair value	Level 1	Level 2	Level 3
<b>Year ended 31 August 2021</b>				
<b>Assets</b>				
Investment properties*	31 712 781	-	-	31 712 781
Investment property held-for-sale	795 046	-	-	795 046
Listed securities	69 679	69 679	-	-
Derivative assets	291 322	-	291 322	-
	<b>32 868 828</b>	<b>69 679</b>	<b>291 322</b>	<b>32 507 827</b>
<b>Liabilities</b>				
Derivative liabilities	1 714 424	-	1 714 424	-
Other financial liabilities	82 672	-	-	82 672
	<b>1 797 096</b>	<b>-</b>	<b>1 714 424</b>	<b>82 672</b>

Figures in R'000	Balance at beginning of year	Acquisitions/ (disposals)	Gains/(losses)	Balance at end of year
			in profit or loss for the year	
<b>Level 3 reconciliation:</b>				
<b>Year ended 31 August 2021</b>				
Investment properties	33 397 111	(883 900)	(1 320 374)	31 192 837
Properties under development	991 368	(528 264)	(46 852)	416 252
Right-of-use asset	103 519	18 668	(18 495)	103 692
Investment property held-for-sale	499 406	274 597	21 043	795 046
Other financial assets	357 479	(345 694)	(11 785)	-
Other financial liabilities	(46 628)	(35 017)	(1 027)	(82 672)
	<b>35 302 255</b>	<b>(1 499 610)</b>	<b>(1 377 490)</b>	<b>32 425 155</b>

\* Includes properties under development and right-of-use assets

# Notes to the financial statements continued

for the year ended 31 August 2021

## 30 Fair value disclosures continued

Figures in R'000	Company			
	Fair value	Level 1	Level 2	Level 3
<b>Year ended 31 August 2020</b>				
<b>Assets</b>				
Investment properties*	34 491 998	–	–	34 491 998
Investment property held-for-sale	499 406	–	–	499 406
Listed securities	69 679	69 679	–	–
Derivative assets	25 808	–	25 808	–
Other financial assets	361 479	–	–	361 479
	35 448 370	69 679	25 808	35 352 883
<b>Liabilities</b>				
Derivative liabilities	3 752 969	–	3 752 969	–
Other financial liabilities	46 628	–	–	46 628
	3 799 597	–	3 752 969	46 628

Figures in R'000	Balance at beginning of year	Acquisitions/ (disposals)	Gains/(losses) in profit or loss for the year	Balance at end of year
<b>Level 3 reconciliation:</b>				
<b>Year ended 31 August 2020</b>				
Investment properties	36 728 008	446 215	(3 777 112)	33 397 111
Properties under development	1 230 507	(73 467)	(165 672)	991 368
Right-of-use asset	–	103 519	–	103 519
Investment property held-for-sale	555 302	(67 925)	12 029	499 406
Loans receivable	5 231	(5 231)	–	–
Other financial assets	357 847	(60 428)	60 060	357 479
Derivative liabilities	(1 542)	1 542	–	–
Other financial liabilities	(46 920)	8 758	(8 466)	(46 628)
	38 828 433	352 983	(3 879 161)	35 302 255

\* Includes properties under development and right-of-use assets

## 30 Fair value disclosures continued

### Details of valuation techniques

#### Investment property

A panel of independent external valuers is 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 were completed by the independent valuers, they were reviewed internally and presented at different forums within the group. The investment committee, a subcommittee 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, No 47 of 2000. The independent valuers are as follows:

→ Real Insight	T Behrens	NDip Property Valuation, Professional Associated Valuer
→ Broll	J Weiner	Dip Real Estate (Property Valuation), MIV(SA), Professional Valuer
→ CBRE Excellerate	C Geldenhuys	BTech, MRICS, MIV(SA), Professional Valuer
→ Spectrum Valuation and Asset Solutions	P O'Connell	NDip, MRICS, Professional Valuer
→ Eris Property Group	C Everatt	BSc (Hons) Estate Management, MRICS, MIV(SA), Professional Valuer
→ Sterling Valuation Specialists	A Smith	BSc (Hons), MIV(SA), Professional Associated Valuer
→ Jones Lang LaSalle	J Askew	BA (Hons), MA Property Valuations & Property Law, FRICS, RICSP, MLV and REV
→ Jones Lang LaSalle	S Crous	NDip Real Estate (Property Valuation), Dip Financial Management, MRICS, RICS, SACPV and SAIV
→ Knight Frank	A Arbee	NDip Property Valuation, Professional Valuer

Unobservable inputs across sectors (% unless otherwise stated)	Group	
	2021	2020
<b>Office sector</b>		
Discount rate	9.00-17.00	12.00-16.50
Exit capitalisation rate	8.00-13.00	8.00-12.50
Bulk rate	R1 500-R3 000p/m <sup>2</sup>	R1 500-R3 000p/m <sup>2</sup>
Expected market rental growth	1.00-5.00	3.00-5.00
Expected expense growth	5.50-7.00	6.00-8.00
Occupancy rate	86.87	85.74
Vacancy periods	0-12 months	0-12 months
Rent-free periods	0-9 months	0-9 months
<b>Retail sector</b>		
Discount rate	10.00-16.00	10.50-16.75
Exit capitalisation rate	7.0-13.00	7.25-13.50
Bulk rate	R1 200-R2 500p/m <sup>2</sup>	R175-R1 600p/m <sup>2</sup>
Expected market rental growth	2.00-5.00	3.00-5.50
Expected expense growth	6.00-7.00	6.00-8.00
Occupancy rate	94.61	92.44
Vacancy periods	0-12 months	0-12 months
Rent-free periods	0-9 months	0-9 months
<b>Industrial sector</b>		
Discount rate	11.00-15.50	12.50-15.50
Exit capitalisation rate	8.00-11.50	8.00-11.00
Bulk rate	R250-R1 600p/m <sup>2</sup>	R450-R1 800p/m <sup>2</sup>
Expected market rental growth	1.00-5.00	3.00-5.00
Expected expense growth	5.50-7.00	6.00-8.00
Occupancy rate	92.07	95.18
Vacancy periods	0-12 months	0-12 months
Rent-free periods	0-9 months	0-9 months
<b>Specialised sector</b>		
Discount rate	13.00-13.50	14.50-15.00
Exit capitalisation rate	9.00-9.75	9.50-10.50
Expected market rental growth	1.00-4.50	3.00-5.00
Expected expense growth	6.00	6.00-8.00
Occupancy rate	100.00	100.00
Vacancy periods	0-12 months	0-12 months
Rent-free periods	0-9 months	0-9 months

# Notes to the financial statements continued

for the year ended 31 August 2021

## 30 Fair value disclosures continued

### Details of valuation techniques continued

#### Investment property continued

Unobservable inputs across sectors (% unless otherwise stated)	Company	
	2021	2020
<b>Office sector</b>		
Discount rate	9.00-17.00	12.00-16.50
Exit capitalisation rate	8.00-13.00	8.00-12.50
Bulk rate	R1 500-R3 000p/m <sup>2</sup>	R1 500-R3 000p/m <sup>2</sup>
Expected market rental growth	1.00-5.00	3.00-5.00
Expected expense growth	5.50-7.00	6.00-8.00
Occupancy rate	86.2	83.94
Vacancy periods	0-12 months	0-12 months
Rent-free periods	0-6 months	0-9 months
<b>Retail sector</b>		
Discount rate	10.00-16.00	11.50-16.75
Exit capitalisation rate	7.50-13.00	7.50-13.50
Bulk rate	R1 200-R2 500p/m <sup>2</sup>	R175-R2 800p/m <sup>2</sup>
Expected market rental growth	2.00-5.00	3.00-5.50
Expected expense growth	6.00-7.00	6.00-8.00
Occupancy rate	93.28	90.12
Vacancy periods	0-12 months	0-12 months
Rent-free periods	0-6 months	0-9 months
<b>Industrial sector</b>		
Discount rate	11.00-15.50	12.50-15.50
Exit capitalisation rate	8.00-11.50	8.00-11.00
Bulk rate	R250-R1 600p/m <sup>2</sup>	R450-R1 800p/m <sup>2</sup>
Expected market rental growth	1.00-5.00	3.00-5.00
Expected expense growth	5.50-7.00	6.00-8.00
Occupancy rate	91.90	94.78
Vacancy periods	0-12 months	0-12 months
Rent-free periods	0-6 months	0-9 months
<b>Specialised sector</b>		
Discount rate	13.50	14.50-15.00
Exit capitalisation rate	9.00	9.50-10.50
Expected market rental growth	1.00-4.50	3.00-5.00
Expected expense growth	6.00	6.00-8.00
Occupancy rate	100.00	100.00
Vacancy periods	0-12 months	0-12 months
Rent-free periods	0-6 months	0-9 months

### 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.



## 30 Fair value disclosures continued

### Details of valuation techniques and input used

#### Sensitivity of fair values to changes in unobservable inputs

Valuation of investment properties is sensitive to changes in inputs used in determining fair value. The table below illustrates the sensitivity in fair value to changes in the unobservable inputs, shown below.

Sector	Group			Change in exit capitalisation rate				Change in discount rate			
	31 August 2021			Decrease		Increase		Decrease		Increase	
	Valuation R'000	Weighted average exit rate (%)	Weighted average discount rate (%)	50bps R'000	%	50bps R'000	%	50bps R'000	%	50bps R'000	%
Office	21 727 632	8.78	12.44	670 084	3.08	(857 606)	(3.95)	254 148	1.17	(475 038)	(2.19)
Retail	23 846 918	8.15	12.34	1 097 694	4.60	(881 020)	(3.69)	490 677	2.06	(359 142)	(1.51)
Industrial	11 209 890	8.84	13.10	460 673	4.11	(267 515)	(2.39)	277 917	2.48	(75 141)	(0.67)
Total	56 784 440										

Sector	Company			Change in exit capitalisation rate				Change in discount rate			
	31 August 2021			Decrease		Increase		Decrease		Increase	
	Valuation R'000	Weighted average exit rate (%)	Weighted average discount rate (%)	50bps R'000	%	50bps R'000	%	50bps R'000	%	50bps R'000	%
Office	11 667 274	8.97	12.80	407 248	3.49	(401 623)	(3.44)	193 275	1.66	(202 211)	(1.73)
Retail	8 146 037	8.66	12.74	395 906	4.86	(231 221)	(2.84)	214 655	2.64	(74 015)	(0.91)
Industrial	10 844 119	8.91	13.19	449 899	4.15	(257 978)	(2.38)	272 710	2.51	(75 435)	(0.70)
Total	30 657 430										

#### 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 land that has been zoned.

The fair value measurement for investment properties of R57.3 billion (2020: R62.0 billion) and properties under development of R0.9 billion (2020: R1.6 billion) has been categorised as level 3 under the fair value hierarchy based on the inputs to the valuation technique.

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

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

The fair value measurement for investment properties classified as held-for-sale of R2.7 billion (2020: R5.7 billion) has been categorised as level 3 under the fair value hierarchy based on the inputs to the valuation technique.

# Notes to the financial statements continued

for the year ended 31 August 2021

## 30 Fair value disclosures continued

### Financial instruments

#### 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 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.

### Other financial assets and liabilities

#### Unlisted securities

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

#### Profit participation liability

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

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.

#### Rental guarantee

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

#### Madison earn-out

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

Figures in R'000	Notes	Group		Company	
		2021	2020	2021	2020
<b>31 Contractual rental income</b>					
<b>Continuing operations</b>					
<b>Revenue from contracts with tenants</b>		<b>7 612 366</b>	7 873 657	<b>4 295 499</b>	4 323 504
Contractual rental income		<b>5 264 725</b>	5 830 083	<b>3 021 855</b>	3 220 440
Non-gross lettable area (GLA) income		<b>76 216</b>	69 583	<b>32 148</b>	27 880
COVID-19 pandemic rental relief		<b>(60 661)</b>	(328 427)	<b>(11 460)</b>	(142 992)
Tenant installations		<b>(72 087)</b>	(65 783)	<b>(44 520)</b>	(37 640)
Tenant parking income		<b>441 678</b>	452 350	<b>261 256</b>	266 022
Operating costs recovery		<b>1 962 495</b>	1 915 851	<b>1 036 220</b>	989 794
<b>Other revenue</b>		<b>75 843</b>	148 310	<b>42 644</b>	106 045
Customer parking income		<b>26 417</b>	30 845	<b>10 806</b>	7 972
Other income		<b>49 426</b>	117 465	<b>31 838</b>	98 073
		<b>7 688 209</b>	8 021 967	<b>4 338 143</b>	4 429 549
<b>Discontinued operations</b>					
<b>Revenue from contracts with tenants</b>		<b>108 147</b>	321 415	<b>39 552</b>	132 234
Contractual rental income		<b>107 744</b>	320 481	<b>39 552</b>	132 160
Non-GLA income		<b>403</b>	836	<b>-</b>	74
Operating costs recovery		<b>-</b>	98	<b>-</b>	-
<b>Other revenue</b>		<b>1 962</b>	6 396	<b>182</b>	1 526
Other income		<b>1 962</b>	6 396	<b>182</b>	1 526
	51	<b>110 109</b>	327 811	<b>39 734</b>	133 760

Contractual rental income is disclosed net of concessionary discounts of R98.9 million (2020: R268.3 million), deferrals offered of R26.8 million (R87.0 million), and deferrals recovered of R65 million (2020: R37.0 million) in the current year for the group, with concessionary discounts of R39.9 million (2020: R111.0 million), deferrals offered of R16.1 million (2020: R54.7 million), and deferrals recovered of R44.6 million (2020: R24.9 million) relating to the company.

Contractual income is fixed and recoveries are variable in nature.

# Notes to the financial statements continued

for the year ended 31 August 2021

Figures in R'000	Notes	Group		Company	
		2021	2020	2021	2020
<b>32</b>					
<b>Investment income</b>					
Investment income from subsidiaries*	57	-	-	<b>3 870 019</b>	3 120 468
Investment income from equity accounted investments**		-	-	-	410 689
Investment income from other financial assets		<b>796</b>	951	-	951
Investment income from listed investments		-	68 185	-	19 760
		<b>796</b>	69 136	<b>3 870 019</b>	3 551 868
<b>33</b>					
<b>Operating costs</b>					
<b>Continuing operations</b>					
Utility charges		<b>(1 185 730)</b>	(1 101 955)	<b>(685 684)</b>	(612 785)
Assessment rates		<b>(739 247)</b>	(754 116)	<b>(370 196)</b>	(376 780)
Net credit losses		<b>(166 827)</b>	(35 917)	<b>(124 732)</b>	(26 473)
Cleaning		<b>(75 394)</b>	(85 516)	<b>(32 505)</b>	(34 828)
Insurance		<b>(52 689)</b>	(52 626)	<b>(30 944)</b>	(29 310)
Security		<b>(164 825)</b>	(164 800)	<b>(93 372)</b>	(85 029)
Other expenses		<b>(205 913)</b>	(234 134)	<b>(113 197)</b>	(109 819)
Repairs and maintenance		<b>(152 820)</b>	(133 800)	<b>(78 921)</b>	(72 772)
Letting commissions		<b>(28 385)</b>	(27 765)	<b>(19 258)</b>	(19 186)
Property management expenses		<b>(209 648)</b>	(227 129)	<b>(190 119)</b>	(209 827)
		<b>(2 981 478)</b>	(2 817 758)	<b>(1 738 928)</b>	(1 576 809)
<b>Discontinued operations</b>					
Utility charges		<b>(19 909)</b>	(41 193)	<b>(10 162)</b>	(21 992)
Net credit losses		<b>(292)</b>	(1 284)	<b>(292)</b>	(1 284)
Other expenses		<b>(39 652)</b>	(101 219)	<b>(18 048)</b>	(41 985)
Repairs and maintenance		<b>(8 656)</b>	(14 148)	<b>(2 112)</b>	(3 641)
	51	<b>(68 509)</b>	(157 844)	<b>(30 614)</b>	(68 902)
<b>34</b>					
<b>Net operating profit</b>					
Net operating income includes the following charges:					
Amortisation and depreciation		<b>(43 789)</b>	(431 566)	<b>(41 934)</b>	(76 196)
Auditor's remuneration		<b>(24 975)</b>	(21 650)	<b>(21 212)</b>	(20 087)
- External auditor - audit fees		<b>(10 655)</b>	(9 110)	<b>(10 655)</b>	(9 110)
- External auditor - prior year		<b>(4 729)</b>	(1 985)	<b>(4 729)</b>	(1 985)
- External auditor - components		<b>(7 847)</b>	(7 546)	<b>(4 084)</b>	(5 983)
- External auditor - non-audit fees		<b>(1 744)</b>	(3 009)	<b>(1 744)</b>	(3 009)
Internal audit fees		<b>(565)</b>	-	<b>(565)</b>	-
Staff costs		<b>(242 503)</b>	(202 241)	<b>(237 522)</b>	(181 012)
Directors' emoluments	58	<b>(26 970)</b>	(45 190)	<b>(26 970)</b>	(45 190)
Defined contribution fund contributions		<b>(23 693)</b>	(23 148)	<b>(23 693)</b>	(23 148)
Share-based payment expenses		<b>(22 044)</b>	(21 851)	<b>(22 044)</b>	(21 851)
Gross property management fees		<b>(34 484)</b>	(75 959)	<b>(822)</b>	(28 862)
Valuation fees paid to third parties		<b>(13 237)</b>	(14 692)	<b>(13 102)</b>	(14 535)
<b>35</b>					
<b>Other income</b>					
Trading income		<b>4 405</b>	26 539	<b>4 405</b>	11 573
Fee income		<b>4 053</b>	3 055	<b>2 571</b>	2 645
Sundry income		<b>1 148</b>	1 851	<b>423</b>	187
Guarantee fee income		-	8 680	-	8 680
		<b>9 606</b>	40 125	<b>7 399</b>	23 085

\* Refer to note 57: Related-party transactions for dividend amount received from each Redefine subsidiary

\*\* Due to the disposal of RDI during the prior financial year and non-declaration of dividends by EPP in the current year, dividends for the company are Rnil during the August 2021 financial year

Figures in R'000	Notes	Group		Company			
		2021	2020	2021	2020		
<b>36</b>		<b>Changes in fair value</b>					
		Continuing operations					
<b>36.1</b>		<b>Changes in fair values of investment properties</b>					
		Property portfolio					
		- realised	28 081	16 583	(8 359)	28 532	
		- unrealised	(1 647 354)	(6 694 992)	(648 749)	(4 024 388)	
			(1 619 273)	(6 678 409)	(657 108)	(3 995 856)	
<b>36.2</b>		<b>Changes in fair values of financial instruments and other</b>					
		Listed securities	7	-	(175 139)	-	(130 864)
		- unrealised		-	(175 139)	-	(130 864)
		Derivatives		2 443 056	(2 389 601)	2 370 980	(2 417 087)
		Exchangeable bonds		-	103 912	-	103 912
		Dilution of interest in associates		-	1 778	-	-
		Change in fair value of disposed asset		34 893	(277 186)	27 634	-
		Unlisted securities		(31 849)	44 649	(15 787)	64 060
		Other financial instruments		(492 346)	(6 508)	1 102	(6 650)
		Other		(10 136)	(17 751)	(10 136)	(17 751)
				1 943 618	(2 715 846)	2 373 793	(2 404 380)
		Discontinued operations					
<b>36.3</b>		<b>Changes in fair values of investment properties</b>					
		Property portfolio					
		- unrealised		(224 116)	(479 626)	(45 350)	(236 816)
	51			(224 116)	(479 626)	(45 350)	(236 816)
<b>36.4</b>		<b>Changes in fair values of financial instruments and other</b>					
		Derivatives		11 448	(40 762)	-	-
		Other financial instruments		91	(142)	-	-
	51			11 539	(40 904)	-	-
<b>37</b>		<b>Impairments</b>					
		Investment in EPP N.V.	9	-	(2 264 072)	-	(529 399)
		Investment in RDI REIT Plc	9	-	(121 498)	-	-
		Investment in subsidiaries	13.1	-	-	(656 246)	(353 881)
		Goodwill and intangible assets	8	-	(5 308 182)	-	(1 132 966)
		Other		-	(8 350)	-	-
				-	(7 702 102)	(656 246)	(2 016 246)

# Notes to the financial statements continued

for the year ended 31 August 2021

Figures in R'000	Notes	Group		Company	
		2021	2020	2021	2020
<b>38</b>					
<b>Reversal of impairments</b>					
Investment in EPP N.V.	9	922 526	-	-	-
		<b>922 526</b>	-	-	-
<b>39</b>					
<b>Interest income</b>					
<b>Continuing operations</b>					
Cash		13 437	40 844	12 570	39 221
Cross-currency interest rate swaps		364 855	681 753	364 855	681 753
Vendor loans		221 754	196 584	81 975	85 331
Loan to associate		-	-	-	65 800
Loans to subsidiaries		-	-	52 703	-
Other		59 998	22 941	46 587	14 705
		<b>660 044</b>	942 122	<b>558 690</b>	886 810
<b>Discontinued operations</b>					
Other		529	(447)	5	6
	51	<b>529</b>	(447)	<b>5</b>	6
<b>40</b>					
<b>Interest expense</b>					
<b>Continuing operations</b>					
Interest-bearing borrowings		(1 466 365)	(2 357 597)	(1 466 365)	(2 345 755)
Fees		(91 156)	(55 837)	(35 371)	(54 484)
Cross-currency interest rate swaps		(131 358)	(187 063)	(131 358)	(187 063)
Interest rate swaps		(653 106)	(291 096)	(653 106)	(284 045)
Interest paid – other		(40 761)	(30 739)	(28 040)	(16 017)
		<b>(2 382 746)</b>	(2 922 332)	<b>(2 314 240)</b>	(2 887 364)
<b>Discontinued operations</b>					
Interest paid – other		(22 145)	(33 981)	-	-
	51	<b>(22 145)</b>	(33 981)	-	-
<b>41</b>					
<b>Foreign exchange gains/ (losses)</b>					
Realised losses		(220 549)	(887 120)	(152 325)	(1 181 312)
Changes to unrealised losses		350 438	(154 886)	324 654	(202 232)
		<b>129 889</b>	(1 042 006)	<b>172 329</b>	(1 383 544)

## 42

Figures in R'000	Group		Company	
	2021	2020	2021	2020
<b>Taxation</b>				
<b>Normal</b>	<b>(523 910)</b>	(27 979)	<b>(523 910)</b>	-
- Current				
Income tax	<b>(523 910)</b>	(27 979)	<b>(523 910)</b>	-
Current year	<b>(185 331)</b>	(27 979)	<b>(185 331)</b>	-
Prior year	<b>(338 579)</b>	-	<b>(338 579)</b>	-
<b>Withholding</b>	<b>(261 014)</b>	(29 213)	<b>(260 792)</b>	(4 912)
<b>Deferred</b>	<b>(64 206)</b>	70 309	<b>(36 281)</b>	(26 532)
- Current	<b>(64 206)</b>	70 309	<b>(36 281)</b>	(26 532)
Total income tax expense	<b>(849 130)</b>	13 117	<b>(820 983)</b>	(31 444)
<i>Reconciliation between applicable taxation rate and effective taxation rate</i>				
SA normal taxation rate applied to (profit)/loss before taxation (28% corporate tax rate)	<b>(1 025 640)</b>	4 655 298	<b>(1 290 468)</b>	1 835 363
Taxation effect of:				
Effect of items included in profit before taxation but are not subject to taxation:				
Fair value adjustment on investment properties	<b>(602 081)</b>	(1 865 013)	<b>(395 199)</b>	(1 126 803)
Fair value adjustment on listed securities	-	(49 039)	-	(36 642)
Fair value adjustment on unlisted securities	<b>(14 429)</b>	14 863	<b>(12 815)</b>	18 369
(Loss)/profit on dilution of ownership interest	-	498	-	-
(Loss)/profit on sale of shares	<b>6 932</b>	(82 582)	<b>4 900</b>	(4 970)
(Loss)/profit on sale of associate	-	(72 686)	-	-
Dividend income	<b>64</b>	-	<b>482 159</b>	390 228
Effect of items not included in profit before taxation but which are subject to taxation:				
Capitalised interest	<b>42 966</b>	77 322	<b>42 966</b>	62 263
Interest – Ma Afrika Tikkun Endowment Trust loan and Redefine Empowerment Trust loan	-	(40 429)	-	(40 429)
Interest – Cornwall Crescent	-	43 402	-	43 402
Equity-accounted earnings	<b>77 011</b>	(113 092)	-	-
Capitalised salary costs	<b>1 501</b>	-	<b>1 501</b>	-
Impairments	<b>226 450</b>	(2 195 842)	<b>(268 632)</b>	(729 578)
Changes in insurance liability	<b>(17 996)</b>	(36 477)	<b>(17 996)</b>	(36 477)
Temporary differences that will be included in future distributions	<b>435 952</b>	(665 884)	<b>563 037</b>	(669 430)
Other	<b>(65 422)</b>	(112 455)	<b>(57 993)</b>	(98 915)
Prior year under provision*	<b>(338 579)</b>	-	<b>(338 579)</b>	-
Foreign currency translation reserves (FCTR) realised to profit/(loss)	-	133 704	-	-
Qualifying distribution	<b>909 897</b>	334 832	<b>914 495</b>	367 087
Current year assessed loss not recognised	<b>(34 134)</b>	(28)	-	-
Scrapping allowance	<b>323</b>	-	<b>323</b>	-
Tax on discontinued operations	<b>(5 599)</b>	-	<b>(2 558)</b>	-
Deferred capital gains tax on Cromwell Property Group shares	-	47 341	-	-
Capital gains tax on Cromwell	-	(28 416)	-	-
Foreign withholding taxes	<b>(261 014)</b>	(29 213)	<b>(260 792)</b>	-
Journal Student accommodation fund capital gains	<b>(393 770)</b>	-	<b>(393 770)</b>	-
Foreign tax relief	<b>208 438</b>	-	<b>208 438</b>	-
Foreign tax	-	(2 987)	-	(4 912)
Taxation per the statement of profit or loss and other comprehensive income	<b>(849 130)</b>	13 117	<b>(820 983)</b>	(31 444)

\* The group anticipated to pay a dividend for the 2020 year of assessment which would have resulted in a nil tax payable position. The group, however, did not pay a dividend and resulted in the under provision for the prior year

Certain companies in the group have unutilised tax losses which cumulatively amount to R437.2 million (2020: R348.7 million) for which deferred tax assets have not been recognised as recovery of these losses is remote.

# Notes to the financial statements continued

for the year ended 31 August 2021

Figures in R'000	Group			Group		
	2021			2020		
	Gross	Non-controlling interest effect of the adjustment	Net	Gross	Non-controlling interest effect of the adjustment	Net
<b>43 Earnings and headline earnings</b>						
<b>Reconciliation of basic earnings to headline earnings</b>						
Profit/(loss) for the year attributable to Redefine shareholders	2 731 310	–	2 731 310	(16 628 264)	–	(16 628 264)
Change in fair value of properties	1 843 389	(87 441)	1 755 948	7 158 035	6 510	7 164 545
Profit/(loss) on sale of subsidiaries	37 543	–	37 543	(139 855)	–	(139 855)
Loss on disposal of interest in associate	–	–	–	259 592	–	259 592
Loss on disposal of Property, plant and equipment	1 120	–	1 120	–	–	–
Profit on dilution of ownership interest in an associate	–	–	–	(1 778)	–	(1 778)
Adjustment of remeasurements, included in equity-accounted earnings of associates (net of tax)	317 571	–	317 571	(1 376 053)	–	(1 376 053)
Adjustment of remeasurements, included in equity-accounted earnings of associates	269 577	–	269 577	(1 319 903)	–	(1 319 903)
Tax adjustment	47 994	–	47 994	(56 150)	–	(56 150)
Revaluation of property, plant and equipment	9 449	–	9 449	28 625	–	28 625
IAS 36 (reversals)/impairments <sup>^</sup>	(922 526)	–	(922 526)	7 842 292	–	7 842 292
Insurance proceeds received	(4 127)	–	(4 127)	(8 729)	–	(8 729)
<b>Headline earnings/(loss) attributable to Redefine shareholders</b>	<b>4 013 729</b>	<b>(87 441)</b>	<b>3 926 288</b>	<b>(2 866 134)</b>	<b>6 510</b>	<b>(2 859 625)</b>
– Continuing operations	3 909 289	(4 143)	3 905 146	(3 065 937)	119 651	(2 946 287)
– Discontinued operations	104 440	(83 298)	21 142	199 803	(113 141)	86 662

<sup>^</sup> The JSE proactive monitoring process identified that the impairment amount should exclude the ECL on loans receivable. The August 2021 results exclude the ECL on loans receivable, the impact in August 2020 is immaterial. The February 2021 interim results disclosed headline earnings per share and diluted headline earnings per share as 845 cents and 841 cents respectively, and this will be corrected to present as 626 cents and 623 cents respectively in the February 2022 interim results



## 43 Earnings and headline earnings continued

Figures in R'000	Group	
	2021	2020
Diluted earnings attributable to Redefine shareholders	2 734 592	(16 624 131)
Profit/(loss) for the year attributable to Redefine shareholders	2 731 310	(16 628 264)
Potential dilutive effect of share incentive schemes	3 282	4 133
Diluted headline earnings/(loss) attributable to Redefine shareholders	3 929 570	(2 855 492)
Profit/(loss) for the year attributable to Redefine shareholders	3 926 288	(2 859 625)
Headline earnings attributable to Redefine shareholders	3 282	4 133
Actual number of shares in issue ('000)^	5 432 630	5 432 630
Weighted average number of shares in issue ('000)^	5 432 630	5 432 191
Diluted weighted average number of shares in issue ('000)^	5 442 172	5 442 415
Weighted average number of shares in issue ('000)	5 432 630	5 432 191
Potential dilutive effect of share incentive schemes (000)**	9 542	10 224
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)	50.28	(306.11)
– Continuing operations	52.48	(300.96)
– Discontinued operations	(2.20)	(5.15)
Diluted earnings per share (cents)	50.25	(306.11)**
– Continuing operations	52.45	(300.96)
– Discontinued operations	(2.20)	(5.15)
Headline earnings per share (cents)	72.27	(52.64)
– Continuing operations	71.88	(54.24)
– Discontinued operations	0.39	1.60
Diluted headline earnings per share (cents)	72.21	(52.64)**
– Continuing operations	71.82	(54.24)
– Discontinued operations	0.39	1.60
<b>Net asset value (NAV) per share</b>		
Number of shares in issue ('000)^	5 432 630	5 432 630
NAV per share (excluding deferred tax and NCI) (cents)	733.24	714.85

^ Group net of 360 553 015 (2020: 360 553 015) 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 was therefore not taken into account in the current year calculation of diluted earnings per share and diluted headline earnings per share

# Notes to the financial statements continued

for the year ended 31 August 2021

Figures in R'000	Group		Company	
	2021	2020	2021	2020
<b>44</b>	<b>Cash generated from operations</b>			
Profit/(loss) before taxation	3 663 000	(16 626 063)	4 608 814	(6 554 869)
Adjusted for:				
Non-cash flow items	(747 890)	19 449 995	(2 692 114)	8 353 087
Interest income	(660 044)	(941 675)	(558 690)	(886 816)
Interest expense	2 382 746	2 956 313	2 314 240	2 887 364
Operating income before working capital changes	4 637 812	4 838 570	3 672 250	3 798 765
Working capital changes	118 463	154 137	87 995	391 729
Trade and other receivables	(214 443)	248 590	(43 072)	265 979
Trade and other payables	332 906	(94 453)	131 067	125 750
Settlement of derivative instrument	(122 605)	(711 223)	(122 605)	(711 223)
Items presented elsewhere on the cash flow:				
Principal elements of lease payments	-	51 547	-	38 324
Cash flows from discontinued operation	20 000	-	9 125	-
Cash generated from operations	4 653 670	4 333 031	3 646 765	3 517 596
Non-cash flow items:				
Depreciation and amortisation	43 789	332 511	41 934	16 605
Impairments (including reversal of impairment in associate)	(808 750)	7 842 292	959 400	2 605 634
Fair value adjustments	(260 073)	10 045 072	(1 652 413)	6 765 151
Investment income from subsidiaries	-	-	(2 713 364)	(2 257 676)
Straight-line lease accrual	531 679	(365 146)	584 347	(156 535)
Profit on disposal of assets	21 527	(121 937)	188 472	-
Loss on disposal of interest in associate	-	259 592	-	-
Profit on disposal of held-for-trading assets	(4 405)	(26 539)	(4 405)	(9 411)
Foreign exchange (gains)/losses	(129 889)	1 042 004	(172 329)	1 383 544
Equity-accounted results of associates	(275 040)	403 900	-	-
Equity-settled share-based payments	8 468	(30 991)	8 468	(30 992)
Share purchase scheme loan waiver	-	10 298	-	10 298
Leasehold expenses	-	(43 524)	-	(36 006)
Lease commissions and amortised tenant installations	124 804	102 464	67 776	62 475
Total non-cash flow items	(747 890)	19 449 995	(2 692 114)	8 353 087
<b>45</b>	<b>Taxation (paid)/received</b>			
Taxation (payable)/receivable at beginning of year	(24 992)	3 432	-	-
Arising on disposal of subsidiary	-	(76)	-	-
Charged to profit or loss*	(784 924)	(57 192)	(784 703)	(4 912)
Interest accrual on SARS refund	431	-	431	-
Foreign exchange differences	1 499	(334)	-	-
Taxation payable/receivable at end of year	275 668	24 992	275 668	-
Total taxation paid	(532 318)	(29 178)	(508 604)	(4 912)

\* The increase in the tax amount charged to profit or loss relates to the prior year as a dividend was not declared. Refer to note 42: Taxation for the amount that relates to the prior year. In addition, tax on capital gains due to the disposal of the Journal properties, including Swanston which is deemed disposed of for tax purposes, also contributed to the tax charged to profit or loss

Figures in R'000	Notes	Group		Company	
		2021	2020	2021	2020
<b>46</b>					
<b>Reconciliation of loans receivable</b>					
Opening balance		<b>2 302 020</b>	1 911 968	<b>1 107 793</b>	1 095 436
Arising on disposal of subsidiaries		-	232 108	-	-
Loans receivable repaid cash		<b>(565 965)</b>	(250 642)	<b>(342 750)</b>	(241 692)
Loans receivable repaid non-cash		-	(21 850)	<b>(961 139)</b>	-
Loans receivable advanced		<b>428 639</b>	327 632	<b>85 890</b>	206 615
Loans receivable advanced non-cash		<b>642 131</b>	-	<b>642 131</b>	-
Accrued interest		<b>175 273</b>	123 252	<b>59 435</b>	15 096
Expected credit losses		<b>(113 776)</b>	(140 190)	<b>34 547</b>	(51 863)
Share purchase scheme loan waiver		-	(10 298)	-	(10 298)
Foreign currency translation differences		<b>(141 460)</b>	130 041	<b>(77 030)</b>	94 499
Closing balance		<b>2 726 862</b>	2 302 020	<b>548 877</b>	1 107 793
<b>47</b>					
<b>Reconciliation of interest-bearing borrowings</b>					
Opening balance		<b>36 649 630</b>	38 662 972	<b>35 169 358</b>	34 736 297
Arising on disposal of subsidiary		<b>(561 482)</b>	(3 412 096)	-	-
Proceeds from interest-bearing borrowings raised		<b>6 372 000</b>	5 187 856	<b>6 372 000</b>	2 539 050
Repayment of interest-bearing borrowings		<b>(11 201 975)</b>	(3 913 886)	<b>(10 356 097)</b>	(2 181 559)
Proceeds from disposal of listed security		-	(674 553)	-	-
Interest-bearing borrowings repaid through fixed deposit		-	-	-	(384 652)
Foreign currency translation differences		<b>(515 173)</b>	799 337	<b>(442 261)</b>	460 222
Closing balance		<b>30 743 000</b>	36 649 630	<b>30 743 000</b>	35 169 358
<b>48</b>					
<b>Acquisition and development of investment properties</b>					
Cash outflows arising from the acquisition and development of investment properties include:					
Investment property additions	3	<b>(575 119)</b>	(1 023 562)	<b>(365 514)</b>	(624 085)
Tenant installations	3	<b>(105 600)</b>	(97 229)	<b>(75 588)</b>	(48 425)
Properties under development additions	5	<b>(256 538)</b>	(1 691 086)	<b>(143 903)</b>	(363 151)
Properties held-for-trading		<b>(534)</b>	(19 029)	<b>(1 118)</b>	(26 683)
Additions to non-current assets held-for-sale	16	<b>(1 570)</b>	(7 868)	-	(510)
Earnings guarantee capitalised		<b>22 934</b>	-	<b>22 934</b>	-
Cash outflows from acquisition and development of investment properties		<b>(916 427)</b>	(2 838 774)	<b>(563 189)</b>	(1 062 854)

# Notes to the financial statements continued

for the year ended 31 August 2021

Figures in R'000	Notes	Group		Company	
		2021	2020	2021	2020
<b>49</b>					
<b>Proceeds on disposal of investment properties and properties classified as held-for-sale</b>					
Cash inflows arising from the disposal of investment properties include:					
Investment properties at fair value	3	<b>2 761 600</b>	5 501 773	<b>1 299 288</b>	127 177
Loans receivable advanced non-cash		<b>(268 804)</b>	-	<b>(268 804)</b>	-
Properties under development	5	-	1 207 283	-	36 329
Properties held-for-trading		<b>18 945</b>	124 787	<b>18 945</b>	72 652
Non-current assets held for sale	16	<b>3 353 979</b>	789 926	<b>520 284</b>	567 787
ELI and Central Logistics Investment sp. z.o.o. disposal	50	-	(6 543 955)	-	-
Disposal of RSL (non-cash)	50	<b>(894 410)</b>	-	-	-
SB Wings Development Proprietary Limited (non-cash)	11	-	(174 339)	-	-
Cash inflows from disposal of investment properties and properties classified as held-for-sale		<b>4 971 310</b>	905 475	<b>1 569 713</b>	803 945

## 50 Disposal of a controlling interest in subsidiaries

### Republica Student Living (Pty) Ltd (RSL)

With effect from 1 March 2021, Redefine disposed of its 53.4% stake in RSL for a consideration of R150.5 million less the pre-closing dividend of R11.7 million for the period ending 28 February 2021. The consideration was settled in cash. Refer to note 19: Non-controlling interests for information on the disposal of NCI. The disposal meets the definition of a discontinued operation in terms of IFRS 5: *Non-current Assets Held-for-Sale and Discontinued Operations*. The disposal represents a separate major line of business, being the specialised sector, refer to note 51: Discontinued operations.

The assets and liabilities as at 28 February 2021 disposed in the disposal of the controlling interest in RSL are presented below:

Figures in R'000	Notes	Group 2021
<b>Assets</b>		
Fair value of investment properties		<b>894 410</b>
Other financial assets		<b>3 087</b>
Trade and other receivables		<b>10 369</b>
Cash and cash equivalents		<b>44 954</b>
<b>Equity</b>		
Non-controlling interest	19	<b>(131 302)</b>
<b>Liabilities</b>		
Interest-bearing borrowings		<b>(561 482)</b>
Derivative liabilities		<b>(29 314)</b>
Trade and other payables		<b>(55 210)</b>
Other financial liabilities		<b>(11 614)</b>
Intercompany loan		<b>(13 417)</b>
Carrying value of net assets disposed		<b>150 481</b>
Net cash inflow on disposal (excluding net cash disposed)		<b>138 752</b>
Contingent consideration payable (earnings guarantee)	24	<b>(27 066)</b>
Total net consideration		<b>111 686</b>
Loss on disposal		<b>(38 795)</b>

## 50 Disposal of a controlling interest in subsidiaries continued

### Journal Student Living (Pty) Ltd (JSL)

In December 2020, Redefine disposed of its 90.0% investment in JSL for \$1 AUD. The subsidiary's assets and liabilities were classified as held-for-sale in the prior financial period.

Refer to note 16: Non-current assets and liabilities held-for-sale and note 19: Non-controlling interests.

The assets and liabilities disposed in the disposal of the controlling interest in JSL are presented below:

Figures in R'000	Notes	Group
		2021
<b>Assets</b>		
Non-current assets held-for-sale	16	<b>12 789</b>
<b>Equity</b>		
Non-controlling interest	19	<b>(789)</b>
<b>Liabilities</b>		
Non-current liabilities held-for-sale	16	<b>(12 789)</b>
Intercompany loan		<b>(463)</b>
Carrying value of net assets disposed		<b>(1 252)</b>
Disposal cash consideration received		<b>-</b>
Profit on disposal		<b>1 252</b>

# Notes to the financial statements continued

for the year ended 31 August 2021

## 50 Disposal of a controlling interest in subsidiaries continued

### Strykow (owned by CLI) and ELI

In January 2020, CLI was disposed. At the end of February 2020, RDF EUR entered into a share purchase agreement to sell 46.5% of its equity interest in ELI to Madison and 1% of its investment to each of the existing GP shareholders. RDF EUR's shareholding was effectively decreased from 95% to 46.5%.

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

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

<b>Figures in R'000</b>	Notes	<b>Group 2020</b>
<b>Assets</b>		
Fair value of investment properties		5 373 038
Right-of-use asset		74 673
Properties under development		1 170 917
Property, plant and equipment		74
Trade and other receivables		115 843
Taxation receivable		77
<b>Equity</b>		
Non-controlling interest	19	(96 583)
Foreign currency translation reserve		(11)
<b>Liabilities</b>		
Interest-bearing borrowings		(3 412 096)
Derivative liabilities		(34 415)
Deferred taxation		(319 983)
Trade and other payables		(346 983)
Bank overdraft		(248 360)
Lease liability		(74 673)
Other financial liabilities		(98 692)
Interest accrual on interest bearing borrowings		(7 073)
Fair value of net assets disposed		2 095 753
Disposal cash consideration received		1 105 279
Net cash inflow on disposal (excluding net cash disposed)		1 105 279
Vendor loan	46	232 108
Investment in associate and joint ventures	9	898 221
Other consideration		1 130 329
Total consideration		2 235 608
Profit on disposal		139 855

## 51 Discontinued operations

With effect from 1 March 2021, Redefine disposed of its 53.4% interest in RSL (refer to note 50: Disposal of a controlling interest in subsidiaries) and directly held student accommodation managed by RSL (Hatfield Square, Roscommon House and Yale Village) to RSL for a consideration of R150.5 million less the dividend which would have been declared for the period ended 28 February 2021 and R934.5 million respectively. Redefine advanced a loan amounting to R268 million to RSL (refer to note 10: Loans receivable) and has guaranteed the earnings before interest, tax, depreciation and amortisation (EBITDA) generated by the properties for the 12 months commencing on 1 March 2021 for a maximum amount of R50 million (refer to note 24: Other financial liabilities).

The disposal of the interest in RSL and directly held student accommodation meet the definition of a discontinued operation as defined in IFRS 5: *Non-current Assets Held-for-Sale and Discontinued Operations*, The disposal represents a separate major line of business being the specialised sector.

The financial performance and cash flow information presented are for the six months ended 28 February 2021 and the year ended 31 August 2020.

### Summarised statements of profit or loss and other comprehensive income

Figures in R'000	Notes	Group*		Company**	
		2021	2020	2021	2020
Revenue	31	110 109	327 811	39 734	133 760
Operating costs	33	(68 509)	(157 844)	(30 614)	(68 902)
Changes in fair values of investment properties	36.3	(224 116)	(479 626)	(45 350)	(236 816)
Changes in fair values of financial and other instruments	36.4	11 539	(40 904)	-	-
Interest income	39	529	(447)	5	6
Interest expense	40	(22 145)	(33 981)	-	-
Other		90	-	-	-
Loss from discontinued operation		(192 503)	(384 991)	(36 225)	(171 952)
<b>Summarised statement of cash flows</b>					
Net cash inflow from operating activities		47 506	79 783	28 808	9 200
Net cash outflows from investing activities		(26 194)	(38 881)	(2 410)	(12 316)
Net cash outflows from financing activities		(4 999)	(2 181)	-	-
Net increase/(decrease) in cash generated from discontinued operations		16 313	38 721	26 398	(3 116)

\* Disposal of interest and directly held properties

\*\* Disposal of directly held properties

# Notes to the financial statements continued

for the year ended 31 August 2021

Figures in R'000	Group		Company	
	2021	2020	2021	2020
<b>52 Commitments</b>				
<b>Capital commitments</b>				
Properties under development	712 573	921 649	–	272 167
Capital improvements on investment properties	279 528	119 000	119 000	64 201
– Approved and committed	279 528	119 000	119 000	64 201
	992 101	1 040 649	119 000	336 368
<b>Lease liability commitments</b>				
Commitments due in respect of leases entered into by the group and company on leasehold property.				
– Due within one year	24 018	43 494	22 541	38 887
– Due within two to five years	72 806	82 959	69 500	78 905
– Due beyond five years	170 679	185 305	154 863	168 754
	267 503	311 758	246 904	286 546
<b>Operating expense commitments</b>				
Contractual commitments are in respect of general maintenance of lifts, escalators and air conditioning installations.				
– Due within one year	349 576	162 746	171 749	76 801
– Due within two to five years	491 658	360 731	237 379	169 865
– Due beyond five years	189	–	189	–
	841 423	523 477	409 317	246 666
<b>Mall of the South</b>				
– Due within one year	–	1 785 075	–	1 785 075
	–	1 785 075	–	1 785 075

## 53 Minimum lease payments receivable

The group and company lease retail, office, industrial and specialised properties under operating leases. On average the leases typically run for a period of three to five years. Contractual amounts (comprising contractual rental income, excluding the straight-line lease adjustments, and operating expense recoveries) due in terms of signed operating lease agreements:

Figures in R'000	Group		Company	
	2021	2020	2021	2020
– Less than 12 months	5 015 562	4 710 881	2 958 133	3 276 081
– Between one and two years	4 143 392	3 966 462	2 417 186	2 720 837
– Between two and three years	3 394 358	3 309 325	2 052 953	2 334 207
– Between three and four years	2 492 412	3 088 998	1 526 171	1 977 578
– Between four and five years	1 886 958	2 253 047	1 203 933	1 574 284
– Over five years	6 899 609	5 963 966	5 266 961	3 982 992
	23 832 291	23 292 679	15 425 337	15 865 979

## 54 Contingent liabilities

At the date of this report, Redefine provides guarantees to various utility suppliers amounting to R88.8 million (2020: R85.8 million).



## 55 Financial risk management

The group's financial risk management objective is to manage the capital and financial risk exposure so that the group continues as a going concern and minimises adverse effects of financial risks on returns.

The group has exposure to the following risks from its use of financial instruments:

- Liquidity risk
- Market risk
- Credit risk

While risk management is the ultimate responsibility of the board of directors, the board has delegated this responsibility to the risk committee, which is responsible for developing and monitoring the group's risk management policies.

The group's risk management policies are established to ensure:

- Improved risk management and control
- The efficient allocation of funds to maximise returns
- The maintenance of acceptable levels of risk within the group as a whole
- Efficient liquidity management and control of funding

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

### 55.1 Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group ensures that it has adequate funds available and seeks to borrow for longer terms at lower cost.

Redefine employs robust liquidity management principles through the use of cash flow forecasting and scenario planning. The sale of assets where all suspensive conditions have been met is factored in when reviewing cash flow requirements (refer to note 16: Non-currents assets and liabilities held-for-sale). The maturity profile of financial liabilities is closely reviewed and the decision to settle or refinance is made well in advance. Cash reserves are also monitored on a daily basis, with any excess cash being utilised to reduce outstanding revolving credit balances, thereby increasing available undrawn facilities. Total group undrawn facilities at year end amounted to R4.5 billion (2020: R2.6 billion).

A maturity analysis of financial liabilities is set out in the table below.

Figures in R'000	Group			Total
	Less than one year	One to five years	More than five years	
<b>Year ended 31 August 2021</b>				
<b>Financial liabilities</b>				
Interest-bearing borrowings	3 818 388	31 260 121	–	35 078 509
Interest accrual on interest-bearing borrowings	125 345	–	–	125 345
Derivative liabilities	175 429	1 538 995	–	1 714 424
Other financial liabilities	597 943	62 207	–	660 150
Trade and other payables	1 565 060	–	–	1 565 060
	<b>6 282 165</b>	<b>32 861 323</b>	<b>–</b>	<b>39 143 488</b>
<b>Year ended 31 August 2020</b>				
<b>Financial liabilities</b>				
Interest-bearing borrowings	3 607 242	36 877 207	1 610 984	42 095 433
Interest accrual on interest-bearing borrowings	236 227	–	–	236 227
Derivative liabilities	354 005	3 361 506	145 595	3 861 106
Other financial liabilities	30 233	80 946	–	111 179
Trade and other payables	1 347 090	–	–	1 347 090
	5 574 797	40 319 659	1 756 579	47 651 035

# Notes to the financial statements continued

for the year ended 31 August 2021

## 55 Financial risk management continued

### 55.1 Liquidity risk continued

Figures in R'000	Company			Total
	Less than one year	One to five years	More than five years	
<b>Year ended 31 August 2021</b>				
<b>Financial liabilities</b>				
Interest-bearing borrowings	3 818 388	31 260 121	–	35 078 509
Interest accrual on interest-bearing borrowings	125 345	–	–	125 345
Derivative liabilities	175 429	1 538 995	–	1 714 424
Other financial liabilities	45 985	61 446	–	107 431
Trade and other payables	877 696	–	–	877 696
Loans from subsidiaries	1 928 090	–	–	1 928 090
	<b>6 970 933</b>	<b>32 860 562</b>	<b>–</b>	<b>39 831 495</b>
<b>Year ended 31 August 2020</b>				
<b>Financial liabilities</b>				
Interest-bearing borrowings	3 572 613	35 320 357	1 610 984	40 503 954
Interest accrual on interest-bearing borrowings	236 225	–	–	236 225
Derivative liabilities	354 005	3 253 369	145 595	3 752 969
Other financial liabilities	6 710	54 454	–	61 164
Trade and other payables	738 948	–	–	738 948
Loans from subsidiaries	2 774 905	–	–	2 774 905
	7 683 406	38 628 180	1 756 579	48 068 165

Total group and company undrawn facilities at year end amounted to R4.5 billion (2020: R2.6 billion).

## 55 Financial risk management continued

### 55.2 Market risk

Figures in R'000	Group		Company	
	2021	2020	2021	2020
<b>Interest rate risk</b>				
The group and company are exposed to interest rate risk through variable rate cash balances, receivables, payables and interest-bearing borrowings. The group and company reduce their exposure to changes in interest rates by fixing interest rates in respect of local borrowings. This is achieved by entering into swap agreements to receive variable and pay fixed interest rates. The following percentage of local borrowings have been fixed:	<b>85.2%</b>	85.0%	<b>85.2%</b>	85.0%
Refer to note 23: Derivative assets/(liabilities) for disclosure regarding the interest rate swaps.				
An increase of 1% in interest rates on the effective floating interest rate liabilities for the year would have increased the interest expense and, therefore, the profit and equity would decrease by:	<b>(43 376)</b>	(55 768)	<b>(37 680)</b>	(54 838)
<b>Equity price risk</b>				
The group and company are exposed to equity securities price risk in respect of listed and unlisted securities held. Fluctuations in equity prices do not affect distributions paid to shareholders. Equity price risk is managed through monthly reviews of security prices. If equity security prices had increased by 5%, the increase in profit and equity would have been:				
– Listed and unlisted securities	<b>11 725</b>	12 201	<b>3 484</b>	21 558
– Profit participation liability	<b>(119)</b>	(117)	<b>(119)</b>	(117)
<b>Currency risk</b>				
The group and company are exposed to currency risk through foreign interest-bearing borrowings, cross-currency interest rate swaps and foreign property assets. These interest-bearing borrowings are used to invest in foreign property assets, while the cross-currency swaps are used to hedge out the associated foreign currency risk and interest rate risk. The group and company manage their currency risk through natural hedges by investing offshore through foreign denominated loans and entering into derivatives that include cross-currency interest rate swaps and forward exchange contracts.				
It is estimated that a R1.00 increase in the relevant spot exchange rate would decrease the group and company expected profit before taxation by:				
<b>Interest expense</b>				
AUD	<b>(2 536)</b>	(7 258)	<b>(2 536)</b>	(3 170)
GBP	<b>(278)</b>	(5 686)	<b>(278)</b>	(5 349)
EUR	<b>(9 608)</b>	(11 873)	<b>(9 608)</b>	(10 057)
USD	<b>(354)</b>	(1 179)	<b>(354)</b>	(1 179)
<b>Interest-bearing borrowings</b>				
It is estimated that a R1.00 increase in the relevant spot exchange rate would increase interest-bearing borrowings, with a corresponding increase in the statement of profit or loss and other comprehensive income:				
AUD	<b>(100 000)</b>	(175 369)	<b>(100 000)</b>	(100 000)
GBP	–	(59 333)	–	(59 333)
EUR	<b>(65 577)</b>	(47 600)	<b>(47 600)</b>	(47 600)
USD	<b>(10 000)</b>	(25 000)	<b>(25 000)</b>	(25 000)

# Notes to the financial statements continued

for the year ended 31 August 2021

## 55 Financial risk management continued

### 55.3 Credit risk management

Figures in R'000	Group		Company	
	2021	2020	2021	2020
The group and company's maximum exposure to credit risk by straight-line rental income accrual and class of financial asset other than derivatives is as follows:				
Straight-line rental income accrual	2 124 800	2 656 797	1 126 934	1 711 600
Cash and cash equivalents	1 356 385	232 078	1 120 854	49 164
Gross trade receivables	728 208	792 255	464 077	486 089
Other receivables	193 194	247 638	91 837	144 323
Gross loans receivable carried at amortised cost	3 034 880	2 496 262	615 612	1 209 075
Gross loans to subsidiaries	–	–	26 707 213	26 812 721
	<b>7 437 467</b>	6 425 030	<b>30 126 527</b>	30 412 972

#### Cash and cash equivalents and straight-line rental income accrual

A significant portion of bank balances are with The Standard Bank of South Africa Limited and the National Australian Bank (NAB), who have a Moody's credit rating of Ba1 and Aa3 respectively.

The fair value of cash and cash equivalents as at 31 August 2021 and 31 August 2020 approximate the carrying value.

While cash and cash equivalents and straight-line rental income accrual are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Figures in R'000	Group		Company	
	2021	2020	2021	2020
<b>Gross trade receivables</b>				
<b>Analysis by credit quality of trade and other receivables is as follows:</b>				
Trade receivables – gross	728 208	792 255	464 077	486 089
Less: expected credit losses	(327 697)	(402 715)	(210 196)	(280 441)
Trade receivables – net of provision for impairment	<b>400 511</b>	389 540	<b>253 881</b>	205 648

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

## 55 Financial risk management continued

### 55.3 Credit risk management continued

#### Trade receivables ECL – simplified model

##### 31 August 2021

During the current period, non-performing trade receivables amounting to R109 million (2020: R39 million) were written off. As at year end, a 100% ECL amounting to R28.9 million was raised for the trade receivables arising from the looted properties. For the balance, performing trade receivables, Management segregated the performing trade receivables into retail, office, industrial and specialised to account for the difference in the credit risk of the sector. The expected loss rates were based on the payment profiles of tenants over a period of 18 months before year end and the corresponding historical credit losses experienced within this period reflective for the current circumstances and forward looking macro economic factors such as the **COVID-19** pandemic, the depressed economic conditions, lack of economic growth and unrest in South Africa. On this basis, this resulted in a 100% loss rate across all the sectors tenants over 91 days. The impairment provision was determined as follows for trade receivables:

	Group				Total (R'000)
	Current	30-60 days	61-90 days	Over 91 days	
Gross carrying amount	350 030	49 838	25 238	274 197	699 303
Weighted average loss rate	5%	7%	9%	100%	
Expected credit loss	18 834	3 489	2 272	274 197	298 792
Net carrying amount	331 196	46 349	22 966	–	400 511

	Company				Total (R'000)
	Current	30-60 days	61-90 days	Over 91 days	
Gross carrying amount	221 230	31 256	14 429	168 257	435 172
Weighted average loss rate	5%	6%	7%	100%	
Expected credit loss	10 377	1 719	938	168 257	181 291
Net carrying amount	210 853	29 537	13 491	–	253 881

##### 31 August 2020

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

	Group				Total (R'000)
	Current	30-60 days	61-90 days	Over 91 days	
Gross carrying amount	341 042	98 514	66 453	286 246	792 255
Weighted average loss rate	20%	26%	36%	100%	
Expected credit loss	69 408	25 465	21 595	286 246	402 715
Net carrying amount	271 634	73 049	44 858	–	389 540

	Company				Total (R'000)
	Current	30-60 days	61-90 days	Over 91 days	
Gross carrying amount	201 014	60 429	33 688	190 958	486 089
Weighted average loss rate	23%	44%	50%	100%	
Expected credit loss	45 912	26 823	16 748	190 958	280 441
Net carrying amount	155 102	33 606	16 940	–	205 648

The fair value of trade receivables as at 31 August 2021 and 31 August 2020 approximate the carrying value.

# Notes to the financial statements continued

for the year ended 31 August 2021

## 55 Financial risk management continued

### 55.3 Credit risk management continued

#### Other receivables ECL – general model

Other receivables consist primarily of deposits held at Ba1 rated financial institutions. While other receivables are also subject to the impairment requirements of IFRS 9: *Financial Instruments*, the identified impairment loss was immaterial.

#### Loans receivable carried at amortised cost – general model

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

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

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

The group assesses on a forward-looking basis the ECL associated with its loans receivable carried at amortised cost. The group uses three main parameters to measure ECL on loans receivable carried at amortised cost. These are the probability of default (PD), loss given default (LGD) and exposure at default (EAD) (i.e.  $PD \times LGD \times EAD = ECL$ )

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

A summary of the assumptions underpinning the group's ECL model is as follows:

Category	Definition of category	Basis for recognition of ECL provision
Performing	Loans for which credit risk is in line with original expectations	12-month ECL, where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime (stage 1)
Underperforming	Loans for which a significant increase in credit risk has occurred compared to original expectations; a significant increase in credit risk is presumed if interest and/or principal payments are 30 days past due	Lifetime expected losses (stage 2)
Non-performing (credit impaired)	Interest and/or principal repayments are 60 days past due and it becomes probable a customer will enter bankruptcy	Lifetime expected losses (stage 3)
Write-off	Interest and/or principal repayments are 120 days past due and there is no reasonable expectation of recovery	Asset is written off

## 55 Financial risk management continued

### 55.3 Credit risk management continued

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

		Group			
		Gross carrying amount (R'000)	Weighted probability of default (%)	Weighted loss given default (%)	Expected credit loss (R'000)
<b>31 August 2021</b>					
Vendor loans receivable		2 956 495			290 312
Stage 1	Performing	2 155 293	4.2	48.7	44 070
Stage 2	Underperforming	708 135	50.0	51.7	182 958
Stage 3	Non-performing	93 067	100.0	68.0	63 284
Share scheme loans receivable		78 385			17 706
Stage 1	Performing	78 385	31.8	71.0	17 706
Total		3 034 880			308 018
<b>31 August 2020</b>					
Vendor loans receivable		2 422 079			176 286
Stage 1	Performing	2 178 301	5.0	67.2	61 148
Stage 2	Underperforming	156 553	50.0	61.6	48 217
Stage 3	Non-performing	87 225	100.0	76.8	66 921
Share scheme loans receivable		74 183			17 956
Stage 1	Performing	74 183	30.6	75.6	17 956
Total		2 496 262			194 242
		Company			
		Gross carrying amount (R'000)	Weighted probability of default (%)	Weighted loss given default (%)	Expected credit loss (R'000)
<b>31 August 2021</b>					
Vendor loans receivable		537 227			49 029
Stage 1	Performing	415 477	6.1	35.8	9 071
Stage 2	Underperforming	121 750	50.0	65.6	39 958
Stage 3	Non-performing	-	-	-	-
Share scheme loans receivable		78 385			17 706
Stage 1	Performing	78 385	31.8	71.0	17 706
Total		615 612			66 735
<b>31 August 2020</b>					
Vendor loans receivable		1 134 892			83 326
Stage 1	Performing	1 019 648	2.1	42.7	39 616
Stage 2	Underperforming	115 244	36.8	55.8	43 710
Stage 3	Non-performing	-	-	-	-
Share scheme loans receivable		74 183			17 956
Stage 1	Performing	74 183	30.6	75.6	17 956
Total		1 209 075			101 282

# Notes to the financial statements continued

for the year ended 31 August 2021

## 55 Financial risk management continued

### 55.3 Credit risk management continued

#### Loan to subsidiaries ECL – general model

The company provides funding to its subsidiaries via intercompany loans. In calculating the ECL rates, the company considers historical loss rates for each category of borrower and adjusts forward-looking macroeconomic data. The company provides for credit losses as follows:

Category	Counterparty type	Location	2021	2020
			Gross carrying amount	Gross carrying amount
Performing <sup>#</sup>	Investment holding subsidiary	South Africa, Netherlands	14 016 066	13 868 009
Underperforming*	Investment holding subsidiary	South Africa	12 691 147	12 944 712
<b>Total</b>			<b>26 707 213</b>	<b>26 812 721</b>

<sup>#</sup> As these subsidiaries have sufficient liquid assets to settle the amount owing to the company the ECL is deemed to be nil as the LGD percentage is nil. Subsidiaries' liquid assets are cash and cash equivalents and trade and other receivables

\* Subsidiaries with insufficient liquid assets to settle the amount owing to the company

For intercompany loans receivable which were underperforming the table below sets out how these ECLs have been calculated:

31 August 2021		Gross carrying amount	Probability of default	Loss given default	Expected credit loss	Category
Counterparty type	Location	(R'000)	(%)	(%)	(R'000)	
Investment holding subsidiary	South Africa	503 811	100.00	64.0	322 491	Underperforming
Investment holding subsidiary	South Africa	36 754	100.00	87.6	32 196	Underperforming
Investment holding subsidiary	South Africa	12 150 582	100.00	9.3	1 123 479	Underperforming
<b>Total</b>		<b>12 691 147</b>			<b>1 478 166</b>	

31 August 2020		Gross carrying amount	Probability of default	Loss given default	Expected credit loss	Category
Counterparty type	Location	(R'000)	(%)	(%)	(R'000)	
Investment holding subsidiary	South Africa	37 000	100.00	0.3	117	Underperforming
Investment holding subsidiary	South Africa	503 811	100.00	64.0	322 490	Underperforming
Investment holding subsidiary	South Africa	218 028	100.00	93.3	203 502	Underperforming
Investment holding subsidiary	South Africa	12 185 873	100.00	5.0	614 356	Underperforming
<b>Total</b>		<b>12 944 712</b>		<b>Total</b>	<b>1 140 465</b>	

## 56 Capital management

In terms of the Memorandum of Incorporation, Redefine has limited borrowings to 100% of property assets. However, to protect Redefine's exposure, the board aims to limit borrowings to 40% of property assets over the long term.

The group's property assets are made up of investment properties (excluding right-of-use assets), owner occupied properties, held-for-trading, non-current assets held-for-sale, listed securities, loans receivable, other financial assets and investments in associate and joint ventures.

	Group		Company	
	2021	2020	2021	2020
Property assets	72 936 924	81 028 234	79 413 765	83 899 759
Interest-bearing borrowings (net of cash on hand)	29 386 615	36 417 552	29 622 146	35 120 194
Fair value of cash-settled hedges	766 381	2 252 813	766 381	2 252 813
Insurance contract liability	194 547	130 275	194 547	130 275
Loan to value (%)	41.6	47.9	38.5	44.7

The board's policy is to maintain a strong capital base, comprising its shareholders' interest, so as to maintain investor, creditor and market confidence and to sustain future development of the business. It is the group's stated purpose to deliver long-term sustainable growth in dividends per share. The board of directors monitors the level of dividends to shareholders and ensures compliance with the Income Tax Act and JSE Listings Requirements. There were no changes in the group's approach to capital management during the year. Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements.



## 57 Related-party transactions

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

Subsidiaries	Principal place of business	Effective interest/ voting rights (%)*
Alice Lane Trust	South Africa	100
Annuity Properties Proprietary Limited	South Africa	100
Any Name 621 Proprietary Limited	South Africa	100
Avanti Trust	South Africa	100
Ballywoods Trust	South Africa	100
Black River Park Investments Proprietary Limited	South Africa	100
Cape Gannet Properties 261 Proprietary Limited	South Africa	100
Centurion Lifestyle Trust	South Africa	100
Erf 2/49 Bryanston Proprietary Limited	South Africa	100
Farramere Retail Trust	South Africa	100
Fountainhead Property Trust	South Africa	100
Fountainhead Properties Proprietary Limited	South Africa	100
Gateway Retail Trust	South Africa	100
Greenstone Motor City Trust	South Africa	100
Hazeldean Retail Trust	South Africa	100
Hillcrest Precinct Trust	South Africa	100
Journal Student Accommodation Fund	Australia	90
Journal Student Living Proprietary Limited – disposed December 2020	Australia	–
Madison Property Fund Managers Holdings Proprietary Limited	South Africa	100
Madison Property Fund Managers Proprietary Limited	South Africa	100
Micawber 185 Proprietary Limited	South Africa	100
Observatory Business Park Proprietary Limited	South Africa	100
Pivotal CCF Proprietary Limited	South Africa	100
Pivotal Global Proprietary Limited	South Africa	100
Pivotman Proprietary Limited	South Africa	100
Ptn 113 Weltevreden Proprietary Limited	South Africa	100
Redefine Commercial Proprietary Limited	South Africa	100
Redefine Europe B.V.	Netherlands	100
Redefine Global Proprietary Limited	South Africa	100
Redefine Retail Proprietary Limited	South Africa	100
Respublica Student Living Proprietary Limited – disposed March 2021	South Africa	–
Riverside Office Park Trust	South Africa	100
Sunninghill Retail Trust	South Africa	100
The Pivotal Fund Proprietary Limited	South Africa	100
The Redefine Empowerment Trust	South Africa	100
Valley View Office Trust	South Africa	100
Wonderboom Junction Retail Trust	South Africa	100
<b>Associate</b>		
EPP N.V.	Poland	45.4
<b>Joint ventures</b>		
European Logistics Investment B.V.	Poland	46.5
Mall of the South Proprietary Limited – acquired November 2020	South Africa	20.0
<b>Directors</b>		
AJ König		
ASP Dambuza		
B Mathews		
D Naidoo		
D Radley		
LC Kok		
LJ Sennelo		
M Barkhuysen		
NB Langa-Royds		
NG Nyawo – appointed 1 February 2021		
SM Pityana		
<b>Prescribed officers</b>		
MJ Ruttell		
DH Rice – resigned on 31 August 2020		

\* Effective interest/voting rights is shown at a Redefine Properties Limited level. Effective interest/voting rights remained the same as last year, except for disposed subsidiaries

# Notes to the financial statements continued

for the year ended 31 August 2021

## 57 Related-party transactions continued

Figures in R'000	2021					
	Equity-accounted investments	Accumulated impairment on investments	Gross receivable/(payable)	Expected credit loss on loans receivable	Sales and services to/ (purchases and services from)	Other (expense)/ income
<b>Group</b>						
European Logistics Investment B.V.	2 345 776	-	-	-	-	-
EPP N.V.	7 830 648	(1 341 546)	-	-	1 662	-
Mall of the South Proprietary Limited	-	-	-	-	6 359	-
RDI REIT Plc	-	-	-	-	-	-
AJ König	-	-	39 115	-	(6 787)	-
ASP Dambuza	-	-	-	-	(744)	-
B Nackan	-	-	-	-	-	-
B Mathews <sup>1</sup>	-	-	-	-	(1 248)	-
D Naidoo	-	-	-	-	(952)	-
D Radley	-	-	-	-	(982)	-
DH Rice <sup>2</sup>	-	-	9 293	-	(1 672)	-
HK Mehta	-	-	-	-	-	-
LC Kok	-	-	10 160	-	(5 126)	-
LJ Sennelo	-	-	-	-	(944)	-
M Barkhuysen	-	-	-	-	(778)	-
M Wainer	-	-	-	-	-	-
MJ Ruttell	-	-	-	-	(3 294)	-
NB Langa-Royds	-	-	-	-	(846)	-
NG Nyawo <sup>3</sup>	-	-	-	-	(2 081)	-
SM Pityana	-	-	-	-	(1 590)	-
Admyt (Proprietary) Limited	-	-	-	-	-	-
Ellwain Investment (Proprietary) Limited	-	-	-	-	-	-
Top Service Properties CC	-	-	-	-	-	-
Wainer & Associates Property Consultants	-	-	-	-	-	-
	<b>10 176 424</b>	<b>(1 341 546)</b>	<b>58 568</b>	<b>-</b>	<b>(19 023)</b>	<b>-</b>
Refer to note	9	9	10	10 & 55.3	58	

<sup>1</sup> B Mathews earned R74 200 as a trustee for the Redefine Empowerment Trust, in addition to her NED fees

<sup>2</sup> The director resigned from the board effective 31 August 2020

<sup>3</sup> The director was appointed on the board effective from 1 February 2021

2021		2020								
Interest income/ (expense)	Dividend income	Equity- accounted investments	Accumulated impairment on investments	Gross receivable/ (payable)	Expected credit loss on loans receivable	Sales and services to/ (purchases and services from)	Other (expense)/ income	Interest income/ (expense)	Dividend income	
-	(79 191)	1 261 227	-	-	-	-	-	-	-	
-	-	9 611 543	(2 264 072)	-	-	631	-	-	389 286	
-	-	-	-	-	-	-	-	-	-	
-	-	-	(121 498)	-	-	925	-	-	21 403	
<b>2 098</b>	-	-	-	37 017	-	(13 798)	-	2 884	-	
-	-	-	-	-	-	(744)	-	-	-	
-	-	-	-	-	-	(455)	-	-	-	
-	-	-	-	-	-	(1 176)	-	-	-	
-	-	-	-	-	-	(872)	-	-	-	
-	-	-	-	-	-	-	-	-	-	
<b>498</b>	-	-	-	8 794	-	(9 016)	-	685	-	
-	-	-	-	-	-	(76)	-	-	-	
<b>543</b>	-	-	-	9 617	-	(10 198)	-	752	-	
-	-	-	-	-	-	(944)	-	-	-	
-	-	-	-	-	-	(562)	-	-	-	
-	-	-	-	-	-	(10 299)	-	938	-	
-	-	-	-	-	-	(5 337)	-	-	-	
-	-	-	-	-	-	(846)	-	-	-	
-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	(1 696)	-	-	-	
-	-	-	-	1 069	-	(1 733)	-	-	-	
-	-	-	-	-	-	(2 227)	-	-	-	
-	-	-	-	-	-	(7 397)	-	-	-	
-	-	-	-	-	-	(1 478)	-	-	-	
<b>3 139</b>	<b>(79 191)</b>	10 872 770	(2 385 570)	56 497	-	(67 298)	-	5 259	410 689	
	9	9	9	10	10 & 55.3	58				

# Notes to the financial statements continued

for the year ended 31 August 2021

## 57 Related-party transactions continued

Figures in R'000	2021							
	Investment at carrying value	Accumulated impairment on investments	Share purchase/issue/(buy-back)	Gross receivable/(payable)	Expected credit loss on loans receivable	Sales and services to/(purchases and services from)	Other (expense)/income	Interest income/(expense)
<b>Company</b>								
Annuity Properties Proprietary Limited	1 307 514	-	-	40 909	-	-	-	-
Any Name 621 Proprietary Limited	-	-	-	(287)	-	-	-	-
Black River Park Investments Proprietary Limited	-	-	-	480 651	-	-	-	-
Cape Gannet Proprietary Limited	-	-	-	5	-	-	-	-
Centurion Lifestyle Trust	-	-	-	(108 200)	-	-	-	-
Erf 2/49 Bryanston Proprietary Limited	-	-	-	(37 042)	-	-	-	-
Fountainhead Properties Proprietary Limited	1 542	(135)	-	(1 567)	-	-	(135)	-
Journal Student Accommodation Fund	878 360	-	-	114 505	-	-	-	-
Journal Student Living Proprietary Limited	-	-	-	-	-	-	-	-
Logistics Platform B.V.	-	-	-	-	-	-	-	-
Madison Property Fund Managers Holdings Proprietary Limited	-	-	-	503 810	(322 491)	-	(322 491)	-
Madison Property Fund Managers Proprietary Limited	-	(80 399)	-	36 754	(32 195)	-	(112 594)	-
Micawber 185 Proprietary Limited	32	(43 468)	-	(32)	-	-	(43 468)	-
Observatory Business Park Proprietary Limited	-	-	-	146 707	-	-	-	-
Pivotal CCF Proprietary Limited	-	-	-	(354 170)	-	-	-	-
Pivotal Global Proprietary Limited	-	-	-	(619 541)	-	-	-	-
Ptn 113 Weltevreden Proprietary Limited	-	-	-	(807 252)	-	-	-	-
Redefine Commercial Proprietary Limited	2 529 873	-	-	1 823 225	-	-	-	-
Redefine Europe B.V.	2 286 026	(163 249)	416 963	1 742 652	-	-	(163 249)	-
Redefine Global Proprietary Limited	9	(7 310 831)	-	-	-	-	(7 310 831)	-
Redefine Retail Proprietary Limited	1 429 001	-	-	12 150 582	(1 123 479)	-	(1 123 479)	-
Respublica Student Living Proprietary Limited	-	-	-	-	-	-	-	1 655
The Pivotal Fund Proprietary Limited	5 207 198	-	-	9 667 413	-	-	-	-
Wonderboom Junction Retail Trust	-	-	-	-	-	-	-	-

2021		2020									
Dividend income	Dividend-contributed tax capital	Investment at carrying value	Accumulated impairment on investments	Share purchase/issue/(disposed)	Gross receivable/(payable)	Expected credit loss raised on loan receivable	Sales and services to/ (purchases and services from)	Other (expense)/income	Interest income/(expense)	Dividend income	Dividend-contributed tax capital
<b>155 000</b>	-	1 307 514	-	-	598 137	-	-	-	-	184 000	-
-	-	-	-	-	(287)	-	-	-	-	-	-
-	-	-	-	-	480 930	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	(108 200)	-	-	-	-	-	-
-	-	-	-	-	(36 884)	(117)	-	-	-	-	-
-	-	1 542	(135)	-	(1 567)	-	-	(135)	-	-	-
<b>1 087 385</b>	-	878 360	-	-	281 217	-	-	-	13 215	29 138	-
-	-	-	-	7 898	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	11 911	-	-
-	-	-	(80 399)	-	503 811	(322 490)	-	(402 889)	-	-	-
-	-	-	(43 467)	-	36 754	(203 502)	-	160 036	-	-	-
-	-	33	-	-	(31)	-	-	-	-	-	-
-	-	-	-	-	146 879	-	-	-	-	-	-
-	-	-	-	-	(242 122)	-	-	-	-	-	-
-	-	-	-	-	(619 541)	-	-	-	-	-	-
-	-	-	-	-	(625 809)	-	-	-	-	-	-
<b>363 000</b>	-	2 529 873	-	-	1 794 994	-	-	-	-	363 000	-
<b>53 249</b>	-	1 874 293	(158 020)	287 795	390 914	-	-	(158 020)	30 097	818 166	-
-	<b>581 364</b>	651 025	(6 659 816)	-	-	-	-	(6 659 816)	-	-	135 676
<b>739 000</b>	-	1 429 001	-	-	12 185 873	(614 356)	-	(614 356)	-	721 000	-
<b>16 021</b>	-	299 037	-	-	-	-	-	-	10 577	15 487	-
<b>875 000</b>	-	5 207 198	-	-	9 252 745	-	-	-	-	854 000	-
-	-	-	-	-	-	-	-	-	-	-	-

# Notes to the financial statements continued

for the year ended 31 August 2021

## 57 Related-party transactions continued

Figures in R'000	2021							
	Investment at carrying value	Accumulated impairment on investments	Share purchase/issue/(buy-back)	Gross receivable/(payable)	Expected credit loss on loans receivable	Sales and services to/(purchases and services from)	Other (expense)/income	Interest income/(expense)
<b>Company continued</b>								
Cromwell Property Group	-	-	-	-	-	-	-	-
EPP N.V.	<b>7 876 870</b>	<b>(529 400)</b>	-	-	-	<b>1 662</b>	-	-
Mall of the South Proprietary Limited	-	-	-	-	-	<b>6 359</b>	-	-
AJ König	-	-	-	<b>39 115</b>	-	<b>(6 787)</b>	-	<b>2 098</b>
ASP Dambuza	-	-	-	-	-	<b>(744)</b>	-	-
B Nackan	-	-	-	-	-	-	-	-
B Mathews	-	-	-	-	-	<b>(1 174)</b>	-	-
D Naidoo	-	-	-	-	-	<b>(952)</b>	-	-
D Radley	-	-	-	-	-	<b>(982)</b>	-	-
DH Rice	-	-	-	<b>9 293</b>	-	<b>(1 672)</b>	-	<b>498</b>
HK Mehta	-	-	-	-	-	-	-	-
LC Kok	-	-	-	<b>10 160</b>	-	<b>(5 126)</b>	-	<b>543</b>
LJ Sennelo	-	-	-	-	-	<b>(944)</b>	-	-
M Barkhuysen	-	-	-	-	-	<b>(778)</b>	-	-
M Wainer	-	-	-	-	-	-	-	-
MJ Ruttell	-	-	-	-	-	<b>(3 294)</b>	-	-
NB Langa-Royds	-	-	-	-	-	<b>(846)</b>	-	-
NG Nyawo	-	-	-	-	-	<b>(2 081)</b>	-	-
SM Pityana	-	-	-	-	-	<b>(1 590)</b>	-	-
Admyt Proprietary Limited	-	-	-	-	-	-	-	-
Ellwain Investment (Proprietary) Limited	-	-	-	-	-	-	-	-
Wainer & Associates	-	-	-	-	-	-	-	-
Top Service Properties CC	-	-	-	-	-	-	-	-
	<b>21 516 425</b>	<b>(8 127 482)</b>	<b>416 963</b>	<b>24 837 690</b>	<b>(1 478 165)</b>	<b>(18 949)</b>	<b>(9 076 247)</b>	<b>4 794</b>
Refer to note	9 & 13	9 & 37	13	10 & 13	55.3	57 & 58		

2021		2020									
Dividend income	Dividend-contributed tax capital	Investment at carrying value	Accumulated impairment on investments	Share purchase/issue/(buy-back)	Gross receivable/(payable)	Expected credit loss raised on loan receivable	Sales and services to/ (purchases and services from)	Other (expense)/income	Interest income/(expense)	Dividend income	Dividend-contributed tax capital
-	-	-	-	-	-	-	-	-	-	-	-
-	-	7 347 471	(529 400)	-	-	-	631	(529 400)	-	389 286	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	37 017	-	(13 798)	-	2 884	-	-
-	-	-	-	-	-	-	(744)	-	-	-	-
-	-	-	-	-	-	-	(455)	-	-	-	-
-	-	-	-	-	-	-	(1 176)	-	-	-	-
-	-	-	-	-	-	-	(872)	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	8 794	-	(9 016)	-	685	-	-
-	-	-	-	-	-	-	(76)	-	-	-	-
-	-	-	-	-	9 617	-	(10 198)	-	752	-	-
-	-	-	-	-	-	-	(944)	-	-	-	-
-	-	-	-	-	-	-	(562)	-	-	-	-
-	-	-	-	-	-	-	(10 299)	-	938	-	-
-	-	-	-	-	-	-	(5 337)	-	-	-	-
-	-	-	-	-	-	-	(846)	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(1 696)	-	-	-	-
-	-	-	-	-	1 069	-	(1 733)	-	-	-	-
-	-	-	-	-	-	-	(2 227)	-	-	-	-
-	-	-	-	-	-	-	(1 478)	-	-	-	-
-	-	-	-	-	-	-	(7 397)	-	-	-	-
<b>3 288 655</b>	<b>581 364</b>	21 525 347	(7 471 237)	295 693	24 094 310	(1 140 465)	(67 298)	(8 204 580)	71 059	3 395 480	135 676
		9 & 13.1	9 & 37	13	10 & 13	55.3	49 & 50				

# Notes to the financial statements continued

for the year ended 31 August 2021

## 58 Directors' and prescribed officers' emoluments

### Executive directors and prescribed officers

Figures in R'000	Short-term		Long-term	Post-employment		Total
	Salary and allowances	Bonuses and performance-related payments	Other benefits and payments	Share schemes	Retirement benefits	
<b>2021</b>						
AJ König	4 506	–	205	1 387	689	6 787
LC Kok	3 354	–	273	970	529	5 126
NG Nyawo <sup>^</sup>	1 625	–	150	–	306	2 081
DH Rice*	–	–	–	1 672	–	1 672
MJ Ruttell*	2 683	–	–	611	–	3 294
	<b>12 168</b>	<b>–<sup>&amp;</sup></b>	<b>628</b>	<b>4 640</b>	<b>1 524</b>	<b>18 960</b>
<b>2020</b>						
AJ König	4 510	–	150	8 449	689	13 798
LC Kok	3 362	–	223	6 084	529	10 198
M Wainer**	–	–	–	–	–	–
DH Rice*	4 036	–	158	4 326	496	9 016
MJ Ruttell*	2 687	–	–	2 650	–	5 337
	14 596	– <sup>&amp;</sup>	531	21 509	1 714	38 349

<sup>^</sup> NG Nyawo was appointed on 01 February 2021

\* DH Rice (resigned on 31 August 2020) and MJ Ruttell form part of the executive committee and meet the definition of a 'prescribed officer' in terms of the Companies Act

<sup>&</sup> No short-term bonuses and performance-related payments were paid in December 2020, as the minimum performance criteria was not achieved in respect to 2020

\*\* M Wainer resigned on 31 August 2019

### Service contracts

Executive directors retire from their positions and from the board (as executive directors) at the age of 65. Though normal retirement age is 65 years for executive directors, the group's retirement policy makes provision to extend the working relationship beyond the normal retirement age. The executive directors are subject to three calendar months' written notice under their existing employment contracts.



## 58 Directors' and prescribed officers' emoluments continued

### Non-executive directors

The fees paid to non-executive directors for the year ended 31 August 2021 remained unchanged from 31 August 2020. The fees were tabled for approval at the group's AGM held on 23 February 2021.

Figures in R'000	2021	2020
<b>Basic annual fee for non-executive directors</b>		
Independent non-executive chairperson	1 248	1 248
Lead independent director	632	632
Non-executive director	456	456
Audit committee chairperson	280	280
Audit committee member	152	152
Risk, compliance and technology committee chairperson	230	230
Risk, compliance and technology committee member	110	110
Remuneration and/or nomination committee chairperson	212	212
Remuneration and/or nomination committee member	106	106
Nomination committee chairperson	130	130
Nomination committee member	72	72
Social, ethics and transformation committee chairperson	212	212
Social, ethics and transformation committee member	106	106
Investment committee chairperson	212	212
Investment committee member	106	106
<b>Non-executive directors' fees</b>		
ASP Dambuza	744	744
B Mathews	1 174	1 102
D Naidoo	952	872
D Radley	982	–
HK Mehta	–	76
LJ Sennelo	944	944
M Barkhuysen	778	562
NB Langa-Royds	846	846
SM Pityana	1 590	1 696
	<b>8 010</b>	6 842

# Notes to the financial statements continued

for the year ended 31 August 2021

## 59 Directors' and prescribed officers' interest

The interests of the directors and prescribed officers in the shares of Redefine Properties Limited were as follows:

Figures in R'000	Beneficial		Non-beneficial
	Direct/ indirect	Associate	Total
<b>2021</b>			
AJ König	6 436 035	-	6 436 035
ASP Dambuza	-	-	-
B Mathews	-	-	-
D Naidoo	-	-	-
D Radley	-	-	-
LC Kok	3 085 047	-	3 085 047
LJ Sennelo	-	-	-
M Barkhuysen	120 000	-	120 000
NG Nyawo**	-	-	-
SM Pityana	-	-	-
DH Rice*	2 307 769	-	2 307 769
MJ Ruttell*	1 148 800	-	1 148 800
	<b>13 097 858</b>	<b>-</b>	<b>13 097 858</b>
<b>2020</b>			
AJ König	6 140 414	-	6 140 414
ASP Dambuza	-	-	-
B Mathews	-	-	-
D Naidoo	-	-	-
D Radley	-	-	-
LC Kok	2 878 307	-	2 878 307
LJ Sennelo	-	-	-
M Barkhuysen	120 000	-	120 000
NB Langa-Royds	-	-	-
SM Pityana	-	-	-
DH Rice*	2 251 292	-	2 251 292
MJ Ruttell*	926 329	-	926 329
	12 316 342	-	12 316 342

\* DH Rice (resigned 31 August 2020) and MJ Ruttell form part of the executive committee and meet the definition of a 'prescribed officer' in terms of the Companies Act

\*\*NG Nyawo was appointed on 01 February 2021

There has been no change in the directors' and prescribed officers' interest occurring between the financial year end and the date of the approval of these financial statements.

All shares held by executive directors under the share purchase scheme are pledged as security against the outstanding loans. No other shares held by executive or non-executive directors are encumbered.

## 60 Events after the reporting period

### Dividend declaration after the reporting date

In line with IAS10: *Events After Reporting Period*, on 5 November 2021, the board of directors declared a final dividend of 60.12 cents per share for the year ended 31 August 2021, resulting in a non-adjusting event that is not recognised in the financial statements.

### Potential EPP corporate reorganisation

Redefine has submitted a non-binding proposal to the EPP board which, if approved by both the EPP board and, to the extent necessary, by EPP and Redefine shareholders, will constitute EPP as an unlisted subsidiary of Redefine. In terms of the proposal, and conditional on EPP shareholders approving of a delisting of EPP shares on both the JSE and LuxSE, Redefine will make an offer to EPP shareholders that will afford EPP shareholders an ability to swap their EPP shares for Redefine shares at an independently verified fair swap ratio. The proposed transaction would be conditional on, *inter alia*, EPP implementing certain restructuring transactions (including the disposal of non-prime property portfolios to joint venture companies to be owned by EPP and third party investors) that will significantly bolster EPP's balance sheet, generate much needed liquidity and materially reduce EPP's LTV. This will ensure that should EPP be constituted as a subsidiary of Redefine, there will be no material impact on Redefine's LTV. Redefine is confident that, should the proposed transaction be approved and implemented, EPP will return to a dividend-paying position in the short term, which will materially contribute to improve Redefine's distributable income and distributions to Redefine shareholders. As a controlled entity of Redefine, the market will be provided with a single point of entry into EPP via Redefine, with existing Redefine shareholders benefiting from the diversification of income streams obtained from EPP's prime Polish retail portfolio held directly and non-prime assets held indirectly via the joint venture arrangements. The proposal is under consideration by an independent committee constituted by the EPP board and further update announcements will be made by both Redefine and EPP in due course. Pending such further announcements, shareholders are advised to exercise caution in dealing in Redefine shares.

In line with IAS10: *Events after the Reporting Period*, the potential transaction is a non-adjusting event, which is not recognised in the financial statements.

# Notes to the financial statements continued

for the year ended 31 August 2021

## 61 Going concern

The directors have assessed the group's ability to continue as a going concern. The assessment includes solvency and liquidity tests, which included *inter alia* a forecast of debt covenants such as the loan-to-value and interest cover ratios. The liquidity test considers expected cash flows in the next 12 months, including the anticipated proceeds from disposals and cash flow related to funding and development activities for the next 12 months. As at 31 August 2021, the group had a positive net asset value and a stable liquidity position, with access to R4.5 billion (2020: R2.6 billion) in committed undrawn credit facilities.

### COVID-19 pandemic and unrest in South Africa

The **COVID-19** pandemic continued to impact the global economy. 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 the demand for products and services and on people's behaviour have negatively affected economic performance and prospects globally. Developed countries with higher vaccination rates are experiencing favourable outcomes when compared to developing countries with lower vaccination rates. The low levels of vaccination may cause future waves and the resurgence of the pandemic, which may lead governments to reimpose restrictions previously enforced. Locally, a fourth wave of infections may similarly result in the reintroduction of government-imposed restrictions, which could lead to further adverse economic consequences. In addition to the **COVID-19** pandemic, South Africa experienced mass scale social unrest during July 2021, which affected five of our buildings and resulted in physical damage of R155.0 million.

The **COVID-19** pandemic and unrest in South Africa affected the group in the 2021 financial year as follows:

- Further decrease in the valuations of the local investment properties mainly due to the low levels of business confidence and the challenged economic environment which adversely impacted the group's LTV ratio
- Stable valuations of the investment in foreign associates and joint ventures driven by the roll-out of the vaccination program in Poland and the focus on logistics properties
- Dividends were withheld by EPP to bolster their own liquidity needs, which adversely impacted the group's earnings and liquidity
- Limited further rental relief measures were granted to tenants to support the sustainability of their businesses which adversely impacted the group's earnings and liquidity
- The provision for credit losses has reduced from high levels experienced in 2020 in response to the heightened risk of tenants failing to meet their rental obligations and has stabilised during the year

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

### Access to liquidity

Liquidity is less constrained when compared to 2020, however, the cost of liquidity has increased since the start of the pandemic. There has been some recovery in the market, but property counters are still trading at high discounts to their NAVs, which makes raising equity in this environment very costly and deeply dilutive. The retention of the FY20 dividend as well as the proceeds received from the sale of Leicester Street and other non-core local assets have created healthy liquidity during the year. The settlement of the Swanston Street property is expected to take place in February 2022 and with other non-core local property disposals and the sale of the six standing logistics assets in Poland are expected to further buffer the liquidity position.

### Debt covenants

Financial covenant (LTV and ICR) 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 from 50% to 55% for the period ending 31 August 2020 and 28 February 2021. For the reporting period ending 31 August 2021, the LTV limit returned to 50%. The minimum ICR covenant is 2x. There have been no debt covenant breaches to date, with the strictest LTV and ICR covenants indicating headroom of 3.4% and 0.4x respectively. For the reporting periods ending 28 February 2022 and 31 August 2022, it is anticipated that the corporate LTV covenant will be below 50% and the ICR above 2x. All debt covenant projections are proactively monitored. At 31 August 2021, there was no breach of the covenant levels, with the LTV level reducing to 41.6%.

## 61 **Going concern** continued

### **Profitability**

#### **Investment income**

EPP may continue to defer the payment of dividends for a period to preserve liquidity due to the continued uncertainty related to the pandemic, their high levels of gearing, and upcoming debt refinancing.

#### **Rental concessions**

Limited 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 government reintroduce restrictions to mitigate against the risk of rising infections on the back of potential future waves.

#### **Provision for credit losses**

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

#### **Change to business environment**

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

The directors have satisfied themselves that the group is in a sound financial position, and that it has access to sufficient liquidity to meet its foreseeable cash requirements. Considering the outcomes of the solvency and liquidity projections, the group will be solvent and liquid, and the directors are confident in the ability of the group to continue as a going concern and have no reason to believe that the group will not be a going concern in the year ahead.

The directors have therefore concluded that the group has adequate resources to continue operating for the foreseeable future, and that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.



Park One, Century City

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## Supplementary information

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# SA REIT ratios

for the year ended 31 August 2021

The best practice recommendation (BPR) is effective for the reporting periods commencing on or after 1 January 2020. Redefine early adopted the BPR during the August 2020 financial year.

Figures in R'000	2021	2020
<b>SA REIT FUNDS FROM OPERATIONS (SA REIT FFO) PER SHARE</b>		
<b>Profit or loss per IFRS Statement of comprehensive income (SOCl) attributable to the parent</b>	<b>2 731 310</b>	(16 628 264)
Adjusted for:		
<b>Accounting/specific adjustments:</b>	<b>2 006 693</b>	15 234 605
Fair value adjustments to:		
– Investment properties	<b>1 629 408</b>	7 158 035
– Debt and equity instruments held at fair value through profit or loss	<b>489 302</b>	317 954
Depreciation and amortisation of intangible assets	<b>43 788</b>	332 512
Impairment of goodwill or the recognition of a bargain purchase gain	–	5 308 182
Asset impairments (excluding goodwill) and reversals of impairment	<b>(808 750)</b>	2 534 110
Gains or losses on the modification of financial instruments	<b>57 060</b>	21 012
Deferred tax movement recognised in profit or loss	<b>64 206</b>	(70 308)
Straight-lining operating lease adjustment	<b>531 679</b>	(365 147)
Adjustments to dividends from equity interests held	–	(1 745)
<b>Adjustments arising from investing activities:</b>	<b>139 727</b>	822 338
Gains or losses on disposal of:		
– Debt and equity instruments	<b>105 465</b>	711 223
– Investment properties and property, plant and equipment	<b>(3 285)</b>	(26 539)
– Subsidiaries and equity-accounted entities held	<b>37 547</b>	137 654
<b>Foreign exchange and hedging items:</b>	<b>(2 674 928)</b>	2 810 119
Fair value adjustments on derivative financial instruments employed solely for hedging purposes	<b>(2 443 055)</b>	2 438 796
Reclassified foreign currency translation reserve upon disposal of a foreign operation	<b>3 277</b>	(344 894)
Foreign exchange gains or losses relating to capital items – realised and unrealised	<b>(235 150)</b>	716 217
<b>Other adjustments:</b>	<b>192 009</b>	418 968
Tax impact of the above adjustments	<b>417 371</b>	24 992*
Adjustments made for equity-accounted entities	<b>(195 340)</b>	411 881
Non-controlling interests in respect of the above adjustments	<b>(30 022)</b>	(17 905)
<b>SA REIT FFO</b>	<b>2 394 811</b>	2 657 766
Number of shares outstanding at end of period (net of treasury shares)	<b>5 432 630</b>	5 432 630
<b>SA REIT FFO per share (cents)</b>	<b>44.08</b>	48.92
<b>Company-specific adjustments</b>	<b>482 097</b>	140 235
Non-distributable adjustments for discontinued operation	<b>134 607</b>	–
Changes in insurance contract liability	<b>64 272</b>	130 275*
Interest received Chariot loan	<b>(43 000)</b>	(23 037)
Capital transaction costs expensed	<b>29 019</b>	51 651*
Property held-for-trading	<b>4 405</b>	26 539
Taxation paid on FY20 distributable income retained	<b>367 087</b>	–
Depreciation (excluding owner-occupied properties)	<b>(41 968)</b>	(18 234)
Leasehold interest and expenses	<b>(32 325)</b>	(26 959)
<b>Distributable income</b>	<b>2 876 908</b>	2 798 001
Unrealised foreign exchange gains	<b>350 438</b>	–
Other	<b>38 708</b>	–
<b>Dividend declared</b>	<b>3 266 054</b>	–
<b>Distributable income per share (DIPS) (cents)</b>	<b>52.96</b>	51.50
<b>Dividend per share (cents)</b>	<b>60.12</b>	–

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

# SA REIT ratios continued

for the year ended 31 August 2021

Figures in R'000	2021	2020
<b>SA REIT NET ASSET VALUE (NAV)</b>		
Reported NAV attributable to the parent	39 218 183	38 282 965
Adjustments:		
Dividend to be declared	(3 266 054)	–
Fair value of certain derivative financial instruments	908 892	1 522 147
Goodwill and intangible assets	–	–
Deferred tax	616 008	552 299
<b>SA REIT NAV</b>	<b>37 477 029</b>	<b>40 357 411</b>
<b>Shares outstanding</b>		
Number of shares in issue at period end (net of treasury shares)	5 432 630	5 432 630
Effect of dilutive instruments (options, convertibles and equity interests)	9 542	10 224
<b>Dilutive number of shares in issue</b>	<b>5 442 172</b>	<b>5 442 854</b>
<b>SA REIT NAV per share</b>	<b>6.89</b>	<b>7.41</b>
<b>SA REIT COST-TO-INCOME RATIO</b>		
<b>Expenses</b>		
Operating expenses per IFRS income statement (includes municipal expenses)	2 906 460	3 248 797
Administrative expenses per IFRS income statement	326 995	401 625
<i>Exclude:</i>		
Depreciation expense in relation to property, plant and equipment of an administrative nature and amortisation expense in respect of intangible assets	(43 789)	(18 234)
<b>Operating costs</b>	<b>3 189 666</b>	<b>3 632 188</b>
<b>Rental income</b>		
Contractual rental income per IFRS income statement (excluding straight-lining)	5 725 714	6 433 829
Utility and operating recoveries per IFRS income statement	1 962 495	1 915 949
<b>Gross rental income</b>	<b>7 688 209</b>	<b>8 349 778</b>
SA REIT cost-to-income ratio	41.5%	43.5%
<b>SA REIT ADMINISTRATIVE COST-TO-INCOME RATIO</b>		
<b>Expenses</b>		
Administrative expenses as per IFRS income statement	326 995	401 625
<b>Administrative costs</b>	<b>326 995</b>	<b>401 625</b>
<b>Rental income</b>		
Contractual rental income per IFRS income statement (excluding straight-lining)	5 725 714	6 433 829
Utility and operating recoveries per IFRS income statement	1 962 495	1 915 949
<b>Gross rental income</b>	<b>7 688 209</b>	<b>8 349 778</b>
SA REIT administrative cost-to-income ratio	4.3%	4.8%
<b>SA REIT GLA VACANCY RATE</b>		
Gross lettable area of vacant space	339 671	335 626
Gross lettable area of total property portfolio	4 315 456	4 432 904
<b>SA REIT GLA vacancy rate</b>	<b>7.9%</b>	<b>7.6%</b>



Figures in R'000	ZAR (%)	AUD (%)	EUR (%)	USD (%)	GBP (%)
<b>COST OF DEBT</b>					
<b>2021</b>					
<i>Variable interest rate borrowings</i>					
Floating reference rate plus weighted average margin	5.5	2.5	2.7	2.6	-
<i>Fixed interest rate borrowings</i>					
Weighted average fixed rate	-	-	-	-	-
<b>Pre-adjusted weighted average cost of debt</b>	<b>5.5</b>	<b>2.5</b>	<b>2.7</b>	<b>2.6</b>	<b>-</b>
<b>Adjustments:</b>					
Impact of interest rate derivatives	2.0	-	-	-	-
Impact of cross-currency interest rate swaps	0.6	-	(0.9)	-	-
Amortised transaction costs imputed into the effective interest rate	-	-	-	-	-
<b>All-in weighted average cost of debt</b>	<b>8.1</b>	<b>2.5</b>	<b>1.8</b>	<b>2.6</b>	<b>-</b>
<b>2020</b>					
<i>Variable interest rate borrowings</i>					
Floating reference rate plus weighted average margin	5.4	2.2	2.7	3.5	2.9
<i>Fixed interest rate borrowings</i>					
Weighted average fixed rate	-	-	-	-	-
<b>Pre-adjusted weighted average cost of debt</b>	<b>5.4</b>	<b>2.2</b>	<b>2.7</b>	<b>3.5</b>	<b>2.9</b>
<b>Adjustments:</b>					
Impact of interest rate derivatives	2.3	1.1	-	-	-
Impact of cross-currency interest rate swaps	0.5	-	(1.0)	-	-
Amortised transaction costs imputed into the effective interest rate	-	-	-	-	-
<b>All-in weighted average cost of debt</b>	<b>8.2</b>	<b>3.3</b>	<b>1.7</b>	<b>3.5</b>	<b>2.9</b>

Figures in R'000	2021	2020
<b>SA REIT LOAN-TO-VALUE</b>		
Gross debt	30 743 000	36 649 630
Less:		
Cash and cash equivalents	(1 356 385)	(232 078)
Add/Less:		
Derivative financial instruments (including insurance contract liability)	1 617 649	3 965 573
<b>Net debt</b>	<b>31 004 264</b>	<b>40 383 125</b>
Total assets – per statement of financial position	75 635 209	82 169 846
Less:		
Cash and cash equivalents	(1 356 385)	(232 078)
Derivative financial assets	(291 322)	(25 808)
Goodwill and intangible assets	-	-
Trade and other receivables	(900 527)	(686 764)
<b>Carrying amount of property-related assets</b>	<b>73 086 975</b>	<b>81 225 196</b>
<b>SA REIT loan-to-value (SA REIT LTV)</b>	<b>42.4%</b>	<b>49.7%</b>

# Property information

for the year ended 31 August 2021

## Sectoral summary as at 31 August 2021

Figures in R'000	Office	Retail	Industrial	Specialised	International	Total
Investment properties	21 727 632	23 846 918	11 209 890	363 300	–	57 147 740
Properties under development	–	44 000	882 012	–	–	926 012
Properties held-for-trading	–	–	11 102	175 000	–	186 102
Property, plant and equipment	–	–	–	28 600	–	28 600
Non-current assets held-for-sale	128 849	524 711	187 778	–	1 907 735	2 749 073
<b>Total</b>	<b>21 856 481</b>	<b>24 415 629</b>	<b>12 290 782</b>	<b>566 900</b>	<b>1 907 735</b>	<b>61 037 527</b>

## Investment properties – Office

Multi/ single tenanted	Property	Province	Valuation (R'000)	GLA (m <sup>2</sup> )	GMR (R)	GMR (R/m <sup>2</sup> )	Vacancy (m <sup>2</sup> )
Multi	Alice Lane	Gauteng	3 271 400	77 915	19 812 695	269.4	4 375
Single	115 West Street	Gauteng	1 425 400	41 091	12 658 456	308.1	–
Multi	90 Rivonia Road	Gauteng	1 118 000	39 964	7 793 449	198.2	645
Multi	Black River Office Park	Western Cape	1 039 000	52 863	7 379 594	178.9	11 602
Multi	The Towers	Western Cape	864 200	59 709	7 514 718	146.6	8 442
Multi	Rosebank Link	Gauteng	775 900	21 624	5 414 277	250.4	–
Multi	Riverside Office Park	Gauteng	452 800	27 400	4 419 568	170.9	1 538
Multi	Wembley 2	Western Cape	429 000	17 766	3 666 972	207.9	132
Multi	90 Grayston Drive	Gauteng	426 180	19 894	2 855 010	211.6	6 401
Multi	Ballyoaks Office Park	Gauteng	416 100	27 091	3 676 748	161.7	4 354
Single	Nedbank Lakeview	Gauteng	405 800	15 201	3 398 205	223.6	–
Multi	Hillcrest Office Park	Gauteng	403 900	23 654	3 294 794	144.5	853
Multi	155 West Street	Gauteng	394 072	27 953	2 604 241	97.3	1 179
Multi	Boulevard Office Park F&G	Western Cape	385 140	16 118	2 219 018	164.8	2 651
Multi	Rosebank Towers	Gauteng	345 643	12 180	2 949 280	273.4	1 393
Multi	Observatory Business Park	Western Cape	345 200	18 729	2 610 105	158.4	2 256
Multi	Commerce Square	Gauteng	341 960	17 036	2 646 719	186.7	2 858
Multi	2 Pybus Road	Gauteng	321 200	12 895	2 184 645	187.0	1 211
Multi	Convention Tower	Western Cape	321 000	17 938	3 106 555	183.5	1 006
Multi	Loftus	Gauteng	310 900	14 350	2 445 957	184.0	1 057
Multi	Thornhill Office Park	Gauteng	310 100	22 429	2 438 211	141.0	5 136
Multi	Silver Stream Business Park	Gauteng	308 100	17 105	2 582 856	161.4	1 098
Multi	Wembley 1	Western Cape	267 100	11 095	1 954 298	180.4	259
Multi	Clearwater Office Park	Gauteng	241 700	19 566	1 684 463	117.2	5 197
Multi	Bree Street	Western Cape	235 400	9 072	2 606 794	290.3	93
Multi	Hampton Office Park	Gauteng	232 500	20 994	2 345 673	136.0	3 741
Multi	Stoneridge Office Park	Gauteng	218 470	18 342	2 427 159	139.0	876
Single	61 Jorrisen Street	Gauteng	214 100	18 181	2 482 022	136.5	–
Single	Constantia Kloof 3	Gauteng	199 060	16 026	3 804 361	237.4	–
Single	Douglas Roberts Centre	Gauteng	193 400	19 309	2 391 682	123.9	–
Multi	Hill on Empire	Gauteng	193 000	8 604	1 588 094	187.3	124
Single	De Beers House	Gauteng	169 020	14 172	1 828 746	129.0	–
Single	Centurion Gate	Gauteng	165 700	11 541	2 339 215	202.7	–
Multi	AMR Office Park	Gauteng	161 500	10 560	1 488 847	141.3	22
Multi	Grayston Ridge Office Park	Gauteng	158 360	11 895	964 914	108.9	3 038
Single	Knowledge Park II	Western Cape	153 700	7 181	1 089 918	151.8	–
Multi	Sandhurst Office Park	Gauteng	147 550	8 505	1 638 860	202.4	408
Single	CIB Insurance	Gauteng	147 430	7 513	1 697 474	225.9	–
Single	Ericsson Woodmead	Gauteng	146 070	11 245	1 399 914	124.5	–
Multi	Boulevard Office Park B&C	Western Cape	144 510	7 755	927 483	167.8	2 228
Multi	Thabakgolo	Limpopo	143 100	13 321	1 732 734	133.9	379

## Investment properties – Office continued

Multi/ single tenanted	Property	Province	Valuation (R'000)	GLA (m <sup>2</sup> )	GMR (R)	GMR (R/m <sup>2</sup> )	Vacancy (m <sup>2</sup> )
Multi	Boulevard Office Park A	Western Cape	142 710	6 816	795 675	141.3	1 183
No Tenants	Galleria	Gauteng	141 120	-	-	-	-
Multi	Bryanston Place_CCF	Gauteng	138 400	9 927	1 318 727	154.2	1 374
Single	240 & 260 Justice Mahomed Street	Gauteng	135 300	13 087	2 486 339	190.0	-
Single	Avon	Gauteng	134 180	6 520	942 684	144.6	-
Multi	The Old Match Factory	Western Cape	128 800	11 320	36 879	3.3	-
Single	Sasfin Head Office Building	Gauteng	127 870	8 028	2 916 824	363.3	-
No Tenants	300 Middel Street	Gauteng	121 500	11 404	-	-	11 404
Single	16 Fredman Drive	Gauteng	118 500	10 421	500 619	78.0	4 000
Multi	Essex Gardens	KwaZulu-Natal	118 400	8 525	1 172 905	174.9	1 818
Multi	Rosebank Corner	Gauteng	115 100	9 846	465 362	109.0	5 577
Multi	82 Maude	Gauteng	114 100	10 032	867 545	152.2	4 332
Multi	Mineralia Building	Gauteng	101 900	13 605	2 483 893	182.6	-
Single	The Atrium Building	Gauteng	97 500	13 555	1 861 911	138.5	108
Multi	Kimberley-Clark House	Gauteng	94 800	7 319	1 360 958	185.9	-
Multi	Park ONE	Western Cape	87 900	6 472	311 941	153.5	4 440
Single	Wheat Board	Gauteng	80 566	13 109	1 204 568	91.9	-
Multi	Nedbank Centre Nelspruit	Mpumalanga	75 200	15 366	1 343 895	128.1	4 877
Multi	150 Rivonia Road	Gauteng	75 010	6 723	562 962	116.6	1 893
Multi	Cedarwood House	Gauteng	73 214	7 699	842 057	139.3	1 654
Multi	West End Shopping Centre	North West	72 430	21 004	1 012 429	76.5	7 771
Multi	Wembley 3	Western Cape	68 000	4 765	611 187	176.1	1 294
Single	Stonewedge	Gauteng	66 400	7 390	1 746	0.2	-
Multi	Eagle Park	Western Cape	65 900	7 220	393 102	99.5	3 268
Single	Emanzeni	Gauteng	65 700	9 340	1 304 324	139.6	-
Multi	18 The Boulevard	KwaZulu-Natal	64 700	5 189	711 953	138.8	58
Single	Hyde Park Manor	Gauteng	61 300	4 687	653 013	139.3	-
Multi	2 Fricker Road	Gauteng	57 200	5 259	645 650	132.9	402
Multi	Curator	Gauteng	56 600	8 934	594 669	116.3	3 822
Multi	Silver Point Office Park	Gauteng	56 200	4 781	699 375	161.4	449
Multi	The Avenues	Gauteng	56 000	6 340	300 679	98.2	3 277
Multi	5 Sturdee Avenue	Gauteng	55 189	3 160	591 482	201.9	230
No Tenants	Heron Place	Western Cape	53 760	4 734	-	-	4 734
Multi	Wedgfield	Gauteng	53 494	3 907	602 198	156.1	48
Multi	1006 On the Lake	Gauteng	49 700	7 470	579 092	83.8	557
Multi	Silver Stream Building 3	Gauteng	45 300	2 333	423 439	183.7	28
Single	Delpen Building	Gauteng	43 400	5 550	702 392	126.6	-
Multi	Knowledge Park III	Western Cape	42 200	3 786	296 470	111.6	1 130
Multi	66 Peter Place	Gauteng	39 524	4 273	459 078	149.0	1 191
Multi	3 Sturdee Avenue	Gauteng	38 971	3 253	627 444	225.9	475
Multi	Warich Close Office Park	Gauteng	38 100	4 027	392 165	138.0	1 185
Multi	Accord House	KwaZulu-Natal	36 200	3 961	427 835	112.3	152
Multi	Hillside House	Gauteng	35 800	5 116	439 928	117.3	1 367
Single	Kernick House	Gauteng	34 380	3 564	554 956	155.7	-
Multi	Ethos Building	Gauteng	32 100	2 521	356 725	142.3	15
No Tenants	4 Keyes Avenue	Gauteng	32 000	-	-	-	-
Single	Abcon House_Pivotal	Gauteng	31 000	2 633	359 109	136.4	-
Multi	Oxford House	Gauteng	27 400	2 728	277 102	102.1	15
No Tenants	Nashua House	Gauteng	25 335	7 551	-	-	7 551
No Tenants	Duncan Street	Gauteng	23 445	1 310	-	-	1 310
Multi	Wickham House	Gauteng	22 700	1 983	323 760	163.3	-

# Property information continued

for the year ended 31 August 2021

## Investment properties – Office continued

Multi/ single tenanted	Property	Province	Valuation (R'000)	GLA (m <sup>2</sup> )	GMR (R)	GMR (R/m <sup>2</sup> )	Vacancy (m <sup>2</sup> )
Single	Standard Bank Centurion	Gauteng	22 200	2 732	525 290	192.3	-
Multi	Sedgwick House	Gauteng	19 530	2 074	185 210	101.2	244
No Tenants	Boulevard Annex-CPT	Western Cape	18 600	-	-	-	-
Multi	Gleneagles_Pivotal	Gauteng	16 000	2 003	276 010	142.0	59
No Tenants	Centurion Junction	Gauteng	12 550	-	-	-	-
Single	Embassy House	Gauteng	7 340	3 470	170 703	49.2	-
Multi	Peugeot Hatfield	Gauteng	6 910	533	40 892	76.7	-
Multi	Schoeman Street	Gauteng	6 250	803	15 614	63.4	557
No Tenants	Boulevard Office Park D	Western Cape	3 089	191	-	-	192
			<b>21 727 632</b>	<b>1 206 131</b>			<b>158 593</b>

Single tenanted office properties weighted average rental rate of R179.69/m<sup>2</sup>  
Portion of Rosebank Towers included under property, plant and equipment

## Non-current assets held-for-sale – Office

Multi-/ single tenanted	Property	Province	Valuation (R'000)	GLA (m <sup>2</sup> )	GMR (R)	GMR (R/m <sup>2</sup> )	Vacancy (m <sup>2</sup> )
No Tenants	7 Sturdee Avenue	Gauteng	50 000	4 011	-	-	4 011
Multi	Boskruin Village Office Park	Gauteng	48 314	7 000	191 788	103,1	5 139
No Tenants	Batho Pele House	Gauteng	30 535	14 258	-	-	14 258
			<b>128 849</b>	<b>25 269</b>			<b>23 408</b>

## Investment properties – Retail

Multi/ single tenanted	Property	Province	Valuation (R'000)	GLA (m <sup>2</sup> )	GMR (R)	GMR (R/m <sup>2</sup> )	Vacancy (m <sup>2</sup> )
Multi	Centurion Mall	Gauteng	3 456 000	118 976	27 092 251	240.0	6 076
Multi	Blue Route Mall	Western Cape	1 486 500	56 133	12 244 679	218.5	85
Multi	Golden Walk	Gauteng	1 460 300	45 142	10 283 006	230.5	539
Multi	Kenilworth Centre	Western Cape	1 413 700	53 433	11 040 785	207.6	243
Multi	East Rand Mall	Gauteng	1 244 400	34 211	7 384 336	232.8	2 492
Multi	Stoneridge Centre	Gauteng	1 081 300	67 891	8 805 222	136.8	3 517
Multi	Goldfields Mall_Pivotal	Free State	989 000	37 729	7 655 699	203.6	132
Multi	Centurion Lifestyle Centre	Gauteng	968 200	61 520	9 637 457	161.0	1 672
Multi	Maponya Mall	Gauteng	956 117	36 453	7 473 329	207.6	463
Multi	The Boulders Shopping Centre	Gauteng	890 700	48 310	8 327 999	181.6	2 459
Multi	Sammy Marks Square	Gauteng	849 900	36 050	6 295 938	193.8	3 556
Multi	Matlosana Mall	North West	846 700	64 915	8 521 081	143.2	5 396
Multi	Southcoast Mall	KwaZulu-Natal	671 900	34 809	5 168 525	154.9	1 440
Multi	Wonderboom Junction	Gauteng	665 000	42 698	7 616 668	181.0	622
Multi	Benmore Centre	Gauteng	546 400	23 075	5 164 894	235.0	1 100
Multi	Park Meadows	Gauteng	540 800	29 985	4 071 941	143.6	1 634
Multi	Kyalami Corner JV	Gauteng	523 520	22 211	3 964 143	184.4	718
Multi	Chris Hani Crossing	Gauteng	489 478	20 414	3 746 930	183.5	-
Multi	Hazeldean Retail Square	Gauteng	392 300	20 020	3 302 792	175.2	1 168
Multi	Horizon Shopping Centre	Gauteng	357 400	19 967	2 885 028	150.8	834
Multi	Cradlestone Mall	Gauteng	323 280	33 313	4 229 571	133.5	1 622
Multi	Wilgespruit	Gauteng	274 400	19 552	2 222 220	113.7	-

## Investment properties – Retail continued

Multi/ single tenanted	Property	Province	Valuation (R'000)	GLA (m <sup>2</sup> )	GMR (R)	GMR (R/m <sup>2</sup> )	Vacancy (m <sup>2</sup> )
Multi	Bryanston Shopping Centre	Gauteng	245 800	13 924	2 506 252	202.0	1 514
Multi	Hillcrest Boulevard	Gauteng	243 800	8 433	1 866 690	228.3	255
Multi	The Mall @ Scottsville	KwaZulu-Natal	202 300	14 425	2 229 709	163.8	813
Multi	Oakfields Shopping Centre	Gauteng	190 380	12 739	1 522 022	149.3	2 547
Multi	Gateway Corner	Gauteng	188 100	11 651	1 524 244	130.8	-
Multi	Standard Bank Centre Pretoria	Gauteng	169 500	17 039	2 374 447	201.1	5 233
Multi	Monument Commercial Centre	Gauteng	158 950	19 562	1 621 010	82.9	-
Multi	Cross Place	Gauteng	148 850	5 328	1 329 399	277.9	544
Single	Festival Square	Gauteng	144 700	11 041	1 331 436	120.6	-
Multi	Moreleta Plaza	Gauteng	129 800	8 599	1 217 079	143.5	120
Multi	Blue Downs	Western Cape	125 700	8 817	1 143 922	129.7	-
Multi	Finpark	Gauteng	119 500	2 957	108 916	66.7	1 324
Multi	320 West Street	KwaZulu-Natal	107 430	10 744	2 041 907	210.9	1 061
Multi	Besterbrown	Mpumalanga	106 900	14 272	1 026 631	88.8	2 717
Multi	Botshabelo Shopping Centre	Free State	100 800	15 042	1 609 110	112.9	784
Multi	Greenstone Motor City	Gauteng	85 300	6 005	851 588	141.8	-
Single	Buco	Gauteng	81 900	27 000	720 296	26.7	-
Multi	Centurion Mall Offices	Gauteng	80 200	13 222	903 992	80.4	1 982
Multi	66 Smal Street	Gauteng	78 800	2 162	772 431	357.3	-
Multi	McCarthy Audi Centre West Rand	Gauteng	75 814	4 334	624 265	204.3	1 279
Multi	Riverside Junction	Mpumalanga	70 800	10 037	763 701	96.9	2 153
Multi	Bryanston Carvenience	Gauteng	66 460	3 886	671 057	186.9	296
Single	Pro Shop Woodmead	Gauteng	54 650	5 190	888 438	171.2	-
Multi	Posthouse Link	Gauteng	51 600	4 879	583 610	161.7	1 269
Multi	Jetmart Pretoria	Gauteng	49 400	7 003	313 229	67.4	2 359
Multi	Acornhoek Shopping Centre	Mpumalanga	48 560	5 453	682 622	133.4	337
Single	Unitrans Nissan Clearwater	Gauteng	43 620	4 000	714 832	178.7	-
Multi	Nunnerleys	Gauteng	39 500	796	392 628	493.3	-
Multi	Post House	Gauteng	32 200	3 099	385 135	124.3	-
Multi	Nedbank Mall	Gauteng	31 600	1 194	598 208	501.0	-
Multi	Kine Centre	Gauteng	30 100	1 961	492 702	337.7	502
Multi	CCMA House Rustenburg	North West	28 560	6 378	415 139	94.1	1 966
No Tenants	Wonderboom Junction	Gauteng	26 300	-	-	-	-
Multi	Schreiner Chambers	Gauteng	15 300	662	369 438	558.1	-
Single	ABSA Centurion	Gauteng	14 784	1 306	191 395	146.6	-
Multi	Tamlea – Arundel	Gauteng	10 400	685	348 853	509.3	-
Multi	Leonita – Mallinick	Gauteng	9 000	1 309	306 987	249.6	79
Multi	Small Street Mall	Gauteng	6 300	119	85 733	720.4	-
Multi	East End Shopping Centre	North West	3 940	10 122	303 214	31.6	517
No Tenants	JD Dwarssloop	Mpumalanga	2 025	1 148	-	-	1 147
			<b>23 846 918</b>	<b>1 223 330</b>			<b>66 566</b>

Single tenanted retail properties weighted average rental rate of R70.57/m<sup>2</sup>

# Property information continued

for the year ended 31 August 2021

## Properties under development – Retail

Multi/ single tenanted	Property	Province	Valuation (R'000)	GLA (m <sup>2</sup> )	GMR (R)	GMR (R/m <sup>2</sup> )	Vacancy (m <sup>2</sup> )
No Tenants	Kwena Square	Gauteng	44 000	-	-	-	-
			44 000	-			-

## Non-current assets held-for-sale – Retail

Multi/ single tenanted	Property	Province	Valuation (R'000)	GLA (m <sup>2</sup> )	GMR (R)	GMR (R/m <sup>2</sup> )	Vacancy (m <sup>2</sup> )
Multi	Shoprite Park	Western Cape	261 025	27 967	3 037 090	108.6	-
Multi	Riverside Mall	Western Cape	126 100	9 588	1 256 429	146.1	989
Multi	Isipingo Junction	KwaZulu-Natal	74 670	5 397	961 959	195.0	465
No Tenants	Masingita Mall	Gauteng	35 416	-	-	-	-
Multi	Vaal Walk	Gauteng	27 500	10 899	647 996	65.4	987
			524 711	53 851			2 441

## Investment properties – Industrial

Multi/ single tenanted	Property	Province	Valuation (R'000)	GLA (m <sup>2</sup> )	GMR (R)	GMR (R/m <sup>2</sup> )	Vacancy (m <sup>2</sup> )
Single	233 Barbara Road	Gauteng	937 810	120 277	6 536 844	54.3	-
Single	Pepkor Isando	Gauteng	752 900	107 017	8 575 136	80.1	-
Single	Hirt & Carter Cornubia	KwaZulu-Natal	627 800	47 718	5 131 397	107.5	-
Single	Macsteel Lilianton Boksburg	Gauteng	513 800	73 071	4 135 022	56.6	-
Multi	Cato Ridge DC	KwaZulu-Natal	390 700	50 317	3 742 979	74.4	-
Single	Macsteel Coil Processing Wadeville	Gauteng	301 700	52 886	2 313 262	43.7	-
Single	Macsteel VRN Roodekop	Gauteng	282 100	57 645	2 434 019	42.2	-
Single	Macsteel Trading Germiston South	Gauteng	256 400	56 495	2 064 315	36.5	-
Single	BGM 5 – Mass Mart	Western Cape	246 692	26 353	1 814 134	68.8	-
Single	GM – COEGA	Eastern Cape	242 400	38 515	2 340 079	60.8	-
Multi	ERPM	Gauteng	236 900	67 742	2 259 491	33.4	-
Single	Macsteel Cape Town	Western Cape	212 700	38 340	1 424 132	37.1	-
Single	34 Wrench Road	Gauteng	212 000	24 452	1 782 508	72.9	-
Multi	Wingfield Park	Gauteng	244 000	56 486	2 275 858	43.3	3 896
Multi	Graph Avenue	Western Cape	179 200	29 450	1 669 603	56.7	-
Multi	Mifa Industrial Park	Gauteng	174 100	34 919	1 788 350	57.1	3 601
Single	8 Jansen Road	Gauteng	171 200	24 147	1 652 994	68.5	-
Single	Waltloo DC	Gauteng	168 500	25 735	1 605 375	62.4	-
Single	Macsteel Trading Durban	KwaZulu-Natal	166 600	21 540	1 170 704	54.4	-
Single	S & J Industrial	Gauteng	158 400	18 659	158 600	8.5	-
Multi	S & J Industrial	Gauteng	148 770	16 788	828 238	72.4	5 343
Multi	12 Piet Rautenbach Street	Gauteng	146 908	27 795	2 082 488	74.9	-
Multi	17 Winnipeg Road	Gauteng	133 600	23 308	973 603	41.8	-
Single	City Deep 45 & 46	Gauteng	131 900	13 407	1 070 471	79.8	-
Single	29 Springbok Road	Gauteng	127 000	20 067	1 010 539	50.4	-
No Tenants	Brackengate 2 Mainland	Western Cape	126 903	-	-	-	-
Multi	Nasrec Road – Aeroton	Gauteng	123 600	15 575	1 191 639	76.5	-

## Investment properties – Industrial continued

Multi/ single tenanted	Property	Province	Valuation (R'000)	GLA (m <sup>2</sup> )	GMR (R)	GMR (R/m <sup>2</sup> )	Vacancy (m <sup>2</sup> )
Single	Macsteel Roofing Wadeville	Gauteng	120 800	23 729	955 141	40.3	-
Multi	Golf Air Park II	Western Cape	113 900	12 807	1 085 053	84.7	-
Single	14 Piet Rautenbach Street	Gauteng	112 900	15 668	1 076 037	68.7	-
Multi	Supreme Industrial Park	Gauteng	110 700	29 076	1 465 853	53.5	1 680
Multi	CTX Business Park	Western Cape	109 700	18 484	1 435 181	79.7	480
Multi	Dawn	Gauteng	108 825	24 911	743 293	41.5	6 988
Multi	Strydom Industrial Park	Gauteng	106 800	25 405	1 474 617	66.7	3 282
Single	Schneider Midrand	Gauteng	104 600	11 924	881 225	73.9	-
Single	BGM 2-Roche Pharmaceutical	Western Cape	103 757	4 324	652 962	151.0	-
Single	Coricraft – Stormill	Gauteng	100 400	24 253	982 346	40.5	-
Single	Macsteel Special Steels Dunswart	Gauteng	96 100	19 334	835 527	43.2	-
Multi	Ushukela Industrial Park	KwaZulu-Natal	94 115	27 226	1 935 036	71.1	-
Single	Torre Industrial	Gauteng	90 900	9 381	744 269	79.3	-
Single	2 Lake Road	Gauteng	90 800	13 547	923 057	68.1	-
Multi	1 Springbok Road	Gauteng	87 800	15 729	851 108	54.1	-
Multi	1 Wadeville Road	Gauteng	85 600	25 357	867 849	39.8	3 563
Multi	190 Barbara Road	Gauteng	84 900	14 580	755 110	51.8	-
Multi	Midway Park	Gauteng	83 600	14 177	419 249	69.3	8 124
Multi	18 Halifax Road	KwaZulu-Natal	78 530	14 693	843 615	57.4	-
Single	Macsteel Trading Klerksdorp	North West	78 500	15 263	579 142	37.9	-
Single	Trentyre Spartan	Gauteng	75 610	12 344	860 747	69.7	-
Single	106 16th Road	Gauteng	73 000	10 129	1 088 366	107.5	-
Single	BGM 1 – GEA	Western Cape	68 387	4 712	460 373	97.7	-
Single	Macsteel Roofing Harvey	Gauteng	65 900	14 133	620 882	43.9	-
Single	SSAB	Gauteng	64 500	9 343	553 243	59.2	-
Single	Regal	Gauteng	63 400	6 083	515 024	84.7	-
Single	BGM 7 – Brights	Western Cape	61 122	6 816	453 455	66.5	-
Multi	Golf Air Park	Western Cape	54 000	14 800	688 699	53.0	1 807
Multi	Creation	North West	58 427	28 723	775 723	27.0	-
Single	Macsteel VRN Pinetown	KwaZulu-Natal	55 400	7 517	434 621	57.8	-
No Tenants	Cornubia Ptn 18	KwaZulu-Natal	54 000	-	-	-	-
Multi	Ferreiras North Riding	Gauteng	53 610	9 573	414 356	45.7	516
Single	1 New Road	Gauteng	51 400	11 606	538 303	46.4	-
No Tenants	Greenstone Place Road	Gauteng	50 900	9 083	-	-	9 083
Single	BGM 8 – Planet Fitness	Western Cape	49 098	1 675	326 085	194.6	-
Single	GNLD International	Gauteng	48 400	5 477	489 976	89.5	-
Single	179 Broadwalk Street	Gauteng	47 100	10 680	516 645	48.4	-
Single	Deutz Diesel	Gauteng	46 200	7 678	382 588	49.8	-
Single	11 Galaxy Avenue	Gauteng	44 600	6 217	-	-	-
Single	Macsteel Trading Nelspruit	Mpumalanga	43 400	5 262	325 702	61.9	-
Single	2 Merlin Rose Drive	Gauteng	42 900	6 748	-	-	-
Single	Elvey Security	Gauteng	42 800	4 127	406 376	98.5	-
Single	Macsteel Trading Bloemfontein	Free State	42 500	4 947	312 449	63.2	-
Single	Macsteel VRN Witbank	Mpumalanga	42 300	8 899	271 818	30.5	-
Single	Jupiter Ext 1	Gauteng	42 093	11 507	426 947	37.1	-
Single	Aveng Stormill	Gauteng	37 400	5 965	431 455	72.3	-
Multi	77 & 78 Plane Road	Gauteng	36 900	8 686	478 429	55.1	-
Single	Macsteel Special Steels Meyerton	Gauteng	36 900	11 693	303 100	25.9	-
Single	52 Mimetes Road	Gauteng	35 295	7 567	471 913	62.4	-
Single	Macsteel VRN Richards Bay	KwaZulu-Natal	35 100	4 117	294 448	71.5	-

# Property information continued

for the year ended 31 August 2021

## Investment properties – Industrial continued

Multi/ single tenanted	Property	Province	Valuation (R'000)	GLA (m <sup>2</sup> )	GMR (R)	GMR (R/m <sup>2</sup> )	Vacancy (m <sup>2</sup> )
No Tenants	4 Vanderbijl Street	Mpumalanga	27 500	6 559	-	-	6 559
No Tenants	Golf Air Park III	Western Cape	27 300	-	-	-	-
Multi	Serenade Road	Gauteng	26 050	10 013	293 124	29.9	208
No Tenants	Daan de Wet Nel Drive	Gauteng	24 300	7 698	-	-	7 698
Single	2 Hendrik van Eck Road	Northern Cape	23 300	6 813	16 220	35.5	6 356
Single	Macsteel VRN Rustenburg	North West	22 900	4 724	175 636	37.2	-
Single	Macsteel Trading Welkom	Free State	21 600	5 550	116 500	21.0	-
Single	Aviz Labs	Gauteng	20 000	2 871	231 824	80.7	-
Single	64 Mimetes Road	Gauteng	20 043	5 136	195 605	38.1	-
Single	Aristocrat Tech	Gauteng	20 000	2 158	168 528	78.1	-
Single	Macsteel Hudson Road	KwaZulu-Natal	20 000	2 346	154 291	65.8	-
No Tenants	9 Brons Street	North West	18 100	7 860	-	-	7 860
Single	Trentyre Spartan 2	Gauteng	15 640	3 138	180 268	57.4	-
Single	Macsteel VRN Klerksdorp	North West	10 900	2 370	80 707	34.1	-
No Tenants	28 Stevenson Road	Eastern Cape	9 600	4 674	-	-	4 674
Single	Precision House	Gauteng	2 205	603	34 217	56.7	-
			<b>11 209 890</b>	<b>1 777 192</b>			<b>81 718</b>

Single tenanted industrial properties weighted average rental rate of R 58.10/m<sup>2</sup>

## Properties under development – Industrial

Multi/ single tenanted	Property	Province	Valuation (R'000)	GLA (m <sup>2</sup> )	GMR (R)	GMR (R/m <sup>2</sup> )	Vacancy (m <sup>2</sup> )
No Tenants	S & J Industrial	Gauteng	744 504	-	-	-	-
No Tenants	Atlantic Hills	Western Cape	137 508	-	-	-	-
			<b>882 012</b>	<b>-</b>			<b>-</b>

## Properties held-for-trading – Industrial

Multi/ single tenanted	Property	Province	Valuation (R'000)	GLA (m <sup>2</sup> )	GMR (R)	GMR (R/m <sup>2</sup> )	Vacancy (m <sup>2</sup> )
No Tenants	Atlantic Hills	Western Cape	11 102	-	-	-	-
			<b>11 102</b>	<b>-</b>			<b>-</b>

## Non-current assets held-for-sale – Industrial

Multi/ single tenanted	Property	Province	Valuation (R'000)	GLA (m <sup>2</sup> )	GMR (R)	GMR (R/m <sup>2</sup> )	Vacancy (m <sup>2</sup> )
No Tenants	S & J Industrial	Gauteng	92 585	-	-	-	-
Single	East Balt	Gauteng	53 200	9 923	613 420	61.8	-
No Tenants	Brackengate 2 Mainland	Western Cape	29 158	-	-	-	-
No Tenants	66 Michelin Street	Gauteng	12 835	6 943	-	-	6 943
			<b>187 778</b>	<b>16 866</b>			<b>6 943</b>



## Investment properties – Specialised

Multi/ single tenanted	Property	Province	Valuation (R'000)	GLA (m <sup>2</sup> )	GMR (R)	GMR (R/m <sup>2</sup> )	Vacancy (m <sup>2</sup> )
Single	Bedford Gardens Hospital	Gauteng	363 300	12 817	3 129 890	244.2	-
			363 300	12 817			-

Single tenanted specialised properties weighted average rental rate of R211/m<sup>2</sup>

## Property, plant and equipment – Specialised

Multi/ single tenanted	Property	Province	Valuation (R'000)	GLA (m <sup>2</sup> )	GMR (R)	GMR (R/m <sup>2</sup> )	Beds
Multi	Loftus park hotel	Gauteng	28 600	-	-	-	-
			28 600	-			-

Loftus park hotel included under property, plant and equipment

## Properties held-for-trading – Specialised

Multi/ single tenanted	Property	Province	Valuation (R'000)	GLA (m <sup>2</sup> )	GMR (R)	GMR (R/m <sup>2</sup> )	Vacancy (m <sup>2</sup> )
No Tenants	Park Central	Gauteng	175 000	-	-	-	-
			175 000	-			-

## Non-current assets held-for-sale – International

Multi/ single tenanted	Property	Province	Valuation (R'000)	GLA (m <sup>2</sup> )	GMR (R)	GMR (R/m <sup>2</sup> )	Vacancy (m <sup>2</sup> )	Beds	Vacant beds
Multi	500 Swanston Street		1 907 735	-	-	-	-	587	587
			1 907 735	-			-	587	587

%	Office	Retail	Industrial	Specialised	Total
Local weighted average portfolio escalation	7.2	6.1	6.0	6.0	6.5
Local average annualised property yield	9.0	7.5	7.6	11.6	8.1

# Property information continued

for the year ended 31 August 2021

## Property portfolio

### Geographical profile

Province	Number of properties	GLA (m <sup>2</sup> )	GLA (%)	GMR (R'000)	GMR (%)
Gauteng	194	3 124 757	73	359 544 933	73
Western Cape	37	577 230	13	74 253 291	15
KwaZulu-Natal	16	258 524	6	26 421 886	6
Other	25	354 945	8	30 060 232	6
International	1	-	-	-	-
	<b>273</b>	<b>4 315 456</b>	<b>100</b>	<b>490 280 342</b>	<b>100</b>

## Tenant profile

### South African investment property

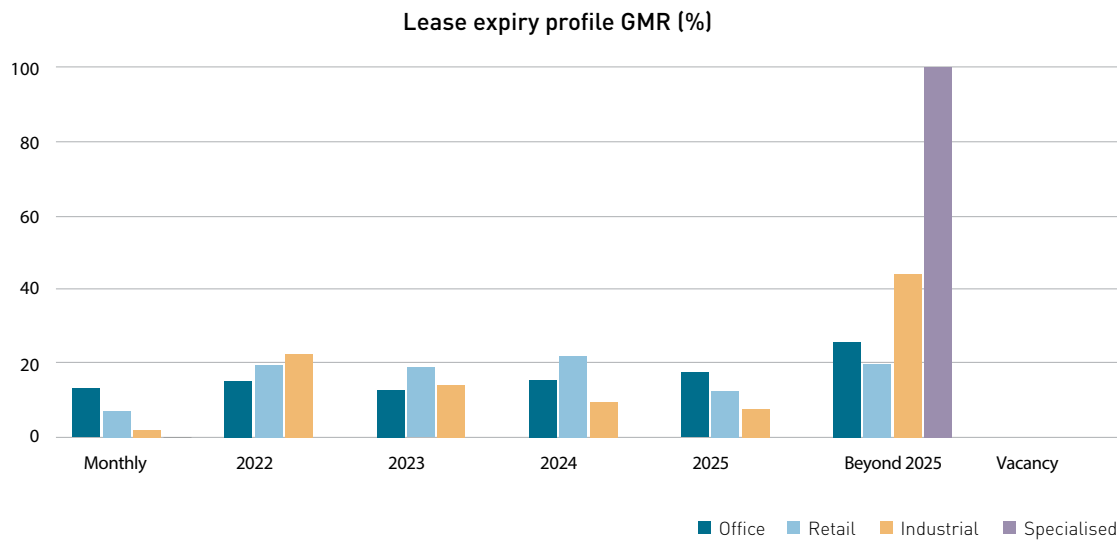
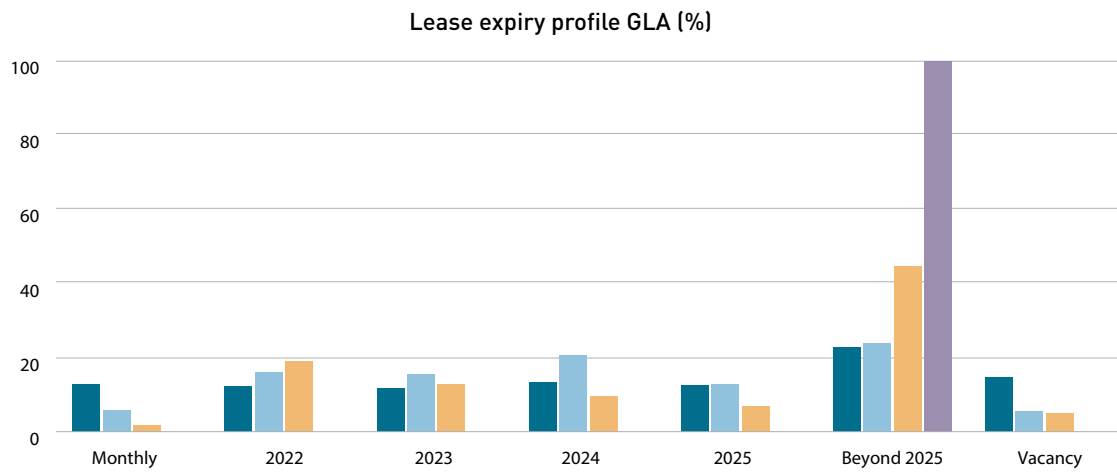
Sector	Grade	GLA (m <sup>2</sup> )*	GLA (%)
Office		1 049 400	
	A Grade	752 490	72
	B Grade	194 232	18
	C Grade	102 678	10
Retail		1 208 174	
	A Grade	873 990	72
	B Grade	151 889	13
	C Grade	182 295	15
Industrial		1 705 395	
	A Grade	1 512 885	89
	B Grade	89 252	5
	C Grade	103 258	6
Specialised		12 817	
	A Grade	12 817	100
	B Grade	-	-
	C Grade	-	-
		<b>3 975 786</b>	

\* Occupied GLA only (total GLA less vacancy)

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

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

**Grade C:** Individuals and sole proprietorships, as well as other legal entities that occupy less than 300m<sup>2</sup>. Of the group's tenants, 1 837 are classified as C grade.



■ Office ■ Retail ■ Industrial ■ Specialised

# Shareholders' analysis

for the year ended 31 August 2021

Shareholder spread	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
1 to 1 000	13 960	43.70	2 675 082	0.05
1 001 to 10 000	9 744	30.50	42 771 758	0.74
10 001 to 100 000	6 552	20.51	203 935 762	3.52
100 001 to 1 000 000	1 241	3.88	381 991 238	6.59
Over 1 000 000	447	1.41	5 161 809 370	89.10
<b>Total</b>	<b>31 944</b>	<b>100</b>	<b>5 793 183 210</b>	<b>100</b>

Distribution of shareholders	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Assurance companies	19	0.06	197 346 611	3.41
Close corporations	199	0.62	11 956 089	0.21
Collective investment schemes	475	1.49	2 184 696 207	37.71
Company share incentive plan	2	0.01	7 111 086	0.12
Custodians	81	0.25	390 689 741	6.74
Empowerment	2	0.01	300 005 723	5.18
Foundations & charitable funds	178	0.56	43 571 091	0.75
Hedge funds	4	0.01	393 651	0.01
Insurance companies	123	0.39	69 729 760	1.20
Investment companies	52	0.16	26 886 627	0.46
Medical aid funds	18	0.06	20 689 759	0.36
Organs of state	6	0.02	883 487 985	15.25
Other companies	72	0.23	11 229 058	0.19
Private companies	639	2.00	229 634 090	3.96
Public companies	12	0.04	29 612 591	0.51
Retail shareholders	27 166	85.02	278 936 937	4.82
Retirement benefit funds	416	1.30	853 081 986	14.73
Scrip lending	15	0.05	16 196 284	0.28
Stockbrokers & nominees	38	0.12	99 145 444	1.71
Trusts	2 427	7.60	138 782 490	2.40
<b>Total</b>	<b>31 944</b>	<b>100.00</b>	<b>5 793 183 210</b>	<b>100.00</b>

Shareholder type	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
<b>Non-public shareholders</b>	<b>11</b>	<b>0.03</b>	<b>1 100 086 738</b>	<b>18.99</b>
Directors and prescribed officers	5	0.02	7 458 104	0.13
Empowerment	1	0.00	300 000 000	5.18
Company share incentive plan	2	0.01	7 111 086	0.12
Strategic holder (more than 10%)	3	0.01	785 517 548	13.56
<b>Public shareholders</b>	<b>31 933</b>	<b>99.97</b>	<b>4 693 096 472</b>	<b>81.01</b>
<b>Total</b>	<b>31 944</b>	<b>100.00</b>	<b>5 793 183 210</b>	<b>100.00</b>

<b>Beneficial shareholders holding of 3% or more</b>	<b>Number of shares</b>	<b>% of issued capital</b>
Government Employees Pension Fund	785 517 548	13.56
Old Mutual	382 260 437	6.60
Redefine Empowerment Trust	300 000 000	5.18
Ninety One	239 619 930	4.14
Eskom Pension and Provident Fund	238 819 512	4.12
Vanguard	220 996 599	3.81
Stanlib	220 532 403	3.81
<b>Total</b>	<b>2 387 746 429</b>	<b>41.22</b>

<b>Fund managers holding of 3% or more</b>	<b>Number of shares</b>	<b>% of issued capital</b>
Public Investment Corporation (SOC) Limited	797 344 183	13.76
Ninety One SA Proprietary Limited	464 063 627	8.01
Sesfikile Capital Proprietary Limited	362 331 662	6.25
Prudential Portfolio Managers (South Africa) Proprietary Limited	312 371 224	5.39
Old Mutual Investment Group (South Africa) Proprietary Limited	303 176 310	5.23
STANLIB Asset Management Limited	266 547 974	4.60
The Vanguard Group, Inc.	220 996 599	3.81
Meago Asset Managers (Pty) Proprietary Limited	220 976 923	3.81
Catalyst Fund Managers Proprietary Limited	188 831 677	3.26
<b>Total</b>	<b>3 136 640 179</b>	<b>54.12</b>

<b>Shares in issue</b>	<b>2021</b>	<b>2020</b>
Total number of shares in issue	5 793 183 210	5 793 183 210
Shares in issue (net of treasury shares)	5 432 630 195	5 432 630 195
Weighted average number of shares in issue (net of treasury shares)	5 432 630 000	5 419 061 600

<b>Trading volumes</b>	<b>2021</b>	<b>2020</b>
Volume traded during period	4 644 835 120	7 471 933 667
Ratio of volume traded to shares issued	80.18%	128.98%
Ratio of volume traded to weighted number of shares issued	85.50%	137.88%
Rand value traded during the year	R15 409 870 598	R29 377 416 658
Market capitalisation at 31 August	R26 648 642 752	R14 309 162 521
Number of shareholders	31 944	31 811
Opening price 1 September	R2.47	R7.85
Closing price 31 August	R4.60	R2.47
Closing high for year	R4.60	R8.40
Closing low for year	R1.99	R1.59



## Administration

### REDEFINE PROPERTIES LIMITED

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

### REGISTERED OFFICE AND BUSINESS ADDRESS

155 West, 4<sup>th</sup> Floor, 155 West Street  
Sandown, Sandton  
Johannesburg, South Africa, 2196  
PostNet Suite 264, Saxonworld, 2132  
Telephone +27 11 283 0000  
Email [investorenquiries@redefine.co.za](mailto:investorenquiries@redefine.co.za)  
[www.redefine.co.za](http://www.redefine.co.za)

### INDEPENDENT AUDITORS

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

### ACTING COMPANY SECRETARY

Thembekile Dube  
Telephone +27 11 283 0185  
Email [cosec@redefine.co.za](mailto: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  
6<sup>th</sup> 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](mailto:investorenquiries@redefine.co.za)

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