Purpose led. People powered.

Summary of audited group results

for the year ended 31 August 2022

REDEFINE PROPERTIES

We're not landlords. We're people.

Commentary

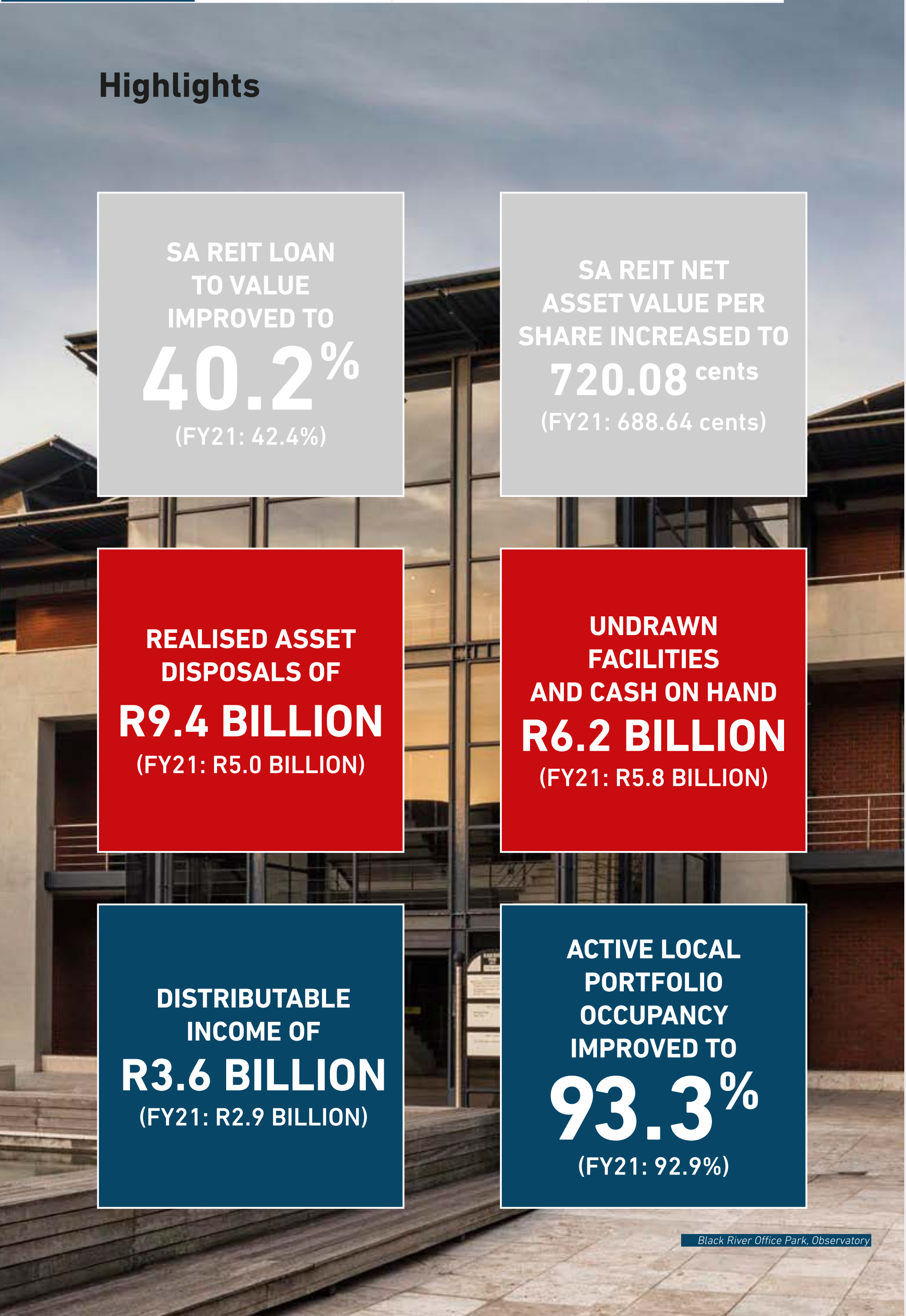
2 Results

3 SA REIT ratios

4 Administration

Park ONE, Century City

Highlights



SA REIT LOAN TO VALUE IMPROVED TO
40.2%
(FY21: 42.4%)

SA REIT NET ASSET VALUE PER SHARE INCREASED TO
720.08 cents
(FY21: 688.64 cents)

REALISED ASSET DISPOSALS OF
R9.4 BILLION
(FY21: R5.0 BILLION)

UNDRAWN FACILITIES AND CASH ON HAND
R6.2 BILLION
(FY21: R5.8 BILLION)

DISTRIBUTABLE INCOME OF
R3.6 BILLION
(FY21: R2.9 BILLION)

ACTIVE LOCAL PORTFOLIO OCCUPANCY IMPROVED TO
93.3%
(FY21: 92.9%)

Black River Office Park, Observatory

Commentary

Profile

Redefine is a Real Estate Investment Trust (REIT), with a sectoral and geographically diversified property asset platform valued at R88.9 billion (FY21: R72.9 billion). Redefine's portfolio is predominately anchored in South Africa through directly held and managed retail, office and industrial properties, which is complemented by a strong presence in retail and logistics property assets in Poland.

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

Redefine is listed on the Johannesburg Stock Exchange (JSE) with a market capitalisation of R29.0 billion (FY21: R27.7 billion). By volume, Redefine's shares are among the most actively traded in the SA REIT sector, making it a highly liquid, single-entry point for investors to gain exposure to the South African and Polish real estate markets.

Redefine's local property asset platform is valued at R58.9 billion as at 31 August 2022 (FY21: R60.3 billion). The offshore real estate investments are valued at R30.0 billion (FY21: R12.6 billion) representing 33.7% (FY21: 17.3%) of the Group's total property asset platform, which provides geographic diversification through retail and logistics property assets in Poland. The increase in the property asset platform in the current year is primarily due to the acquisition of a controlling stake in EPP N.V. (EPP) as well as favourable fair value adjustments marginally set off by the ongoing local disposal activity.

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

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

- the disposal of local properties realising gross proceeds of R2.8 billion;
- eliminated speculative capital expenditure
- the disposal of six logistics properties as well as one built-to-suit development by European Logistics Investment B.V. (ELI) during December 2021, realising gross proceeds of R2.2 billion (€131.2 million) (RDF share: R1.0 billion (€61.0 million));
- the disposal of the interest in Bruin sp.z.o.o. (Bruin) which houses the M1 Marki property during March 2022, realising gross proceeds of R170.6 million (€10.2 million);
- the disposal of the remaining Australian student accommodation property, Swanston Street, during January 2022 realising gross proceeds of R2.0 billion;
- the disposal of 23 non-core Polish assets and introduction of third-party joint venture partners and the disposals of Power Park Opole and Towarowa realising net proceeds of R3.3 billion (€194.1 million); and
- Other disposal proceeds of R119.3 million.

Commentary continued

The FY21 operational cashflows, dividend payment net of the dividend re-investment proceeds, and HY22 dividend payment increased the LTV by a net 1.2%, acquisitions and essential capex lifted the LTV by 3.4% whilst disposal activities and valuation adjustments reduced the LTV by 3.1% and 3.7% respectively. The combined effects resulted in the LTV decreasing by 2.2% to 40.2% (FY21: 42.4%) bringing it in line with the target range of 38% to 41%.

The initiatives to maintain the LTV within this range include ongoing optimisation of the property asset base through the selective disposal of non-core local properties and the sale of two Polish Power Parks as well as a focus on organic growth in asset values.

Financial results

Group distributable income grew by 26.1% (FY21: 2.8%) to R3.6 billion (FY21: R2.9 billion) for the year ended 31 August 2022.

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

The Group continues to develop logistics properties in Poland through its investment in joint venture ELI and achieved a healthy valuation uplift from these completed projects. Redefine has expanded its exposure to the Polish retail sector through the acquisition, delisting and reorganisation of EPP during March 2022. During the financial year, EPP retained cash, which would ordinarily be distributed as dividends, to bolster liquidity for the refinancing of maturing debt facilities.

Total Group revenue (excluding straight-line rental income) increased by 11.3% (FY21: 5.0%). The increase in revenue from the previous year was due to the acquisition of a controlling stake in EPP, offset by negative rental reversions and disposal activities.

The operating cost and the expected credit losses on trade receivables to contractual rental income ratio increased by 0.3% to 38.1% (FY21: 37.8%). Net of electricity costs and utility recoveries, operating costs increased by 0.2% to 16.7% (FY21: 16.5%) of contractual rental income.

Commentary continued

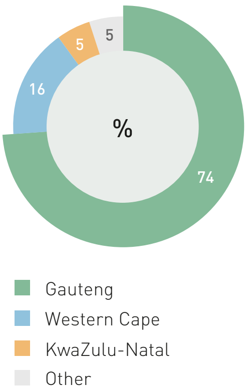
South African property portfolio

The active portfolio vacancy rate decreased during the year to 6.7% (FY21: 7.1%). Leases covering 606 079m^2 (FY21: 411 481m^2) were renewed during the financial year at an average rental reversion of 12.0% (FY21: 12.7%) while the tenant retention rate by GMR is a healthy 92.1% (FY21: 90.5%). A further 410 910m^2 (FY21: 427 641m^2) was let across the portfolio. Net arrears amounted to R52.8 million (FY21: R108.6 million), representing 7.5% (FY21: 14.8%) of gross monthly rentals. Collections averaged 102.0% (FY21: 98.4%) of billings for the year.

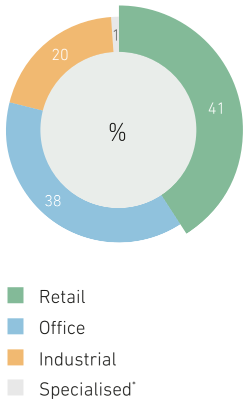
Vacancy per sector	31 August 2022 before strategic vacancies	Vacant properties held-for-sale	31 August 2022*	31 August 2021*
Retail	4.4%	–	**4.4%**	5.2%
Office	14.4%	–	**14.4%**	12.9%
Industrial	3.9%	0.8%	**3.1%**	4.6%
	7.1%	0.4%	**6.7%**	7.1%

** Including lease agreements signed prior to 31 August with occupation after 31 August*

Geographical spread by value



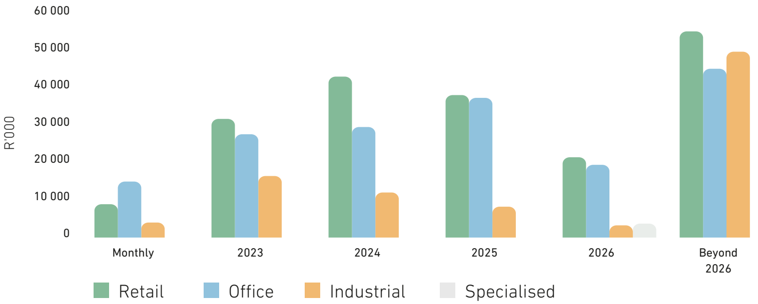
Sectoral spread by value



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

Commentary continued

Lease expiry profile by GMR



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

New developments: Kwena Square (a convenience retail centre in Little Falls) with a cost of R180.5 million and Montagu Snacks (50.1% share), an industrial development in Brakengate II with a cost of R22.3 million were completed during the year. New developments are in progress at S&J Industrial Park (S&J) (90.0% share) with an estimated cost of R150.8 million, Hill on Empire (50.0% share) with an estimated cost of R172.0 million and a motor dealership at Blue Route Mall with an estimated cost of R20.5 million.

Refurbishments: During the year Redefine completed refurbishments at six properties with a combined cost of R143.2 million and a further four refurbishments are in progress at an estimated cost of R142.8 million. A further three new projects will begin subsequent to year end with a combined cost of R227.1 million.

Infrastructure: Infrastructure projects at S&J, Atlantic Hills (55.0% share) and Brakengate II (50.1% share) in Cape Town were completed during the year with a total cost of R518.9 million. Infrastructure projects with an estimated cost of R159.7 million (of which R48.3 million has been spent to date) are in progress at S&J.

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

Disposals: During the year, Redefine disposed of 14 properties for an aggregate consideration of R2.5 billion, covering GLA of 313 763m^2 at an average yield of 10.8%, and six portions of vacant land for a total consideration of R386.9 million. Agreements, subject to the usual conditions' precedent, have been concluded to dispose of seven properties and three portions of vacant land for an aggregate consideration of R391.7 million at an average yield of 11.3%.

Commentary continued

Sustainability: Redefine's current installed solar capacity is 29.9MWp. The sale of Moreleta Plaza, Hazeldean Square and Shoprite Park reduced the total solar installed capacity by 2.9MWp. Additional projects to the value of R143.8 million (13.3MWp) are underway which will increase our total installed solar capacity to 43.2MWp.

International property portfolio

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

Poland

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

Effective 8 March 2022, EPP was delisted and Redefine increased its interest in EPP from 45.4% to 87.5% resulting in the consolidation of EPP. During April 2022, Redefine acquired a further 832 418 EPP shares, increasing its shareholding in EPP to 95.5%.

The consolidation on 8 March 2022 led to Redefine's direct interest in the EPP property portfolio, comprising 29 directly held retail assets and three directly held office assets, and investments in joint ventures, being, Rosehill Investments sp.Z.o.o (Galeria Mlociny) (housing one retail asset), Henderson Park Private Equity Fund (Henderson) (housing three office assets) and Towarowa (development land).

Following the delisting, EPP implemented a reorganistion and disposed of 20 directly held retail and three directly held office assets into two joint ventures, M1 Group S.A.R.L (M1 JV) and EPP Community Properties JB B.V. (EPP Community JV). Third-party equity partners, Pacific Investment Management Company LLC (PIMCO) and I Group, invested in the Joint Ventures.

EPP also disposed of its directly held retail asset, Power Park Opole for proceeds of R327.4 million (€20.3 million) of which R137.6 million (€8.2 million) was used to settle the related bank debt.

During June 2022, EPP finalised the sale of its 70.0% share in a Polish company that holds the perpetual usufruct rights for land plots of approximately 65 000m2, located at 22 Towarowa Street, Warsaw, to AFI Europe N.V. (AFI) for an estimated total cash consideration of R2.1 billion (€126.8 million). In terms of the agreement, AFI would pay R1.2 billion (€72.9 million) upon the conclusion of the agreement. The proceeds were utilised by EPP to settle a top-up of the purchase price owed to the original owners of the plots of R305.3 million (€18.0 million) and other transactional costs of R190.5 million (€11.2 million). Net disposal proceeds of R671.4 million (€40.9 million) and R47.9 million (€2.8 million) were received during June 2022 and September 2022 respectively and were utilised to settle debt.

Commentary continued

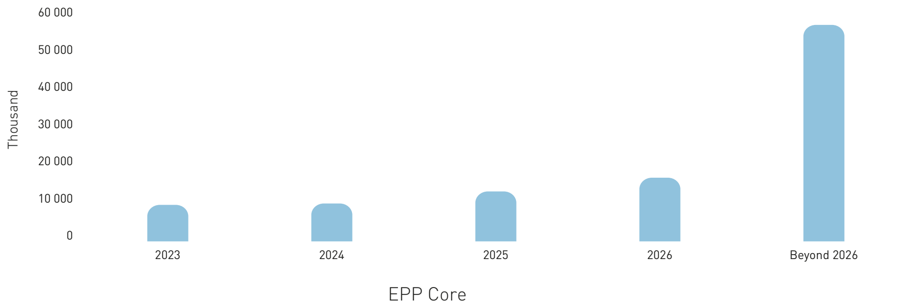
It is estimated that R456.7 million (€26.9 million), net R447.6 million (€26.4m) which is unconditional will flow by 2025 and a further R456.7 million (€27.0 million), net R 447.6 million (€26.4m) conditional upon obtaining zoning permits for seven buildings will flow by 2028.

As at 31 August 2022, Redefine's interest in the EPP property portfolio comprised of six directly held retail properties (EPP Core), two Power Parks classified as non-current assets held-for-sale and investments in four joint ventures, being, Galeria Mlociny, Henderson, M1 JV and EPP Community JV.

EPP Core

The EPP Core vacancy rate is 3.5%. The average rental reversion for the period 8 March 2022 to 31 August 2022 was 7.1% while the tenant retention rate by GLA is a healthy 75.4%. A further 26 254m^2 was let across the portfolio. Net arrears amounted to R45.8 million (€2.7 million), representing 24.0% of contractual monthly rental income. Collections averaged 99.3% of billings for the year.

Lease expiry profile by GMR



Commentary continued

Investments in associate and joint ventures

International investment	31 August 2022 Carrying Value R'000	Shares held %	31 August 2021 Carrying Value R'000	Shares held %
ELI	3 266 459	46.5	2 345 777	46.5
EPP	–	95.5*	6 489 101	45.4
Galeria Mlociny	2 217 891	70.0	–	–
Henderson	442 457	30.0	–	–
M1 JV	3 075 700	50.0	–	–
EPP Community JV	2 456 392	53.1	–	–
	11 458 899		8 834 878	

* *Effective 8 March 2022, EPP became a consolidated subsidiary*

All investments in joint ventures meet the definition of a joint venture as defined by IFRS 11 Joint Arrangements. The shareholders have contractually agreed to the sharing of control of the Joint Venture that requires unanimous consent by both parties for decisions about its relevant activities.

ELI: Redefine and Madison International Holdings VII LLC (Madison) are joint venture partners in ELI.. Following the disposal of the six logistics properties and utilisation of the initial equity commitment for development projects, Redefine and Madison each agreed to a further equity commitment of €50.0 million (R856.2 million).

As at 31 August 2022, Redefine's remaining equity commitment amounts to €18.9 million (R321.0 million).

The carrying value of the 46.5% equity accounted investment in ELI is R3.3 billion (FY21: R2.3 billion). The investment in ELI increased by R1.0 billion, due to equity accounted profits amounting to R1.5 billion, primarily due to the fair value gains on investment properties and financial instruments, and capital deployed of R0.6 billion, set off by the receipt of operational dividends, proceeds from the disposal of properties in ELI, the return of equity and foreign currency translation losses totalling R1.1 billion. No impairment indicators were present for ELI at 31 August 2022.

As at 31 August 2022, the income producing platform has a GLA of 724 196 m^2 (FY21: 689 259 m^2) with a vacancy of 6.5% (FY21: 3.9%). During December 2021, ELI concluded the disposal of six assets from the original seed portfolio (GLA: 211 670 m^2), and Tychy BTS (GLA: 60 776 m^2), for R2.2 billion (€131.2 million). Developments with a total GLA of 306 145 m^2 were completed during the year, at a cost of R3.5 billion (€208.1 million) resulting in a capital uplift of R1.6 billion (€94.7 million).

Developments under construction at a total estimated cost of R2.3 billion (€137.3 million) will add a further 190 175 m^2 to the platform.

Commentary continued

Galeria Mlociny: This investment arose during the financial year as a result of the acquisition of a controlling interest in EPP.

During March 2022, EPP injected a further R893.2 million (€53.5 million) of equity into its investment in Galeria Mlociny to settle maturing bank debt.

Henderson: This investment arose during the financial year as a result of the acquisition of a controlling interest in EPP. On 24 June 2019, EPP concluded a sale agreement to dispose of a 70% share in three of its office assets with GLA totaling 86 000m^2 to Joint Venture partner Henderson Park Private Equity Fund, a pan-European private equity real estate platform. EPP retains the asset management and property management responsibilities over these assets. As a result, EPP lost control over the subsidiaries and recognised the retained 30% in the former subsidiaries at its fair value at the date when the control was lost. Although all day-to-day activities are performed by EPP, all key strategic, financial and operational decisions require the unanimous consent of both parties.

M1 JV: EPP incorporated M1 JV to house the M1 portfolio of assets which comprises 11 shopping centres. Effective 10 March 2022, EPP disposed of eight properties amounting to R9.5 billion (€567.1 million) with related debt of R5.6 billion (€337.7 million), with a further two Power Park properties transferring subsequent to year end, to M1 JV. Redefine Europe disposed of its investment in Bruin to M1 JV (refer to page 43: Disposal of a controlling interest in subsidiaries). PIMCO acquired 50.0% of the total shares and shareholder loans in M1 JV for a cash consideration of R1.5 billion (€87.2 million). The onerous contract raised by EPP of R459.9 million (€27.5 million) was realised. Post the M1 JV transaction, EPP and Redefine Europe own in aggregate 50.0% of M1 JV (Class A and Class C shares) and PIMCO holds the remaining 50.0% of M1 JV (Class B shares). Effectively EPP lost control of the M1 JV and it now meets the definition of a joint venture.

EPP Community JV: Effective 14 March 2022, EPP disposed of 15 properties amounting to R11.6 billion (€695.3 million) with related debt of R6.0 billion (€358.4 million) to EPP Community JV. I Group was introduced as a third-party equity investment partner. Effectively EPP lost control of the EPP Community JV. I Group acquired its 46.1% shareholding in EPP Community JV for a cash consideration of R830.8 million (€50.5 million) and by swapping its 74 993 917 (8.3%) EPP shares of R1.3 billion (€77.4 million) into EPP Community JV shares. The onerous contract raised by EPP of R449.9 million (€27.4 million) was realised. EPP retained 53.9% shareholding in EPP Community JV. On 19 July 2022, EPP Community JV issued 4 063 545 shares with a nominal value of EUR 1.00 each that were fully taken up by I Group, as a result EPP 's shareholding diluted to 53.1%.

During March 2022, EPP Community JV obtained additional debt funding amounting to R1.4 billion (€82.8 million) of which R1.4 billion (€80.0 million) was returned to its shareholders. The facility will be partially repaid using the proceeds of the subscription for additional shares by I Group in terms of the pre-agreed automatic undertaking to re-invest the dividends that it receives from EPP Community JV.

Africa-Lango Real Estate Limited: Redefine currently holds a 3.5% share in Lango Real Estate Limited (Lango). The carrying value of the investment increased to R182.5 million (FY21: R164.8 million) due to the depreciation of the Rand. Redefine's intention is to exit this investment in the future as it is a non-core asset.

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

Commentary continued

Exchange rates: The Rand depreciated against the AUD and USD currencies and appreciated against the EUR currency. The appreciation of the Rand against the EUR translated into a reduction in the proportionate share of the underlying foreign currency denominated joint ventures net assets. This decrease was neutralised by the natural hedge created by the foreign currency denominated debt held against these assets, as it decreased similarly.

Foreign currency	31 August 2022	31 August 2021
AUD/ZAR	**11.6596**	10.7054
EUR/ZAR	**16.9606**	17.2698
USD/ZAR	**16.8944**	14.6030
EUR/PLN	**4.7265**	4.5374

Changes in fair value

In line with the Group's accounting policy, the property portfolio was independently valued by external valuers at 31 August 2022, resulting in an increase in fair value of South African investment properties of R823.5 million (FY21: decrease of R1.6 billion) and Polish investment properties of R80.0 million.

Property valuations improved as a result of the recovery in the retail sector during the year and the increase in demand for space and renewal rates in the industrial portfolio. The office sector also showed a marginal improvement driven by an improvement in P-grade office demand.

In terms of IAS 40: Investment property and IFRS 13: Fair value measurement, Redefine's investment properties are measured at fair value through profit or loss, using valuation inputs which are categorised as level 3 in the fair value hierarchy. There were no transfers between levels 1, 2 and 3 during the period.

The increase in the fair value of foreign unlisted investments amounted to R17.7 million (FY21: decrease of R31.8 million), driven by the depreciation of the Rand against the USD during the year.

The Group's derivatives, which protect against adverse movements in interest and foreign exchange rates, were valued using the swap curve and forward pricing methods respectively, resulting in a decrease of R1.7 billion (FY21: R2.5 billion) in the Group's liabilities.

The fair value of other financial liabilities decreased mainly due to the payment of the exit fee on the Swanston Street and Leciester Street disposals and the settlement of the East Management profit participation loan. This was partially offset by the increase in the ELI carry fee due to Linfield Enterprises Limited and Mr Nebil Senman – collectively known as Griffin Partners – as the internal rate of return of the ELI investment exceeded the pre-determined hurdles rates.

Other financial assets decreased due to the receipt of the Madison earn-out fees arising from the sale of the ELI portfolio that were still under construction on transfer date.

Commentary continued

The insurance contract liability and derivative liability relating to Mall of the South decreased by R75.1 million and R30.0 million respectively due to the increase in the underlying property valuation to R1.7 billion (FY21: R1.6 billion).

Interest-bearing borrowings

Redefine's interest-bearing borrowings (net of cash and cash equivalents, including the mark-to-market of derivatives and non-current liabilities held-for-sale) represented 40.2% (FY21: 42.4%) of the value of its property asset platform at R88.9 billion at 31 August 2022. The Group's property asset platform comprises property, listed and unlisted shares, loans receivable, other financial assets and interests in associate and joint ventures. The average cost of Rand-denominated funding is 8.7% (FY21: 8.1%), and interest rates are hedged on 84.2% (FY21: 85.2%) of local borrowings for an average period of 1.8 years (FY21: 2.7 years).

Including foreign currency debt and derivatives, the average cost of debt is 6.0% (FY21: 6.2%). Interest rates are hedged on 82.9% (FY21: 82.8%) of total borrowings for an average period of 1.5 years (FY21: 2.5 years). The interest cover ratio (ICR) (which includes equity-accounted dividends and listed security income) is 2.8x (FY21: 2.6x).

Redefine had unutilised committed bank facilities of R4.5 billion (FY21: R4.5 billion) and cash on hand of R1.7 billion (FY21: R1.3 billion) at 31 August 2022, which provides assurance that the Group will be able to meet its short-term commitments.

Moody's credit rating

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

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

Commentary continued

Basis of preparation

These summarised consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, and Financial Pronouncements as issued by the Financial Reporting Standards Council, and the requirements of the Companies Act of South Africa and the JSE Listings Requirements. The accounting policies applied in preparing these financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in the previous financial statements, except for the Interest Rate Benchmark Reform Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 which adoption had no effect on the summarised consolidated financial statements.). These summarised consolidated financial statements are extracted from the annual financial statements audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon but are not themselves audited. The auditor's report does not necessarily report on all the information contained in these summarised consolidated financial statements. Shareholders are therefore advised that, in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's report, together with the accompanying audited consolidated financial statements, both of which are available on the Redefine website and available for inspection at Redefine's registered office

Significant judgement, estimates and assumptions

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

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

Commentary continued

Going concern

The directors have assessed the Group's ability to continue as a going concern. The assessment includes solvency and liquidity tests which included, *inter alia*, a forecast of debt covenants such as the LTV and ICR. As at 31 August 2022, the Group had a positive net asset value (NAV).

Despite the current liabilities exceeding current assets, the Group has a stable liquidity position with unutilised committed access facilities and cash on hand of R6.2 billion (FY21: R5.8 billion). The liquidity test considers expected cash flows in the next 12 months, including the operational cash flows, anticipated proceeds from unconditional disposals, funding and development activities for the next 12 months.

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

Access to liquidity

Property counters are still trading at high discounts to their NAV which makes raising equity in this environment very costly and deeply dilutive. Redefine continuously reviews its funding and maturity profile and monitors the debt capital markets to ensure that it is well positioned for any refinancing opportunities.

The green bond, Redefine's first, was oversubscribed and raised R1.5 billion at an auction on 16 September 2022 and will be used to assist our efforts to transform our properties into environmentally sustainable and resource-efficient assets.

The proceeds received from the sale of Swanston Street, logistics assets in Poland and other non-core local property assets have bolstered liquidity during the financial year. Other non-core local property disposals and the disposal of the two Polish Power Park properties to further buffer the liquidity position are in progress.

Financial covenants

Financial covenant (LTV and ICR) reporting is required by lenders within 90 days of each reporting period. There have been no debt covenant breaches to date, with the strictest LTV and ICR covenants indicating ample headroom of 9.4% and 0.8x respectively. For the reporting period ending August 2023, it is anticipated that the corporate LTV covenant will be well below 50% and the ICR above 2x, the strictest covenant levels. All debt covenant projections are proactively monitored.

Russian and Ukraine war

The ongoing tension between Russia and Ukraine have affected the world and specifically the Eastern European region to varying extents. Poland is part of the Eastern European region, and is a member of the North Atlantic Treaty Organization (NATO). The Polish economy is robust and should be able to withstand these volatile times.

Commentary continued

Independently valued property valuations increased marginally during the current financial year and independent experts forecast the key Polish macroeconomic indicators will start improving in 2023 with a drop in inflation and interest rates. In 2024 GDP is expected to grow by a healthy 4.2% coupled with a substantial increase in fixed investments of 9.6% as well as inflation falling to 5.3% and interest rates dropping to 4.0%. The Polish currency (PLN) is estimated to strengthen materially, enhancing the financial situation of both the tenants and consumers. The growing GDP and falling inflation and interest rates should lead to increased private consumption which is forecast to rise by 2.4% in 2024. A reduction in expected unemployment is likely to put upward pressure on salaries, leading to an increase in consumer purchasing power.

Given Redefine's exposure to Poland through its 46.5% investment in ELI logistics and 95.5% investment in EPP, we will continue to monitor the impact of the events on the logistic and retail sector in Poland, both in the short term and longer-term consequences.

Going concern conclusion

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

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

Capital commitments

Capital commitments amount to R1.7 billion (FY21: R992.1 million). Future commitments will be funded by undrawn committed banking facilities, cash on hand and proceeds from capital recycling activities.

Change in directorate

Daisy Naidoo and Bridgette Mathews resigned from the board with effect 9 November 2021 and 20 June 2022, respectively.

Simon Fifield was appointed as an Independent Non-Executive Director of the board, effective 12 September 2022. The board has also appointed Cora Fernandez as an Independent Non-Executive Director of the board with effect 4 November 2022.

Commentary continued

Declaration of a cash dividend

The board have declared a dividend of 19.27321 cents per share for the six month period ended 31 August 2022.

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

The dividend received by or accrued to South African tax residents must be included in the gross income of such shareholders and will not be exempt from income tax (in terms of the exclusion to the general dividend exemption, contained in paragraph (aa) of section 10(1)(k)(i) of the Income Tax Act) because it is a dividend distributed by a REIT. This dividend is, however, exempt from dividend withholding tax in the hands of South African tax resident shareholders, provided that the South African resident shareholders provided the following forms to their Central Securities Depository Participant (CSDP) or broker, as the case may be, in respect of uncertificated shares, or the company, in respect of certificated shares:

a. a declaration that the dividend is exempt from dividends tax; and
b. a written undertaking to inform the CSDP, broker or the company, as the case may be, should the circumstances affecting the exemption change or the beneficial owner cease to be the beneficial owner,

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

Dividends received by non-resident shareholders will not be taxable as income and instead will be treated as an ordinary dividend which is exempt from income tax in terms of the general dividend exemption in section 10(1)(k)(i) of the Income Tax Act. Assuming dividend withholding tax will be withheld at a rate of 20% (unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation (DTA) between South Africa and the country of residence of the shareholder), the net dividend amount due to non-resident shareholders is 15.41857 cents per share.

Commentary continued

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

c. a declaration that the distribution is subject to a reduced rate as a result of the application of a DTA; and
d. a written undertaking to inform their CSDP, broker or the company, as the case may be, should the circumstances affecting the reduced rate change, or the beneficial owner cease to be the beneficial owner,

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

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

Last date to trade cum dividend:	Tuesday, 22 November 2022
Shares trade ex -dividend:	Wednesday, 23 November 2022
Record date:	Friday, 25 November 2022
Payment date:	Monday, 28 November 2022

Shareholders may not dematerialise or rematerialise their shares between Wednesday, 23 November 2022 and Friday, 25 November 2022, both days inclusive. Payment of the dividend will be made to shareholders on Monday, 28 November 2022. In respect of dematerialised shareholders, the dividend will be transferred to the CSDP accounts/broker accounts on Monday, 28 November 2022. Certificated shareholders' dividend payments will be deposited on or about Monday, 28 November 2022.

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

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

Commentary continued

Events after the reporting period

Dividends declared

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

Acquisition of undivided shareholding in Hertford Office Park

Redefine entered into an agreement to acquire Setso Property Fund Proprietary Limited's (Setso) 33.33% undivided shareholding in Hertford Office Park for a purchase consideration of R395.0 million. Debt against the asset amounting to R258.3 million will be settled with the remaining balance applied to reduce the loan receivable from Setso Holdco Proprietary Limited. The agreement is conditional at reporting date.

Metro claim

On 2 September 2022, EPP received notification from the ICC International Court of Arbitration of a formal request for arbitration (RfA) filed by Metro Properties sp.z.o.o. (Metro) against 11 Polish companies owned by EPP, GP and M1 JV. The claim made under the RfA was a demand to reduce the amount of monthly rental payable by Metro under the respective lease agreements. The calculation of the claim by Metro was for a total loss of R396.9 million (€23.4 million) arising from the Covid-19 pandemic and the Ukrainian war.

In the RfA, Metro has relied on the application of the *rebus sic stantibus* clause (Polish code) and claims an adjustment of rent under the master lease agreements (MLA) as a result of the extraordinary change in circumstances resulting in grievous losses suffered by Metro as a result of the unforeseen impact of the Covid-19 pandemic and the war in Ukraine.

In our opinion, following consultation with our lawyers, we do not believe that the Metro claims are valid. We are of the opinion that the *rebus sic stantibus* clause does not apply to the MLAs. To the extent that an argument may exist that *rebus sic stantibus* may apply (which we deny), we do not believe Metro has established a causal link between the alleged extraordinary change that has been invoked and the serious loss it alleges to have suffered. Metro has also not been able to provide any substantiation for the amount claimed under the RfA. In the circumstances, EPP is strenuously defending the Metro claim.

Power Parks Disposal

On 20 October 2022, EPP has concluded the final step of the transaction with PIMCO to dispose of Power Park Tychy and Power Park Kielce (as at 31 August 2022 presented as non-current assets and liabilities held-for-sale) for a cash consideration of R227.5 million (EUR12.7 million).

The transaction closed the post-delisting process of reorganisation of EPP by disposing of 25 non-core assets into joint ventures.

Commentary continued

Prospects

Fundamentals of commercial property are shaped by business confidence, interest rates expectations and economic growth.

Three global shocks have structurally shifted the real estate sector - the global financial crisis, Covid-19 and now the Ukraine war. The global financial crisis ushered in an era of cheap capital seeking yield in an environment of prolonged low inflation. This situation began to gradually unravel prior to the Covid-19 pandemic, but the pre-existing trend was accelerated during the pandemic. The war in Ukraine has now intensified the situation. We now face a situation that will necessitate us to rethink how we cost effectively source and responsibly allocate capital, whilst we efficiently operate in an environment of higher operating costs and continuously adapt our value creation endeavours to our stakeholders' evolving needs.

Crises create opportunities. In this decade of disruption and action, by being purpose led and people powered, to adapt our strategy and agilely execute our strategic priorities through intensely focusing on the variables under our control, we will build the future ready Redefine of tomorrow.

Although we operating in a highly uncertain environment, we are expecting full year 2023 distributable income per share of between 54.2 cents per share and 56.4 cents per share. We anticipate applying our dividend pay-out ratio of between 80% and 90%, dependent on operational capital expenditure requirements and tax considerations.

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

The directors of Redefine take full responsibility for the preparation of this report and that the financial information provided has been correctly extracted from the underlying consolidated financial statements. Ntobeko Nyawo, CA(SA), Redefine's Chief Financial Officer, was responsible for supervising the preparation of these summarised consolidated financial statements.

7 November 2022

Redefine Properties Limited

Results

Kwena Square, Little Falls

Statement of profit or loss and other comprehensive income

for the year ended 31 August 2022

Figures in R'000	2022	2021
Continuing operations		
Revenue		
Property portfolio revenue	**8 238 807**	7 156 530
– Contractual rental income	**8 553 423**	7 688 209
– Straight-line rental expense accrual	**(314 616)**	(531 679)
Investment income	**4 892**	796
Total revenue	**8 243 699**	7 157 326
Costs		
Operating costs	**(3 368 346)**	(2 981 478)
Expected credit losses – trade receivables	**108 032**	75 018
Administration costs	**(461 414)**	(326 995)
Net operating profit	**4 521 971**	3 923 871
Other income	**51 391**	9 606
Gain/(loss) on disposal of assets	**38 176**	(21 527)
Remeasurement gain	**825 910**	–
Gain on bargain purchase	**1 857 212**	–
Changes in fair values of investment properties	**903 480**	(1 619 273)
Changes in fair values of financial instruments and other	**1 217 199**	1 943 618
Changes in fair value of the insurance contract liability	**75 071**	(64 272)
Changes in expected credit losses – loans receivable	**128 230**	(113 776)
Impairments	**(105 683)**	–
Reversal of impairment of investment in associate	**–**	922 526
Equity-accounted profit (net of taxation)	**2 026 288**	275 040
Profit before finance costs and taxation	**11 539 245**	5 255 813
Net interest costs	**(1 790 225)**	(1 722 702)
– Interest income	**578 870**	660 044
– Interest expense	**(2 369 095)**	(2 382 746)
Foreign exchange (losses)/gains	**(1 006 319)**	129 889
Profit before taxation	**8 742 701**	3 663 000
Taxation	**(8 015)**	(849 130)
Profit for the year from continuing operations	**8 734 686**	2 813 870
Discontinued operations		
Loss from discontinued operations (net of taxation)	**(33 839)**	(192 503)
Profit for the year	**8 700 847**	2 621 367
Attributable to:		
– Redefine Properties Limited shareholders	**8 690 869**	2 731 310
– Non-controlling interests	**9 978**	(109 943)
Other comprehensive income/(loss)	**211 469**	(1 824 467)
Items that are or may be reclassified subsequently to profit or loss		
Revaluation of Property, plant and equipment	**6 361**	–
Exchange differences on translation of foreign operations:		
– Subsidiaries	**731 935**	(331 164)
– Associate and joint ventures	**(830 426)**	(1 496 580)
Reclassification of foreign currency differences on disposal of investments	**303 599**	3 277
Total comprehensive income for the year	**8 912 316**	796 900
Attributable to:		
– Redefine Properties Limited shareholders	**8 889 659**	938 608
– Non–controlling interests	**22 657**	(141 708)
Earnings per share (cents)		
– Basic	**141.47**	50.28
– Diluted	**141.12**	50.25

Statement of financial position

as at 31 August 2022

Figures in R'000	2022	2021
ASSETS		
Non-current assets	**87 104 191**	69 972 528
Investment properties	**73 884 866**	58 186 568
– Fair value of investment properties	**70 905 610**	55 022 940
– Straight–line rental income accrual	**1 810 217**	2 124 800
– Properties under development	**711 628**	926 012
– Right-of-use assets	**457 411**	112 816
Listed securities	**69 679**	69 679
Investments in associate and joint ventures	**11 458 899**	8 834 878
Derivative assets	**350 432**	187 313
Loans receivable	**536 394**	2 463 436
Other financial assets	**569 677**	164 819
Property, plant and equipment	**159 059**	65 835
Other monetary assets	**51 754**	–
Deferred taxation	**23 431**	–
Current assets	**3 904 163**	2 913 608
Properties held-for-trading	**136 700**	186 102
Trade and other receivables	**907 038**	900 527
Loans receivable	**664 949**	263 426
Derivative assets	**259 063**	104 009
Other financial assets	**26 362**	103 159
Taxation receivable	**3 851**	–
Other monetary assets	**140 851**	–
Cash and cash equivalents	**1 765 349**	1 356 385
Non-current assets held-for-sale	**1 397 447**	2 749 073
Total assets	**92 405 801**	75 635 209
EQUITY AND LIABILITIES		
Equity	**49 301 229**	39 357 856
Shareholders' interest	**48 653 262**	39 218 183
– Stated capital	**50 117 109**	44 593 547
– Accumulated losses	**(2 176 101)**	(5 902 843)
– Other reserves	**712 254**	527 479
Non-controlling interests	**647 967**	139 673
Non-current liabilities	**35 417 181**	30 764 305
Interest-bearing borrowings	**33 031 065**	28 458 297
Derivative liabilities	**119 605**	1 538 995
Other financial liabilities	**153 541**	62 207
Deferred taxation	**1 679 933**	616 008
Lease liability	**433 037**	88 798
Current liabilities	**7 304 311**	5 513 048
Trade and other payables	**2 251 767**	1 835 395
Interest-bearing borrowings	**4 260 312**	2 284 703
Interest accrual on interest-bearing borrowings	**111 154**	125 345
Derivative liabilities	**248 006**	175 429
Other financial liabilities	**253 208**	597 943
Insurance contract liability	**119 477**	194 547
Lease liability	**53 729**	24 018
Taxation payable	**6 658**	275 668
Non-current liabilities held-for-sale	**383 080**	–
Total liabilities	**43 104 572**	36 277 353
Total equity and liabilities	**92 405 801**	75 635 209

Statement of cash flows

for the year ended 31 August 2022

Figures in R'000	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	**4 746 526**	4 653 670
Interest received	**467 621**	484 340
Interest paid	**(2 472 830)**	(2 391 431)
Taxation paid	**(272 194)**	(532 318)
Dividends received from associate and joint ventures	**158 264**	79 191
Net cash inflow from operating activities	**2 627 387**	2 293 452
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition and development of investment properties	**(1 234 100)**	(916 427)
Acquisition of property, plant and equipment	**(10 278)**	(28 550)
Acquisition of other financial assets	**–**	(17 946)
Investment in associate and joint ventures	**(1 453 648)**	(606 023)
Disposal of controlling interest in subsidiary (net of cash disposed)	**–**	(44 954)
Proceeds from the sale of development rights	**28 859**	–
Proceeds from the disposal of joint venture	**35 779**	–
Proceeds on disposal of investment properties and properties classified as held-for-sale	**4 813 840**	4 971 310
Cash inflows arising from EPP reorganisation	**3 871 974**	–
Cash outflows arising from EPP reorganisation	**(588 006)**	–
Proceeds on the disposal of subsidiary	**170 602**	138 752
Proceeds on disposal of property, plant and equipment	**1 616**	100
Proceeds from other financial assets	**116 081**	230 515
Return on equity from joint ventures	**1 741 156**	–
Repayment of financial liabilities	**(816 207)**	(37 893)
Proceeds from financial liabilities raised	**–**	12 350
Loans receivable repaid	**931 702**	565 965
Loans receivable advanced	**(238 493)**	(428 639)
Net cash inflow from investing activities	**7 370 877**	3 838 560
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares issued	**1 245 780**	–
Dividends paid	**(4 865 952)**	–
Dividends paid to non-controlling interests	**(118 570)**	(134 796)
Repayment of lease liabilities	**(54 628)**	(43 328)
Interest-bearing borrowings raised	**8 298 657**	6 372 000
Interest-bearing borrowings repaid	**(15 018 446)**	(11 201 975)
Interest-bearing borrowings classified as held-for-sale repaid	**(75 244)**	–
Net cash outflow from financing activities	**(10 588 403)**	(5 008 099)
Net (decrease)/increase in cash and cash equivalents	**(590 139)**	1 123 913
Cash and cash equivalents at the beginning of the year	**1 356 385**	232 078
Acquisition of subsidiary (net cash acquired)	**1 002 526**	–
Reclassification of subsidiary to held-for-sale	**(7 945)**	–
Effect of foreign currency exchange fluctuations	**4 522**	394
Cash and cash equivalents at end of year	**1 765 349**	1 356 385
Cash flows from discontinued operations		
Net increase in cash generated from discontinued operations	**–**	16 313

Statement of changes in equity

for the year ended 31 August 2022

Figures in R'000	Stated capital	Accumulated losses	Foreign currency translation reserve	Share-based payment reserve	Share of associates' reserves	Shareholders' interest	Non-controlling interests (NCI)	Total equity
Balance as at 31 August 2020	44 593 547	(8 644 993)	2 294 018	33 110	7 284	38 282 966	548 268	38 831 234
Total comprehensive income for the year	–	2 731 310	(1 792 702)	–	–	938 608	(141 708)	796 900
Profit for the year	–	2 731 310	–	–	–	2 731 310	(109 943)	2 621 367
Other comprehensive loss for the year	–	–	(1 792 702)	–	–	(1 792 702)	(31 765)	(1 824 467)
Transactions with owners (contributions and distributions)	–	10 840	–	(12 593)	(1 638)	(3 391)	(134 796)	(138 187)
Dividends	–	–	–	–	–	–	(134 796)	(134 796)
Recognition of share-based payments	–	10 840	–	(12 593)	–	(1 753)	–	(1 753)
Share of post-acquisition change in net assets of associate	–	–	–	–	(1 638)	(1 638)	–	(1 638)
Transactions with owners (changes in ownership interests)	–	–	–	–	–	–	(132 091)	(132 091)
Disposal of subsidiary with NCI	–	–	–	–	–	–	(132 091)	(132 091)
Balance as at 31 August 2021	44 593 547	(5 902 843)	501 316	20 517	5 646	39 218 183	139 673	39 357 856
Total comprehensive income for the year	–	8 697 230	192 429	–	–	8 889 659	22 657	8 912 316
Profit for the year	–	8 690 869	–	–	–	8 690 869	9 978	8 700 847
Other comprehensive income for the year	–	6 361	192 429	–	–	198 790	12 679	211 469
Transactions with owners (contributions and distributions)	5 523 562	(4 888 777)	–	(2 008)	(5 646)	627 131	(118 570)	508 561
Recognition of share-based payments	–	(22 825)	–	(2 008)	–	(24 833)	–	(24 833)
Dividends	–	(4 865 952)	–	–	–	(4 865 952)	(118 570)	(4 984 522)
Issue of ordinary shares	5 523 562	–	–	–	–	5 523 562	–	5 523 562
Disposal of investment in associate	–	–	–	–	(2 783)	(2 783)	–	(2 783)
Share of post-acquisition change in net assets of associate	–	–	–	–	(2 863)	(2 863)	–	(2 863)
Transactions with owners (changes in ownership interests)	–	(81 711)	–	–	–	(81 711)	604 207	522 496
Acquisition of subsidiary with NCI	–	–	–	–	–	–	1 825 169	1 825 169
Change in ownership with subsidiary with NCI	–	(81 711)	–	–	–	(81 711)	(1 220 962)	(1 302 673)
Balance as at 31 August 2022	50 117 109	(2 176 101)	693 745	18 509	–	48 653 262	647 967	49 301 229

	2022	2021
Dividend per share (cents)	42.97	60.12
Interim	23.69	–
Final^	19.28	60.12

^ The final dividend is declared post the financial year-end and is therefore a non-adjusting subsequent event.

Segmental report

for the year ended 31 August 2022

Figures in R'000	Retail	Office	Industrial	Specialised	Head office	Total local	EPP	Redefine Europe	Other	Total inter-national	Total
	2022										
	Local SA portfolio						International portfolio				Group
STATEMENT OF FINANCIAL POSITION											
Investment properties (including straight-line rental income accrual)	23 945 555	21 838 978	10 676 628	368 500	–	56 829 661	15 886 166	–	–	15 886 166	72 715 827
Right-of-use assets	92 756	18 721	207	–	–	111 684	345 727	–	–	345 727	457 411
Properties under development	–	–	711 628	–	–	711 628	–	–	–	–	711 628
Listed securities	–	–	–	–	69 679	69 679	–	–	–	–	69 679
Investment in associate and joint ventures	–	–	–	–	–	–	7 323 964	4 134 935	–	11 458 899	11 458 899
Loans receivable	–	–	–	–	591 145	591 145	79 279	530 919	–	610 198	1 201 343
Property, plant and equipment	–	55 531	–	42 750	30 023	128 304	30 742	13	–	30 755	159 059
Properties held-for-trading	–	–	–	136 700	–	136 700	–	–	–	–	136 700
Non-current assets held-for-sale	75 500	79 020	237 213	–	–	391 733	1 005 714	–	–	1 005 714	1 397 447
Other assets	–	–	–	–	2 405 609	2 405 609	1 014 680	101 137	576 382	1 692 199	4 097 808
Total assets	24 113 811	21 992 250	11 625 676	547 950	3 096 456	61 376 143	25 686 272	4 767 004	576 382	31 029 658	92 405 801
Interest-bearing borrowings	–	–	–	–	26 539 387	26 539 387	10 278 151	304 895	168 944	10 751 990	37 291 377
Other liabilities	–	–	–	–	2 760 991	2 760 991	2 283 590	360 234	408 380	3 052 204	5 813 195
Total liabilities	–	–	–	–	29 300 378	29 300 378	12 561 741	665 129	577 324	13 804 194	43 104 572
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME											
Contractual rental income	3 312 063	2 873 185	1 492 224	65 749	–	7 743 221	809 799	–	403	810 202	8 553 423
Straight-line rental income/(expense) accrual	(175 012)	(233 850)	88 277	3 680	–	(316 905)	2 289	–	–	2 289	(314 616)
Investment income	–	–	–	–	–	–	–	–	4 892	4 892	4 892
Total revenue	3 137 051	2 639 335	1 580 501	69 429	–	7 426 316	812 088	–	5 295	817 383	8 243 699
Operating costs	(1 562 074)	(1 006 760)	(478 588)	(9 034)	–	(3 056 456)	(306 192)	(31)	(5 667)	(311 890)	(3 368 346)
Changes in expected credit losses – trade receivables	85 957	8 018	5 756	2 527	–	102 258	5 774	–	–	5 774	108 032
Administration costs	–	–	–	–	(295 927)	(295 927)	(107 168)	(49 973)	(8 346)	(165 487)	(461 414)
Net operating profit	1 660 934	1 640 593	1 107 669	62 922	(295 927)	4 176 191	404 502	(50 004)	(8 718)	345 780	4 521 971
Other income	–	–	33 043	1 783	14 054	48 880	–	2 493	18	2 511	51 391
Gain on disposal of assets	–	–	–	–	–	–	–	38 176	–	38 176	38 176
Remeasurement gain	–	–	–	–	–	–	–	–	825 910	825 910	825 910
Gain on bargain purchase	–	–	–	–	–	–	–	–	1 857 212	1 857 212	1 857 212
Changes in fair values of investment properties	273 347	177 967	413 959	(25 319)	(16 481)	823 473	79 932	–	75	80 007	903 480
Changes in fair values of financial instruments and other	–	–	–	–	1 067 565	1 067 565	87 630	(241 359)	303 363	149 634	1 217 199
Changes in fair value of the insurance contract liability	–	–	–	–	75 071	75 071	–	–	–	–	75 071
Changes in expected credit losses – loans receivable	–	–	–	–	102 847	102 847	–	25 383	–	25 383	128 230
Impairments	–	–	–	–	–	–	–	(105 683)	–	(105 683)	(105 683)
Equity-accounted profit (net of taxation)	–	–	–	–	–	–	539 015	1 487 273	–	2 026 288	2 026 288
Profit before finance costs and taxation	1 934 281	1 818 560	1 554 671	39 386	947 129	6 294 027	1 111 079	1 156 279	2 977 860	5 245 218	11 539 245
Interest income	–	–	–	–	509 439	509 439	64	(12 967)	82 334	69 431	578 870
Interest expense	(19)	(39)	(122)	39	(2 008 740)	(2 008 881)	(303 310)	(26 447)	(30 457)	(360 214)	(2 369 095)
Foreign exchange loss	–	–	–	–	–	–	(336 270)	3 981	(674 030)	(1 006 319)	(1 006 319)
Profit before taxation	1 934 262	1 818 521	1 554 549	39 425	(552 172)	4 794 585	471 563	1 120 846	2 355 707	3 948 116	8 742 701
Taxation	–	–	–	–	(36 415)	(36 415)	(6 798)	(5 162)	40 360	28 400	(8 015)
Profit for the year from continuing operations	1 934 262	1 818 521	1 554 549	39 425	(588 587)	4 758 170	464 765	1 115 684	2 396 067	3 976 516	8 734 686
Loss from discontinued operations (net of taxation)	–	–	–	–	–	–	–	(33 839)	–	(33 839)	(33 839)
Profit for the year	1 934 262	1 818 521	1 554 549	39 425	(588 587)	4 758 170	464 765	1 081 845	2 396 067	3 942 677	8 700 847
Non-controlling interests	–	–	–	–	–	–	(30 095)	(996)	21 113	(9 978)	(9 978)
Profit for the year attributable to Redefine Properties Limited shareholders	1 934 262	1 818 521	1 554 549	39 425	(588 587)	4 758 170	434 670	1 080 849	2 417 180	3 932 699	8 690 869

Segmental report continued

for the year ended 31 August 2022

Figures in R'000	2021										
	Local SA portfolio						International portfolio*				Group
	Retail	Office	Industrial	Specialised	Head office	Total local	EPP	Redefine Europe	Other	Total inter-national	Total
STATEMENT OF FINANCIAL POSITION											
Investment properties (including straight-line rental income accrual)	23 846 918	21 727 633	11 209 889	363 300	–	57 147 740	–	–	–	–	57 147 740
Right-of-use assets	81 314	19 559	11 943	–	–	112 816	–	–	–	–	112 816
Properties under development	44 000	–	882 012	–	–	926 012	–	–	–	–	926 012
Listed securities	–	–	–	–	69 679	69 679	–	–	–	–	69 679
Investment in associate and joint ventures	–	–	–	–	–	–	6 489 102	2 345 776	–	8 834 878	8 834 878
Loans receivable	–	–	–	–	1 186 816	1 186 816	–	578 048	961 998	1 540 046	2 726 862
Property, plant and equipment	–	–	–	28 600	37 214	65 814	–	19	2	21	65 835
Properties held-for-trading	–	–	11 102	175 000	–	186 102	–	–	–	–	186 102
Non-current assets held-for-sale	524 711	128 849	187 778	–	–	841 338	–	–	1 907 735	1 907 735	2 749 073
Other assets	–	–	–	–	1 882 129	1 882 129	–	291 407	642 676	934 083	2 816 212
Total assets	24 496 943	21 876 041	12 302 724	566 900	3 175 838	62 418 446	6 489 102	3 215 250	3 512 411	13 216 763	75 635 209
Interest-bearing borrowings	–	–	–	–	28 393 934	28 393 934	822 043	310 453	1 216 570	2 349 066	30 743 000
Other liabilities	–	–	–	–	3 791 487	3 791 487	–	145 784	1 597 082	1 742 866	5 534 353
Total liabilities	–	–	–	–	32 185 421	32 185 421	822 043	456 237	2 813 652	4 091 932	36 277 353
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME											
Contractual rental income	3 286 170	2 877 031	1 422 327	75 384	–	7 660 912	–	–	27 297	27 297	7 688 209
Straight-line rental (expense)/income accrual	(42 176)	44 059	(511 904)	(21 658)	–	(531 679)	–	–	–	–	(531 679)
Investment income	–	–	–	–	–	–	–	–	796	796	796
Total revenue	3 243 994	2 921 090	910 423	53 726	–	7 129 233	–	–	(28 903)	(28 903)	7 157 326
Operating costs (including expected credit losses – trade receivables)	(1 509 273)	(892 403)	(451 889)	(31 397)	–	(2 884 962)	–	(23)	((21 475)	(21 498)	(2 906 460)
Administration costs	–	–	–	–	(291 231)	(291 231)	–	(27 917)	(7 847)	(35 764)	(326 995)
Net operating profit	1 734 721	2 028 687	458 534	22 329	(291 231)	3 953 040	–	(27 940)	(1 229)	(29 169)	3 923 871
Other income	58	–	461	3 944	3 661	8 124	–	1 482	–	1 482	9 606
Loss on disposal of asset	–	–	–	(39 918)	–	(39 918)	–	17 140	1 251	18 391	(21 527)
Changes in fair values of investment properties	(441 967)	(1 692 319)	483 510	12 266	(22 190)	(1 660 700)	–	–	41 427	41 427	(1 619 273)
Changes in fair values of financial instruments and other	–	–	–	–	530 661	530 661	–	(81 930)	1 494 887	1 412 957	1 943 618
Changes in fair value of the insurance contract liability	–	–	–	–	(64 272)	(64 272)	–	–	–	–	(64 272)
Expected credit losses – loans receivable	–	–	–	–	(116 206)	(116 206)	–	(18 067)	20 497	2 430	(113 776)
Reversal of impairment of investment in associate	–	–	–	–	–	–	922 526	–	–	922 526	922 526
Equity-accounted (losses)/profit (net of taxation)	–	–	–	–	–	–	(481 989)	757 029	–	275 040	275 040
Profit before finance costs and taxation	1 292 812	336 368	942 505	(1 379)	40 423	2 610 729	440 537	647 714	1 556 833	2 645 084	5 255 813
Interest income	–	–	–	–	568 881	568 881	–	54 479	36 684	91 163	660 044
Interest expense	(26)	(11)	(90)	(1)	(2 100 488)	(2 100 616)	–	–	(282 130)	(282 130)	(2 382 746)
Foreign exchange loss	–	–	–	–	–	–	125 812	800	3 277	129 889	129 889
Profit before taxation	1 292 786	336 357	942 415	(1 380)	(1 491 184)	1 078 994	566 349	702 993	1 314 664	2 584 006	3 663 000
Taxation	–	–	–	–	(585 487)	(585 487)	–	(2 629)	(261 014)	(263 643)	(849 130)
Profit for the year from continuing operations	1 292 786	336 357	942 415	(1 380)	(2 076 671)	493 507	566 349	700 364	1 053 650	2 320 363	2 813 870
Loss from discontinued operations (net of taxation)	–	–	–	(192 503)	–	(192 503)	–	–	–	–	(192 503)
Profit for the year	1 292 786	336 357	942 415	(193 883)	(2 076 671)	301 004	566 349	700 364	1 053 650	2 320 363	2 621 367
Non-controlling interests	–	–	–	72 828	–	72 828	–	103	37 012	37 115	109 943
Profit for the year attributable to Redefine Properties Limited shareholders	1 292 786	336 357	942 415	(121 055)	(2 076 671)	373 832	566 349	700 467	1 090 662	2 357 478	2 731 310

* *The international sector results have been represented in accordance with the regular review by chief operating decision-making forum to make decisions about resources allocated and performance assessment, and for which discrete financial information is available. As a result, the international segment, which was previously presented as an aggregate amount, has been disaggregated into EPP, Redefine Europe and Other. This disaggregation did not result in a change in the overall international segment profit or loss or net asset position.*

Earnings and headline earnings

for the year ended 31 August 2022

Figures in R'000	2022	2021
EARNINGS AND HEADLINE EARNINGS		
Reconciliation of basic earnings to headline earnings		
Profit for the year attributable to Redefine shareholders	8 690 869	2 731 310
Change in fair value of properties	(899 836)	1 755 948
– Change in fair value of properties	(903 480)	1 843 389
– Non-controlling interest	3 644	(87 441)
Foreign currency translation reserve	316 212	–
– Foreign currency translation reserve	303 599	–
– Non-controlling interest	12 613	–
Loss on sale of subsidiaries	–	37 543
Gain on disposal of assets	(38 176)	–
Loss on disposal of property, plant and equipment	–	1 120
Remeasurement gain	(825 910)	–
Gain on bargain purchase	(1 857 212)	–
Adjustment of remeasurements, included in equity accounted earnings of associate and joint ventures (net of tax)	(276 086)	317 571
– Adjustment on remeasurements, included in equity accounted earnings of associate and joint ventures	(262 011)	269 577
– Tax adjustment	(14 075)	47 994
Revaluation of property, plant and equipment	–	9 449
IAS 36 impairments/(reversals)	105 683	(922 526)
Change in fair value of disposed asset	(33 873)	–
Insurance proceeds received	(33 765)	(4 127)
Headline earnings attributable to Redefine shareholders	5 147 906	3 926 288
Continuing operations	5 181 745	3 905 146
– Continuing operations	5 165 488	3 909 289
– Non-controlling interest	16 257	(4 143)
Discontinued operations	(33 839)	21 142
– Discontinued operations	(33 839)	104 440
– Non-controlling interest	–	(83 298)
Diluted earnings attributable to Redefine shareholders	8 692 706	2 734 592
Profit for the year attributable to Redefine shareholders	8 690 869	2 731 310
Potential dilutive effect of share incentive schemes	1 837	3 282

Earnings and headline earnings continued

for the year ended 31 August 2022

Figures in R'000	2022	2021
Diluted headline earnings attributable to Redefine shareholders	**5 149 743**	3 929 570
Headline earnings attributable to Redefine shareholders	5 147 906	3 926 288
Potential dilutive effect of share incentive schemes	1 837	3 282
Actual number of shares in issue ('000)^^	6 752 419	5 432 630
Weighted average number of shares in issue ('000)^^	6 143 131	5 432 630
Diluted weighted average number of shares in issue ('000)^^	6 159 796	5 442 172
Weighted average number of shares in issue ('000)^^	6 143 131	5 432 630
Potential dilutive effect of share incentive schemes('000)^^	16 665	9 542
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)	141.47	50.28
– Continuing operations	142.02	52.48
– Discontinued operations	(0.55)	(2.20)
Diluted earnings per share (cents)	141.12	50.25
– Continuing operations	141.67	52.45
– Discontinued operations	(0.55)	(2.20)
Headline earnings per share (cents)	83.80	72.27
– Continuing operations	84.35	71.88
– Discontinued operations	(0.55)	0.39
Diluted headline earnings per share (cents)	83.60	71.21
– Continuing operations	84.15	70.82
– Discontinued operations	(0.55)	0.39

^^ Group net of 300 000 000 (2021: 360 553 015) treasury shares

Distributable income analysis

for the year ended 31 August 2022

Figures in R'000	South Africa	International	Total
Contractual rental income	7 743 220	810 203	8 553 423
Investment income	–	4 892	4 892
Total revenue	7 743 220	815 095	8 558 315
Operating costs	(2 952 834)	(301 705)	(3 254 539)
Administration costs	(295 776)	(127 508)	(423 284)
Net operating profit	4 494 610	385 882	4 880 492
Other income	15 115	2 510	17 625
Net distributable profit before finance costs and taxation	4 509 725	388 392	4 898 117
Net interest costs	(1 489 226)	(295 556)	(1 784 782)
– Interest income	509 438	52 345	561 783
– Interest expense	(1 998 664)	(347 901)	(2 346 565)
Distributable foreign exchange gain	–	44 387	44 387
Net distributable profit before taxation	3 020 499	137 223	3 157 722
Taxation	(989)	(33 702)	(34 691)
Net income from continued operations	3 019 510	103 521	3 123 031
Distributable income from discontinued operations	–	13 240	13 240
Net income from operations before non-controlling interest share	3 019 510	116 761	3 136 271
Non-controlling interest share of distributable loss	–	(7 165)	(7 165)
Net income before distributable adjustments	3 019 510	109 596	3 129 106
Below the line distributable income adjustments:			
– Dividend from equity-accounted investments	–	174 421	174 421
– Antecedent earnings adjustment	40 921	282 184	323 105
Distributable income	3 060 431	566 201	3 626 632

Contractual rental income

Figures in R'000	2022	2021
Continuing operations		
Revenue from contract with tenants	**8 250 057**	7 612 366
Contractual rental income	**5 615 609**	5 264 725
Non-gross lettable area (GLA) income	**88 155**	76 216
Covid-19 pandemic rental relief	**6 643**	(60 661)
Tenant installations	**(85 085)**	(72 087)
Tenant parking income	**427 365**	441 678
Operating costs recovery	**2 197 370**	1 962 495
Other revenue	**303 366**	75 843
Customer parking income	**54 132**	26 417
Other income	**249 234**	49 426
	8 553 423	7 688 209
Discontinued operations		
Revenue from contract with tenants	**25 506**	108 147
Contractual rental income	**25 506**	107 744
Non-GLA income	**–**	403
Other revenue	**–**	1 962
Other income	**–**	1 962
	25 506	110 109

Contractual income is fixed and recoveries variable in nature.

Financial instrument categories

Figures in R'000	31 August 2022 At amortised cost	31 August 2022 At fair value through profit or loss	31 August 2022 Total	31 August 2021 At amortised cost	31 August 2021 At fair value through profit or loss	31 August 2021 Total
Financial assets						
Listed securities	**–**	**69 679**	**69 679**	–	69 679	69 679
Derivative assets	**–**	**609 495**	**609 495**	–	291 322	291 322
Loans receivable	**1 122 065**	**79 278**	**1 201 343**	2 726 862	–	2 726 862
Other financial assets	**–**	**596 039**	**596 039**		267 978	267 978
Trade and other receivables	**702 742**	**–**	**702 742**	593 705	–	593 705
Other monetary assets	**192 605**	**–**	**192 605**	–	–	–
Cash and cash equivalents	**1 765 349**	**–**	**1 765 349**	1 356 385	–	1 356 385
	3 782 761	**1 354 491**	**5 137 252**	4 676 952	628 979	5 305 931
Financial liabilities						
Interest-bearing borrowings	**37 291 377**	**–**	**37 291 377**	30 743 000	–	30 743 000
Interest accrual on interest-bearing borrowings	**111 154**	**–**	**111 154**	125 345	–	125 345
Derivative liabilities	**–**	**367 611**	**367 611**	–	1 714 424	1 714 424
Other financial liabilities	**57 546**	**349 202**	**406 748**	559 983	100 167	660 150
Trade and other payables	**1 898 572**	**–**	**1 898 572**	1 565 060	–	1 565 060
	39 358 649	**716 813**	**40 075 462**	32 993 388	1 814 591	34 807 979

Financial instruments and investment property fair value disclosure

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

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

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

The fair value hierarchy has the following levels:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

Financial instruments and investment property fair value disclosure continued

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

Year ended 31 August 2022 Figures in R'000	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Assets				
Investment properties*	**73 884 866**	**–**	**–**	**73 884 866**
Investment property held-for-sale	**1 397 447**	**–**	**–**	**1 397 447**
Listed securities	**69 679**	**69 679**	**–**	**–**
Derivative assets	**609 495**	**–**	**609 495**	**–**
Loans receivable	**79 278**	**–**	**–**	**79 278**
Other financial assets	**596 039**	**–**	**–**	**596 039**
	76 636 804	**69 679**	**609 495**	**75 957 630**
Liabilities				
Derivative liabilities	**367 611**	**–**	**367 611**	**–**
Other financial liabilities	**349 202**	**–**	**–**	**349 202**
	716 813	**–**	**367 611**	**349 202**

Level 3 reconciliation:

Year ended 31 August 2022 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**
Investment properties	**57 147 740**	**14 916 203**	**651 884**	**72 715 827**
Properties under development	**926 012**	**(108 206)**	**(106 178)**	**711 628**
Right-of-use asset	**112 816**	**361 164**	**(16 569)**	**457 411**
Investment property held-for-sale	**2 749 073**	**(1 363 333)**	**11 707**	**1 397 447**
Other financial assets	**267 978**	**310 382**	**17 679**	**596 039**
Loans receivable	**–**	**79 278**	**–**	**79 278**
Other financial liabilities	**(100 167)**	**237 970**	**(487 005)**	**(349 202)**
	61 103 452	**14 433 458**	**71 518**	**75 608 428**

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

Financial instruments and investment property fair value disclosure continued

Year ended 31 August 2021 Figures in R'000	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Assets				
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
Liabilities				
Derivative liabilities	1 714 424	–	1 714 424	–
Other financial liabilities	100 167	–	–	100 167
	1 814 591	–	1 714 424	100 167

Level 3 reconciliation:

Year ended 31 August 2021 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**
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*

Financial instruments and investment property fair value disclosure continued

Details of valuation techniques

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

Investment property

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

Valuers for investment properties located in South Africa

▪ Real Insight	T Behrens	NDip Property Valuation, Professional Associated Valuer
▪ Broll	R Long	BSc Estate Management, MBA (UK), RICS, professional valuer
▪ CBRE Excellerate	R Fourie	NDip Property Valuation, professional valuer, Fellow of the Royal Institution of Chartered Surveyors (FRICS),
▪ 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
▪ Knight Frank	A Arbee	NDip Property Valuation, Professional Valuer

Valuers for investment properties located in Poland

▪ Savills	Kamil Kowa, Karina Szafrańska, Małgorzata Lińska-Bator	MRICS; RICS

Financial instruments and investment property fair value disclosure continued

Unobservable inputs across sectors (% unless otherwise stated)	2022	2021
Retail sector		
Discount rate	**10.50 – 16.00**	10.00 –16.00
Exit capitalisation rate	**7.00 – 13.00**	7.00 – 13.00
Bulk rate	**R1 200 – R3 000 p/m²**	R1 200 – R2 500 p/m²
Expected market rental growth	**1.00 – 5.00**	2.00 – 5.00
Expected expense growth	**5.50 – 7.00**	6.00 – 7.00
Occupancy rate	**93.18**	94.61
Vacancy periods	**0 – 24 months**	0 – 12 months
Rent-free periods	**0 – 4 months**	0 – 9 months
Office sector		
Discount rate	**10.00 – 16.75**	9.00 – 17.00
Exit capitalisation rate	**8.00 – 12.50**	8.00 –13.00
Bulk rate	**R1 500 – R3 500 p/m²**	R1 500 – R3 000 p/m²
Expected market rental growth	**1.00 – 5.00**	1.00 – 5.00
Expected expense growth	**5.50 – 7.00**	5.50 – 7.00
Occupancy rate	**81.91**	86.87
Vacancy periods	**0 – 24 months**	0 – 12 months
Rent-free periods	**0 – 6 months**	0 – 9 months
Industrial sector		
Discount rate	**10.50 – 15.50**	11.00 – 15.50
Exit capitalisation rate	**7.75 – 11.50**	8.00 – 11.50
Bulk rate	**R249 – R1 600 p/m²**	R250 – R1 600 p/m²
Expected market rental growth	**1.00 – 5.00**	1.00 – 5.00
Expected expense growth	**5.50 – 8.00**	5.50 – 7.00
Occupancy rate	**94.55**	92.07
Vacancy periods	**0 – 12 months**	0 – 12 months
Rent-free periods	**0 – 4 months**	0 – 9 months
Specialised sector		
Discount rate	**13.25 – 13.50**	13.00 – 13.50
Exit capitalisation rate	**9.00 – 9.75**	9.00 – 9.75
Expected market rental growth	**1.00 – 4.50**	1.00 – 4.50
Expected expense growth	**5.50 – 7.00**	6.00
Occupancy rate	**100.00**	100.00
Vacancy periods	**0 – 12 months**	0 – 12 months
Rent-free periods	**–**	0 – 9 months
International sector*		
Discount rate	**7.60 – 8.90**	–
Exit capitalisation rate	**6.00 – 7.80**	–
Expected market rental growth	**1.65 – 7.47**	–
Expected expense growth	**4.10 – 4.20**	–
Occupancy rate	**96.41**	–
Vacancy periods	**1–12 months**	–

* *Relates to directly held retail properties in EPP, refer to the Business combination disclosed on page 40: Acquisition of controlling interest in subsidiaries*

Financial instruments and investment property fair value disclosure continued

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 five-year 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.

Sensitivity of fair values to changes in unobservable inputs

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

Sector	31 August 2022			Change in exit capitalisation rate				Change in discount rate			
				Decrease 50bps		Increase 50bps		Decrease 50bps		Increase 50bps	
	Valuation R'000	Weighted average exit rate %	Weighted average discount rate %	R'000	%	R'000	%	R'000	%	R'000	%
Retail	23 917 080	8.12	12.34	1 069 944	4.47	(941 785)	(3.94)	447 929	2.00	(435 008)	(1.82)
Office	21 691 539	8.83	12.44	846 594	3.90	(749 909)	(3.46)	400 870	1.07	(385 870)	(1.78)
Industrial	10 531 215	8.91	13.19	345 576	3.28	(363 030)	(3.45)	171 609	2.27	(213 715)	(2.03)
International*	15 885 298	6.68	8.09	1 015 940	5.99	(868 383)	(5.17)	698 777	3.40	(318 859)	(2.00)
Total**	72 025 132										

* *Relates to directly held retail properties in EPP, refer to the Business combination disclosed on page 40: Acquisition of controlling interest in subsidiaries*

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

Financial instruments and investment property fair value disclosure continued

Properties under development – Comparable sales method

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

Properties classified as held for sale – Contract sales price

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

Financial instruments

Listed securities

Closing market price on the relevant exchange.

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.

Financial instruments and investment property fair value disclosure continued

Other financial assets and liabilities

Unlisted securities

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

Profit participation liability

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

Rental guarantee

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

Madison earn-out

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

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.

Acquisition of a controlling interest in subsidiaries

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

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

The table below summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition, for the business combination in terms of IFRS 3, translated at the closing spot price on 3 December 2021.

Figures in R'000	3 December 2021*
Assets	
Investment property	**2 210 941**
Taxation receivable	**592**
Trade and other receivables	**12 205**
Cash and cash equivalents	**7 945**
Liabilities	
Interest-bearing borrowings	**(883 189)**
Deferred taxation	**(103 841)**
Taxation payable	**(4 067)**
Trade and other payables	**(8 406)**
Fair value of net assets acquired	**1 232 180**
Goodwill	**142 828**
Purchase consideration	**1 375 008**
Vendor loan exchange^	**1 020 705**
Prepayment made during March 2021^	**180 059**
Cash consideration	**174 244**
Cash and cash equivalents acquired	**7 945**
Net of cash on acquisition	**166 299**

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

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

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

Acquisition of a controlling interest in subsidiaries continued

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

If the business had been acquired on 1 September 2021, management estimates that consolidated revenue and net profit after taxation for the Redefine Group would have been R8.4 billion and R8.7 billion for the current financial year respectively. In determining these amounts, management has assumed that the fair value adjustments, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 September 2021. Bruin's revenue following the acquisition on 3 December 2021 to the date of disposal 10 March 2022 was R25.5 million with a net loss of R33.8 million.

The Group incurred acquisition-related costs of R3.3 million to 31 August 2022. This is disclosed as part of administration costs in the statement of profit or loss and other comprehensive income.

Key estimates and assumptions

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

The following unobservable inputs were used during the fair value determination:
Unobservable inputs across sectors (% unless otherwise stated)

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

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

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

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

Acquisition of a controlling interest in subsidiaries continued

EPP.N.V (EPP)

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

Effective 8 March 2022, EPP was delisted and the Redefine offer to acquire an additional interest in EPP increased Redefine's interest from 45.4% to 87.5% (prior to the EPP reorganisation and acquisition of additional EPP shares) and 95.5% (post the EPP reorganisation and acquisition of additional EPP shares).

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

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

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

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

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

Acquisition of a controlling interest in subsidiaries continued

Figures in R'000	GROUP 8 March 2022^
Assets	
Fair value of investment properties	**15 515 356**
Right-of-use asset	**328 909**
Investment in joint ventures	**2 800 980**
Derivative assets	**1 093**
Loans receivable	**29 958**
Property, plant and equipment	**17 342**
Deferred tax asset	**7 536**
Trade and other receivables	**209 487**
Other monetary assets	**186 894**
Cash and cash equivalents	**1 168 825**
Taxation receivable	**3 742**
Non-current assets held-for-sale	**22 378 468**
Liabilities	
Interest-bearing borrowings	**(13 044 013)**
Deferred taxation liability	**(1 033 821)**
Provision for onerous contract	**(1 021 075)**
Lease liability	**(356 054)**
Trade and other payables	**(591 071)**
Interest accrual on interest bearing-borrowings	**(5 031)**
Derivative liabilities	**(26 464)**
Taxation payable	**(202)**
Non-current liabilities held-for-sale	**(11 999 412)**
Fair value of net assets acquired	**14 571 447**
Gain on bargain purchase#	**(1 857 212)**
Purchase consideration	**10 889 066**
Fair value of investment in associate disposed*	**6 621 229**
Settlement in 1 030 459 642 Redefine shares at an issue price of R4.14**	**4 267 837**
113 726 280 shares held by non-controlling interest	**1 825 169**
Cash and cash equivalent acquired	**1 168 825**
Net of cash on acquisition	**1 168 825**

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

* *Fair value of previously held interest was calculated based on EPP's assets acquired and liabilities assumed at acquisition date which resulted remeasurement gain of R825.9 million.*

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

The gain is as a result of the difference between the fair value of EPP net assets acquired and the purchase consideration (Redefine shares issued at the Redefine share price and the fair value of the previously held interest) and NCI. On accepting the Redefine offer, EPP shareholders are swapping EPP shares for Redefine shares which trade at a similar discount to NAV. EPP shareholders are swapping EPP NAV of R16.20 as at acquisition date for Redefine NAV R17.87 (Redefine NAV as at 28 February 2022 post dividend R6.62 at a swap ratio of 2.7) obtaining a 10.3% effective premium to EPP NAV.

Acquisition of a controlling interest in subsidiaries continued

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

Key estimates and assumptions

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

Unobservable inputs across sectors (% unless otherwise stated)

Retail sector	
Discount rate	7.20 – 10.50
Exit capitalisation rate	5.90 – 10.20
Occupancy rate	96.00
Vacancy rate	3 – 6 months
Rent-free periods	n/a
Office sector	
Discount rate	8.00 – 9.60
Exit capitalisation rate	7.20 – 8.20
Occupancy rate	95.80
Vacancy rate	3 – 6 months
Rent-free periods	5 – 6 months

Trade and other receivables are carried at amortised cost. Due to their short-term nature, amortised cost approximates the fair value. Trade and other receivables comprise gross contractual amounts due of R61.4 million, net doubtful debts of R21.6 million, which is the best estimate at the acquisition date of the contractual cash flows not expected to be collected.

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

If the business had been acquired on 1 September 2021, management estimates that the consolidated revenue and net profit after taxation for the Redefine Group would have been R10.8 billion and R7.8 billion respectively for the current financial year. In determining these amounts, management has assumed that the fair value adjustments, determined at EPP's December year-end and applied for the IFRS 3 at acquisition amounts, would have been the same if the acquisition had occurred on 1 September 2021. EPP's revenue following the acquisition on 8 March 2022 to 31 August 2022 was R812.1 million and with a net loss of R1.2 billion.

The Group incurred acquisition-related costs of R10.7 million to 31 August 2022. These cost are disclosed as part of administration costs in the statement of profit or loss and other comprehensive income.

Disposal of a controlling interest in subsidiary

M1 Marki

On 10 March 2022, Redefine Europe disposed of its 100% interest in Bruin (which houses the M1 Marki property) to M1 JV for a total consideration of R1.2 billion (EUR70.5 million), Redefine Europe received R341.2 million (EUR20.5 million) in cash and Class C shares in M1 JV to the value of R832.4 million (EUR50.0 million). This transaction was also classified as a discontinued operation in terms of IFRS 5: Non-current assets held for sale and disposal groups.

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

Figures in R'000	2022
Assets	
Non-current assets-held-for sale	**2 142 838**
Liabilities	
Non-current liabilities held-for-sale	**(969 223)**
Carrying value of net assets disposed	**1 173 615**
Cash inflow from disposal	**341 205**
Proceeds from PIMCO	**170 602**
Proceeds from EPP	**170 603**
Investment in joint venture M1 JV class C shares	**832 410**
Total net consideration	**1 173 615**
Profit/(loss) on disposal	**–**

Discontinued operations

M1 Marki

On 3 December 2021, Redefine acquired 100% of the shares in Bruin, with the intention to resell the investment to M1 JV as part of the EPP reorganisation, for a cash consideration of R341.2 million (€20.5 million) and a shareholding in the M1 JV to the value of R832.4 million (€50 million).

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

The financial performance information presented are presented for the year ended 31 August 2022 Summarised statements of profit or loss and other comprehensive income

Figures in R'000	2022
Revenue	**25 506**
Operating costs	**(2 474)**
Administrative costs	**(1 941)**
Changes in fair values of financial instruments and other	**5 365**
Interest expense	**(6 170)**
Other	**(54 125)**
Loss for the year from discontinued operation	**(33 839)**

SA REIT ratios

1 Commentary

2 Results

4 Administration

Benmore Centre, Benmore Gardens

SA REIT ratios

Figures in R'000	2022	2021
SA REIT Funds From Operations (SA REIT FFO) Per share		
Profit or loss per IFRS Statement of Comprehensive Income (SOCI) attributable to the parent	**8 690 869**	2 731 310
Adjusted for:		
Accounting/specific adjustments:	**(2 821 189)**	2 006 693
Fair value adjustments to:		
– Investment property	**(903 480)**	1 629 408
– Debt and equity instruments held at fair value through profit or loss	**435 453**	489 302
Depreciation and amortisation of intangible assets	**19 987**	43 788
Impairment of goodwill or the recognition of a bargain purchase gain	**(2 577 439)**	–
Asset impairments (excluding goodwill) and reversals of impairment	**(128 230)**	(808 750)
Gains or losses on the modification of financial instruments	**(44)**	57 060
Deferred tax movement recognised in profit or loss	**3 936**	64 206
Straight-lining operating lease adjustment	**314 616**	531 679
Transaction costs expensed in accounting for a business combination	**14 012**	–
Adjustments arising from investing activities:	**(39 955)**	139 727
Gains or losses on disposal of:		
– Debt and equity instruments	**–**	105 465
– Investment property and property, plant and equipment	**(39 955)**	(3 285)
– Subsidiaries and equity-accounted entities held	**–**	37 547
Foreign exchange and hedging items:	**(601 946)**	(2 674 928)
Fair value adjustments on derivative financial instruments employed solely for hedging purposes	**(1 652 652)**	(2 443 055)
Reclassified foreign currency translation reserve upon disposal of a foreign operation	**303 599**	3 277
Foreign exchange gains or losses relating to capital items – realised and unrealised	**747 107**	(235 150)
Other adjustments:	**(1 566 277)**	192 009
Tax impact of the above adjustments	**(40 328)**	417 371 *
Adjustments made for equity-accounted entities	**(1 851 867)**	(195 340)
Non-controlling interests in respect of the above adjustments	**2 813**	(30 022)
Antecedent earnings adjustment	**323 105**	–
SA REIT FFO:	**3 661 502**	2 394 811

SA REIT ratios continued

Figures in R'000	2022	2021	
SA REIT FFO:	**3 661 502**	2 394 811	
Number of shares outstanding at end of period (net of treasury shares)	**6 752 419**	5 432 630	
SA REIT FFO per share (cents)	**54.23**	44.08	
Company-specific adjustments	**(34 870)**	482 097	
Non-distributable adjustments for discontinued operation	**47 079**	134 607	
Changes in insurance contract liability	**(75 071)**	64 272	*
Interest received Chariot loan	**(17 087)**	(43 000)	
Capital transaction cost expenses	**61 623**	29 019	*
Property held-for-trading	**1 780**	4 405	
Taxation paid on FY20 distributable income retained	**–**	367 087	
Depreciation (excluding owner-occupied properties)	**(14 213)**	(41 968)	
Capital tax expense	**9 716**	–	
Capital insurance income	**(33 765)**	–	
Leasehold interest and expense	**(14 932)**	(32 325)	
Distributable income	**3 626 632**	2 876 908	
Unrealised foreign exchange gains	**–**	350 438	
Other	**–**	38 708	
Distribution pay-out ratio	**80%**	114%	
Dividend declared	**2 901 306**	3 266 054	
Distributable income per share (DIPS) cents	**53.71**	52.96	
Dividend per share cents	**42.97**	60.12	
First half year	**23.69**	–	
Second half year	**19.28**	60.12	

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

SA REIT ratios continued

Figures in R'000	2022	2021
SA REIT Net Asset Value (SA REIT NAV)		
Reported NAV attributable to the parent	**48 653 262**	39 218 183
Adjustments:		
Dividend to be declared	**(1 301 408)**	(3 266 054)
Fair value of certain derivative financial instruments	**(218 557)**	908 892
Goodwill and intangible assets	**–**	–
Deferred tax	**1 609 519**	616 008
SA REIT NAV:	**48 742 816**	37 477 029
Shares outstanding		
Number of shares in issue at period end (net of treasury shares)	**6 752 419**	5 432 630
Effect of dilutive instruments (options, convertibles and equity interests)	**16 665**	9 542
Dilutive number of shares in issue	**6 769 084**	5 442 172
SA REIT NAV per share:	**7.20**	6.89
SA REIT cost-to-income ratio		
Expenses		
Operating expenses per IFRS income statement (includes municipal expenses)	**3 260 314**	2 906 460
Administrative expenses per IFRS income statement	**461 414**	326 995
Exclude:		
Depreciation expense in relation to property, plant and equipment of an administrative nature and amortisation expense in respect of intangible assets	**(19 987)**	(43 789)
Operating costs	**3 701 741**	3 189 666
Rental income		
Contractual rental income per IFRS income statement (excluding straight-lining)	**6 356 053**	5 725 714
Utility and operating recoveries per IFRS income statement	**2 197 370**	1 962 495
Gross rental income	**8 553 423**	7 688 209
SA REIT cost-to-income ratio	**43.3%**	41.5%
SA REIT administrative cost-to-income ratio		
Expenses		
Administrative expenses as per IFRS income statement	**461 414**	326 995
Administrative costs	**461 414**	326 995
Rental income		
Contractual rental income per IFRS income statement (excluding straight-lining)	**6 356 053**	5 725 714
Utility and operating recoveries per IFRS income statement	**2 197 370**	1 962 495
Gross rental income	**8 553 423**	7 688 209
SA REIT administrative cost-to-income ratio	**5.4%**	4.3%
SA REIT GLA vacancy rate		
Gross lettable area of vacant space	**285 374**	339 671
Gross lettable area of total property portfolio	**4 205 823**	4 315 456
SA REIT GLA vacancy rate	**6.8%**	7.9%

SA REIT ratios continued

Cost of debt	**ZAR**	**AUD**	**EUR**	**USD**
2022				
Variable interest-rate borrowings				
Floating reference rate plus weighted average margin	**7.7%**	**–**	**2.6%**	**5.3%**
Fixed interest-rate borrowings				
Weighted average fixed rate	**–**	**–**	**–**	**–**
Pre-adjusted weighted average cost of debt:	**7.7%**	**–**	**2.6%**	**5.3%**
Adjustments:				
Impact of interest rate derivatives	**0.7%**	**–**	**0.4%**	**–**
Impact of cross-currency interest rate swaps	**0.3%**	**–**	**(0.4%)**	**–**
Amortised transaction costs imputed into the effective interest rate	**–**	**–**	**–**	**–**
All-in weighted average cost of debt:	**8.7%**	**–**	**2.6%**	**5.3%**
2021				
Variable interest-rate borrowings				
Floating reference rate plus weighted average margin	5.5%	2.5%	2.7%	2.6%
Fixed interest-rate borrowings				
Weighted average fixed rate	–	–	–	–
Pre-adjusted weighted average cost of debt:	5.5%	2.5%	2.7%	2.6%
Adjustments:				
Impact of interest rate derivatives	2.0%	–	–	–
Impact of cross-currency interest rate swaps	0.6%	–	(0.9%)	–
Amortised transaction costs imputed into the effective interest rate	–	–	–	–
All-in weighted average cost of debt:	8.1%	2.5%	1.8%	2.6%

SA REIT ratios continued

Figures in R'000	2022	2021
SA REIT loan-to-value		
Gross debt (including non-current liabilities held-for-sale)	**37 674 457**	30 743 000
Less:		
Cash and cash equivalents	**(1 765 349)**	(1 356 385)
Add/Less:		
Derivative financial instruments (including insurance contract liability)	**(122 407)**	1 617 649
Net debt	**35 786 701**	31 004 264
Total assets – per Statement of Financial Position	**92 405 801**	75 635 209
Less:		
Cash and cash equivalents	**(1 765 349)**	(1 356 385)
Derivative financial assets	**(609 495)**	(291 322)
Goodwill and intangible assets	**–**	–
Trade and other receivables (including other monetary assets)	**(1 099 643)**	(900 527)
Carrying amount of property-related assets	**88 931 314**	73 086 975
SA REIT loan-to-value ("SA REIT LTV")	**40.2%**	42.4%
Net initial yield		
Investment property	**72 417 243**	57 714 370
Less:		
Properties under development	**(711 628)**	(926 012)
Grossed up property value	**71 705 615**	56 788 358
Property income		
Contractual cash rentals	**6 632 709**	5 749 858
Add:		
Notional rental for rent-free periods, discounted rentals, stepped rentals and lease incentives	**89 236**	83 546
Less:		
Non-recoverable property expenses	**(1 044 277)**	(1 173 715)
Annualised net rental	**5 677 668**	4 659 689
Net initial yield	**7.9%**	8.2%

Administration

Brackengate 2, Brackenfell

Redefine Properties Limited

(Incorporated in the Republic of South Africa)

Registration number: 1999/018591/06

JSE share code: RDF ISIN: ZAE000190252

Debt company code: BIRDF

(Redefine or the Company or the Group)

(Approved as a REIT by the JSE)

Independent non-executive directors

SM Pityana (chairperson)

ASP Dambuza

C Fernandez (effective 4 November 2022)

D Radley

LJ Sennelo

M Barkhuysen

NB Langa-Royds

S Fifield (effective 12 September 2022)

Executive directors

AJ König (Chief Executive Officer)

LC Kok (Chief Operating Officer)

NG Nyawo (Chief Financial Officer)

Registered office and business address

4th Floor, 155 West Street, Sandown, Sandton
Johannesburg, South Africa, 2196
PostNet Suite 264, Saxonwold, 2132

Transfer secretaries

Computershare Investor Services Proprietary Limited

Sponsor

Java Capital

Company secretary

Anda Matwa

Independent auditors

PricewaterhouseCoopers Inc.