



ANNUAL REPORT 2006





Redefine Income Fund
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DEFINE

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

Unitholders benefit from annual increases in rentals paid by lessees of directly owned properties as well as from growth in distributions from the listed securities.

The innovative structure provides flexibility for this unique high yielding property loan stock listed on the JSE Ltd.



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HIGHLIGHTS

Distribution per linked unit increased by 16%.

Total growth of 41% (distributable income 16%, capital 25%).

Net asset value per linked unit increased by 33% to R5,66 from R4,27 in 2005.

Market capitalisation increased by R859 million to R3,062 billion.

Gearing of 41%, in line with strategy to remain below 45%.

Listed securities portfolio increased by R1,599 billion to R3,448 billion.

Value of the property portfolio increased to R2,596 billion (24% increase) and the GLA to 524 815m².

30 151m² of vacant space leased.

97.3% of the property portfolio is leased.

54.6% of leases expire in 2010 and beyond.

65.8% of weighted average linked units in issue traded.

CHAIRMAN & CEO REPORT

The year has been characterised by increased corporate activity within the listed property sector. Further consolidation is evident and in order to attain continued growth in liquidity, a major consideration for many investors, critical mass is crucial. Strong indications are that if the listed property sector adopts the REIT structure and increases its market capitalisation through consolidation and acquisition this should lead to increased liquidity which will attract capital from overseas investors. Further corporate activity is required to achieve these objectives.

During 2006 the property sector experienced unprecedented buoyancy with heightened demand for space. Vacancies have decreased substantially and rentals have firmed. The entire sector has experienced a highly competitive acquisition trail, giving rise to a marked shortage of quality investment property at acceptable yields.

Some volatility of market prices, on the back of predicted increases in the interest rate environment, became evident in the second quarter of 2006. These expectations were confirmed with a 50 basis point increase in the interest rate in June and a further 50 basis point increase in August. This had a direct impact on the entire listed property sector, including Redefine. Subsequently there has been a substantial recovery of the sector.

CHAIRMAN & CEO REPORT

The listed property sector is particularly sensitive to interest rate changes, but the market's reaction is not a reflection of performance of the sector which has delivered exceptional growth in distributions that is set to continue. Redefine has achieved growth above the sector average and intends to continue to do so.

One of the most topical issues currently is the transformation of the listed property sector to a Real Estate Investment Trust (REIT) based structure. The existing Property Loan Stock (PLS) structure is arguably open to challenge. The PLS Association has engaged SARS and National Treasury and a solution is being pursued along the lines of REIT's.

Property Portfolio

During the year under review Redefine has not acquired many properties as new entrants to the market have tended to increase prices to levels at which yields have dropped below the forward yield on a Redefine combined unit. Redefine is committed to ensure that no acquisition is dilutionary to existing unitholders interests.

Redefine has continued to strategically grow its retail property investment portfolio whilst retaining its investment criteria of properties with values above R30 million in prime locations with predominantly A-grade tenants on long leases.

Southcoast Mall (27 000m²), co-owned with Hyprop Investment Ltd ("Hyprop"), which was developed on the KwaZulu-Natal Hibiscus Coast at a cost of R192 million opened in November 2005 and is trading extremely well. Anchor tenants are Game, Checkers and Mica supported by a mix of national brands and services as well as unique local retailers.

Makhado Crossing, which is currently being developed, is a 13 500m² retail centre strategically

located at the major N1 highway intersection in the growth area of Makhado, (previously known as Louis Trichardt) in the Northern Province. The centre was purchased by Redefine for R94 million and will be transferred on completion which is scheduled during November 2006. The semi-enclosed mall is 98% let with the anchor tenant Pick 'n Pay in a 3 500m² store. Makhado Crossing, being the first substantial retail offering south of the Zimbabwean border, is expected to have a reach that extends further than other centres of similar size catering to surrounding agricultural and rural communities as well as cross-border shoppers.

During the year Redefine purchased an industrial building for R16.1 million and a tract of industrial land for development in Isando at a cost of R5.7 million.

Redefine continues to rationalise its property portfolio by the disposal of smaller properties no longer aligned with Redefine's investment criteria. Eight properties were disposed of for R53.8 million (valuation R53.8 million) highlighting the demand for investment grade properties.

Dynamic asset management includes property life cycle regeneration by enhancing the existing property portfolio. Redefine continued with its refurbishment and upgrading of underperforming buildings specifically Posthouse & Posthouse Link. The first additional parking level at this retail property has been successfully completed and construction of the second is proceeding.

The conversion of Rosebank Arena into a modern A-grade building has commenced with the replacement of certain ground level offices by restaurants. The intention is to enhance, together with Standard Bank, the entire precinct bounded by Oxford and Bolton Roads and Cradock and Baker Streets on a comprehensive basis to take advantage of the proposed Gautrain station facilities in the immediate area.

CHAIRMAN & CEO REPORT

Listed securities portfolio

At 31 August 2006 the portfolio comprised nine listed property counters with a market value of R3,448 billion, representing 57.8% of Redefine's total non-current assets.

During the year Redefine accepted the offer by Hyprop to obtain 20,7 million Hyprop linked units in exchange for SA Retail linked units. Subsequently an additional 8,2 million Hyprop linked units were purchased increasing Redefine's holding in Hyprop Investments to 28.6%.

As a result of the swap of Prima Property Trust units for ApexHi units, Redefine received an additional 12,3 million ApexHi 'A' and 12,3 million ApexHi 'B' linked units. Furthermore, Redefine purchased an additional 6,3 million ApexHi 'B' units and sold 7,2 million ApexHi 'A' units.

Redefine acquired 18% of Coronation International Real Estate Fund ("CIREF"), Corovest International's property fund which listed on the London Stock Exchange's AIM (Alternative Investment Market) in May 2006. This niche fund has great upside potential with an added benefit of the rand hedge element.

CIREF has a market capitalisation of over R600 million with a portfolio of quality properties well located in the UK and continental Europe assembled over the past few years. An ideal investment for Redefine to "wet its feet" in the offshore markets with great confidence, CIREF's management has knowledge of the UK and European markets and, from its South African ties, has a solid understanding of the South African listed property investors' expectations.

Gearing

Significant savings were achieved by restructuring R871 million of debt in April 2006 through a debt capital market finance arrangement with Standard Bank. The finance costs achieved through this

arrangement are substantially lower than mortgage funding, resulting in a saving of 55 basis points per annum on this debt.

The R871 million financed amount equates to 35.4% of Redefine's total borrowings at 31 August 2006 and includes portions fixed for periods of three, five and seven years as well as a floating portion.

At 31 August 2006 Redefine's total borrowings were R2,458 billion representing 41.02% of non-current assets. This is up from the 39.5% in 2005 but is well within Redefine's strategy to maintain gearing below 45%. The average all-inclusive rate on total debt has decreased from 10.05% to 9.99%.

Of Redefine's total borrowings, fixed-rate loans comprise 71.2%, secured for three, five, seven and ten year periods. The remaining borrowings are financed at floating rates of interest.

Leasing

During the year under review Redefine's vacancy factor has once again improved to a record 2.7% across the entire portfolio of office, retail and industrial premises. In line with trends in the market, Redefine experienced a high level of renewals and increased enquiries. The low vacancy factor has led to the compilation of a waiting list of tenants particularly for industrial space. Redefine's lease expiry profile continues to be extended with 54.6% of leases expiring in 2010 and beyond.

During the year under review Redefine secured 198 leases over 67 636m² of space accounting for an annual income of more than R41,5 million. Of these, 112 leases over 30 151m² valued at R18,0 million per annum represented new leases with the remainder being renewals.

Linked unit issue

During the year Redefine implemented a rights offer to raise R310 million. Of this amount, only R175 million

CHAIRMAN & CEO REPORT

was secured as the timing of the issue coincided with the then recent drop in the market. Redefine has deployed the funds raised for the continued expansion of its asset base.

BEE, enterprise development and Property Sector Trans-formation Charter

In May 2006 Redefine formed an enterprise development initiative with black-owned and managed Dijalo Property Services. The company, known as Dipula Property Fund (Pty) Ltd is owned by Dijalo (51%) and Redefine (49%), with asset management provided by Dipula Asset Managers, an equal joint venture between Dijalo and Madison Property Fund Managers Ltd ("Madison"). The initial value of the property portfolio will be approximately R300 million.

This enterprise development venture, which is expected to expand rapidly and ultimately lead to the listing of Dipula, is furthering meaningful empowerment. This initiative greatly assists compliance with the Property Sector Charter which is important to Redefine's unitholders since these initiatives will ensure the continued success of Redefine functioning within South Africa.

Enterprise development ventures, through the creation of new businesses and the unlocking of opportunities, contribute significantly to BEE. There is already a significant skills transfer, specifically in terms of asset management which will ultimately lead to assuming the responsibility for a listed entity.

Together, Dijalo and Redefine have created a platform to ensure that new talent is introduced into the property arena and that the industry creates a new generation of Black property practitioners. It is Redefine's objective to ensure that Dipula grows and reaches a point at which Redefine may withdraw to be replaced with a BBBEE owner.

Further initiatives to introduce BEE to Redefine at an ownership level are under discussion.

Corporate social responsibility

Redefine continues its Corporate Social Investment programme with support of South African Music Education Trust (SAMET), the music education projects teaching disadvantaged children to play classical musical instruments, and the Johannesburg Philharmonic Orchestra which, like Redefine, are ultimately measured by their performance.

In line with Redefine's ethos of enterprise development and skills transfer, supporting music education and the teaching of others to perform at the best of their ability and talent, thereby ensuring an empowered future, is an area in which Redefine contributes in a meaningful manner.

Fitch rating

Based on its ability to both service debt and repay capital, Redefine retained its 'A-minus' rating on its senior secured debt by international rating agency Fitch Ratings. This denotes a strong credit risk relative to other issuers or issues in the South African market.

Going forward

In accordance with its strategy to increase its investment portfolio with the best possible assets, Redefine has made an offer to all unitholders of Spearhead Property Group Ltd to acquire 100% of Spearhead linked units. This transaction will be yield enhancing for Redefine.

Historically, yields have been lower in the Western Cape than in the rest of South Africa, therefore investment opportunities have been elusive to Redefine due to Redefine's policy of not acquiring yield dilutionary investments. The Spearhead acquisition creates meaningful exposure for Redefine to the Western Cape market.

The Spearhead acquisition will also provide Redefine with a valuable development pipeline and access to the expertise of a development team that will join Madison.

CHAIRMAN & CEO REPORT

The transaction offers 6.18 Redefine linked units for every one Spearhead linked unit. Unitholders may opt to accept R31 cash which in aggregate may not exceed 50% of the offer price.

The effective date is expected to be 1 November 2006 subject to Redefine and Spearhead unitholder and regulatory approvals.

Appreciation

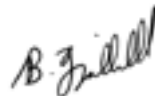
As always, Redefine's successes result from a team effort fuelled by the passion of all those involved in and associated with the company.

We would like to thank the Board for its wise counsel and support as well as the entire management team at Redefine whose innovation and commitment is reflected in Redefine's tremendous achievements during the year.

Thanks to our managing agents, asset manager, financiers, corporate advisors, the broking community and all those who have been associated with Redefine for their valuable support and contributions during the past year.



Wolf Cesman
Chairman



Brian Azizollahoff
Chief Executive Officer

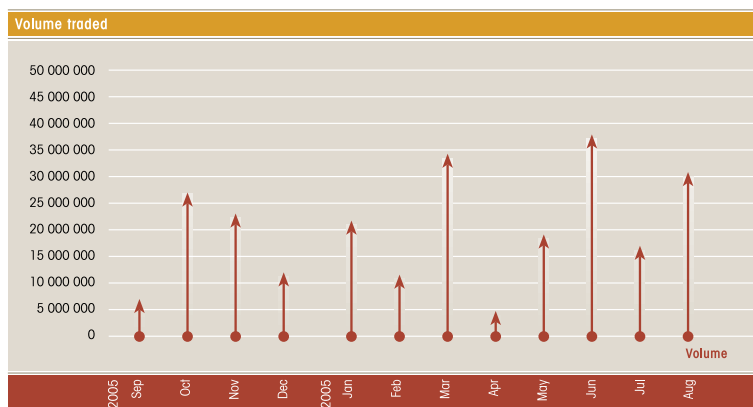
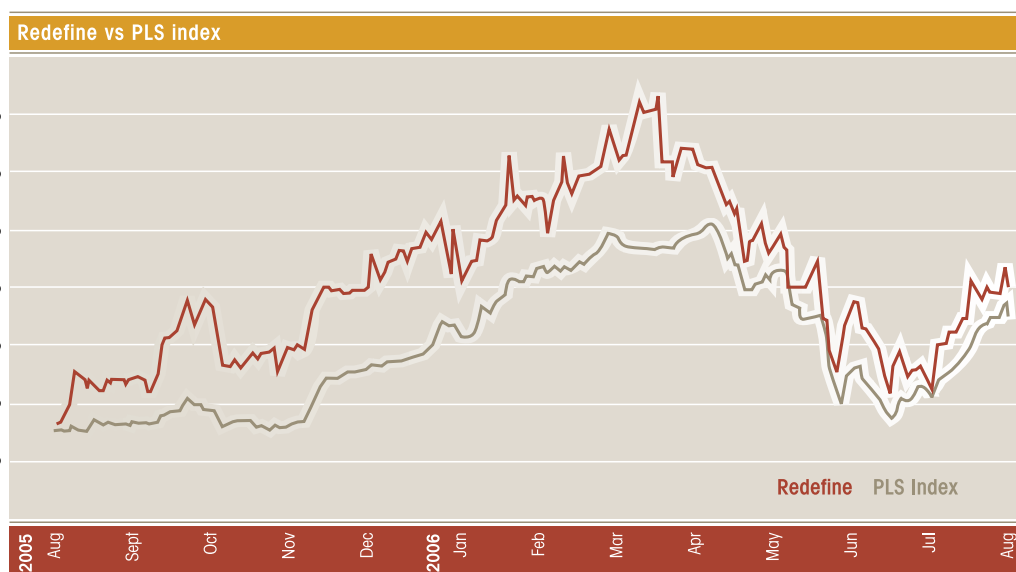
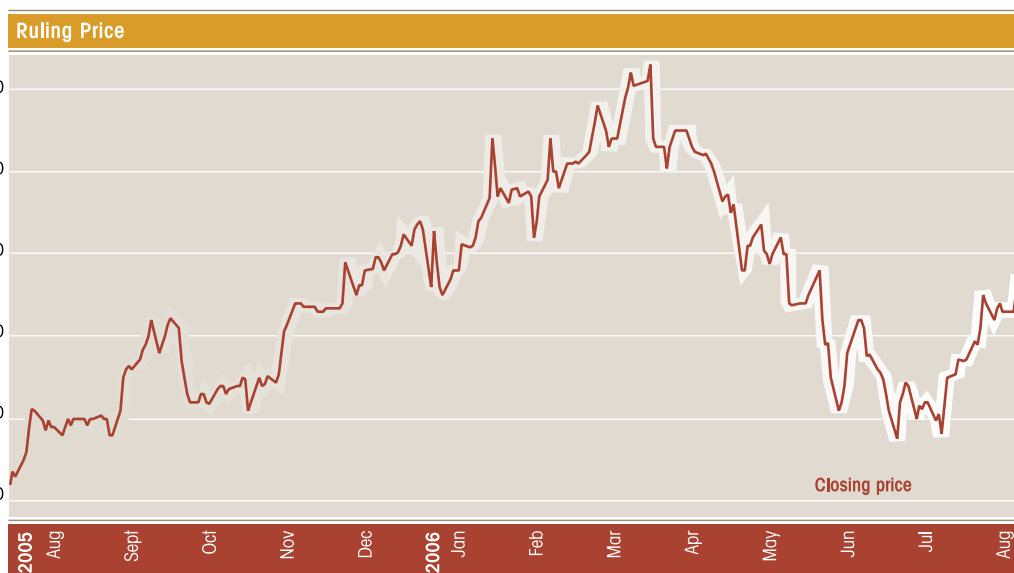
6 October 2006

Accenture

Accenture, named for its industry-leading tenant, comprises 6 400m² of prime commercial space and is located in Woodmead, Gauteng.



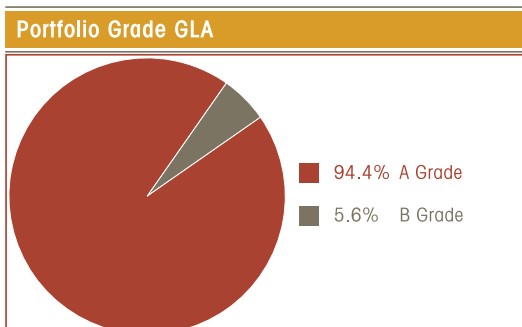
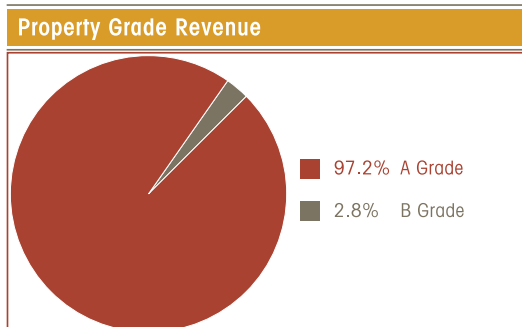
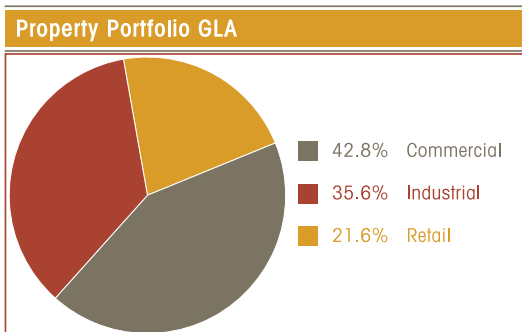
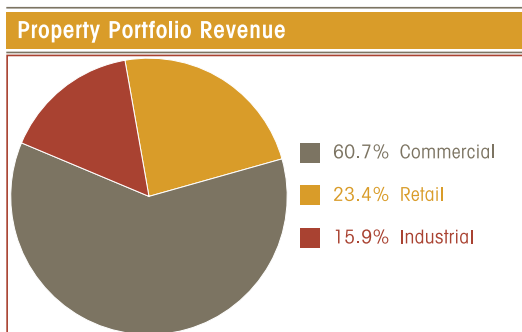
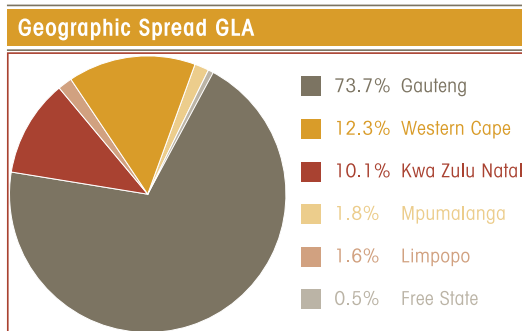
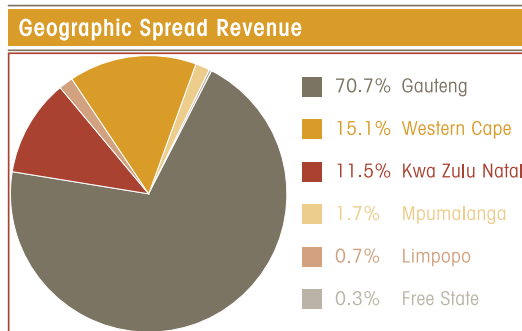
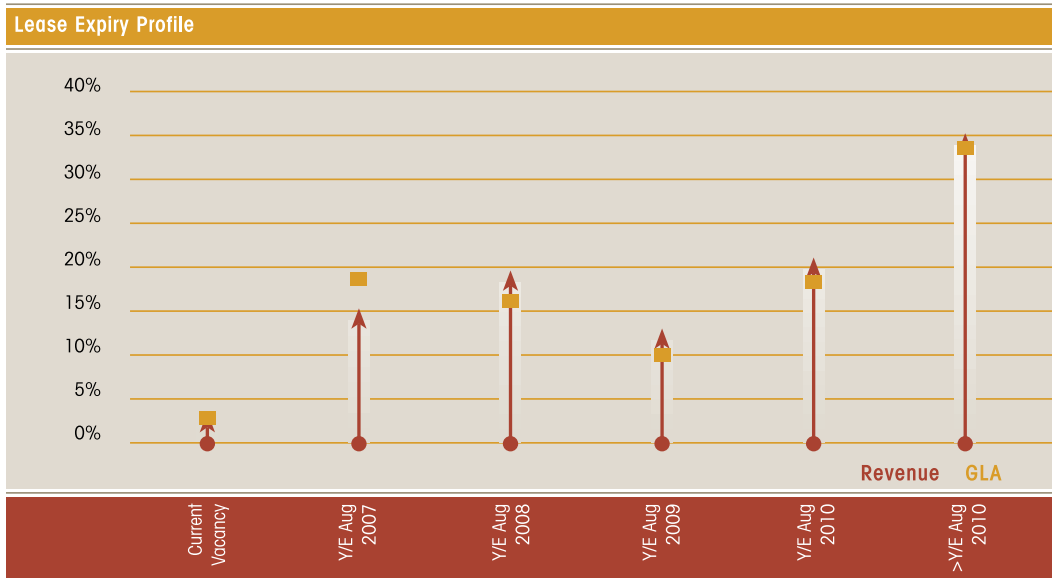
JSE PERFORMANCE



STATISTICS	
550	Close 31 Aug 2006 (cents)
695	High for the year (cents)
445	Low for the year (cents)
3 061 995	Closing market capitalisation (R000)
556 726	Closing number of linked units in issue (000)*
516 186	Weighted average number of linked units (000)*
339 464	Volume of linked units traded (000)
1 875 598	Total value of linked units traded (R000)
65.8%	Volume traded to weighted number of linked units

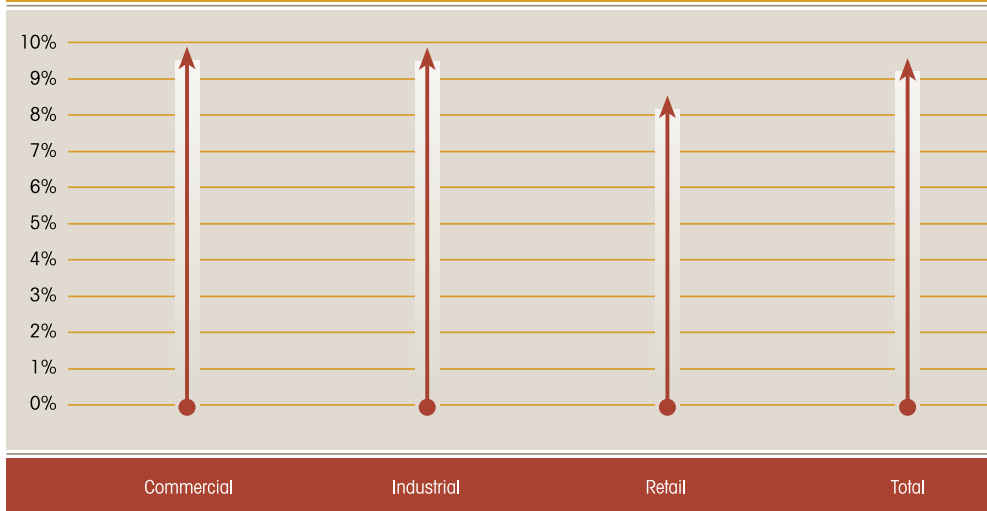
*Excludes 5 876 770 treasury units

PROPERTY PORTFOLIO ANALYSIS



PROPERTY PORTFOLIO ANALYSIS

Weighted Average Rental Escalation



Total Portfolio: Largest 25 Tenants

Tenant	GLA m ² occupied	GLA as % of Portfolio	Revenue R (per Month)	Revenue as % of Portfolio
Standard Bank	27 701	5.3	1 825 855	8.0
Absa Bank	9 876	1.9	1 235 414	5.5
Alexander Forbes Group (Pty) Ltd	14 270	2.7	1 225 713	5.4
Telkom (Pty) Ltd	14 153	2.7	911 558	4.0
Africa Glass SA	24 755	4.7	721 433	3.2
Accenture (SA) (Pty) Ltd	6 388	1.2	663 564	2.9
Kintetsu World Express	13 115	2.5	589 515	2.6
Sasol	7 038	1.3	579 864	2.6
Mauf Zail	9 414	1.8	565 075	2.5
Unitrans Ltd	8 027	1.5	539 446	2.4
Barlow Motors	12 327	2.3	504 581	2.2
Avroy Shlain	12 448	2.4	478 938	2.1
BSW Data Ltd	5 625	1.1	407 909	1.8
Adams & Adams	7 376	1.4	392 020	1.7
XPS Services (Pty) Ltd	15 912	3.0	371 727	1.6
Clear Channel Independent Group	3 974	0.8	365 070	1.6
Allcare Administrators (Pty) Ltd	3 735	0.7	330 000	1.5
Williams Hunt Delta Total	3 350	0.6	277 257	1.2
Dunlop Tyres (Pty) Ltd	11 318	2.2	277 156	1.2
Masstores	4 462	0.9	270 312	1.2
The Agency For Advertising	2 161	0.4	262 087	1.2
Moresport (Pty) Ltd	5 045	1.0	259 435	1.1
Billboard Holdings (Pty) Ltd	3 254	0.6	238 122	1.0
P&O Nedlloyd Ltd	2 633	0.5	217 135	1.0
Protea Furnishers SA	6 195	1.2	206 730	0.9
Total Top 25	234 552	44.7	13 715 916	60.4
Total Portfolio	524 815		22 731 902	

LEASING ACTIVITY

Leasing Activity: 1 September 2005 to 31 August 2006	Square Metres	% of GLA
Leases concluded:		
Vacant area as at 1 September 2005	(13 981)	2.8
Leases vacated during year ended 31 August 2006	(28 556)	
Net vacancies acquired/disposed during the year	(1 532)	
New leases concluded during year ended August 2006	30 151	
Vacant area as at 31 August 2006	(13 918)	2.7

Vacancy Exposure 2007 Financial Year	Square Metres	% of GLA
Leases expiring during 2007 (1 September 2006 - 31 August 2007)	(98 163)	
Vacant area as at 1 September 2006	(13 918)	
Total vacancy exposure as at 1 September 2006	(112 081)	21.4
Leases renewed from 1 September 2006	4 468	
Leases to be renewed (80%-100% probability)	4 990	
Leases to be renewed (75% probability)	1 732	
New leases signed from 1 September 2006	7 450	
New leases (80%-100% probability)	12 887	
Leases vacating from 1 September 2006	(17 095)	
Balance of expiries and vacancies to be renewed and let during 2007	(97 649)	18.6

INVESTMENT PORTFOLIO - CAPITAL MOVEMENTS

for the year ended August 2006

PROPERTY PORTFOLIO

Acquisitions	R000
Southcoast Mall - additions	45 373
Erf 502 Isando	16 100
Standard Bank Centre Cape Town - improvements	5 902
Posthouse Link - improvements	4 010
Rosebank Arena - improvements	3 016
Other improvements	4 292
	78 693

Disposals	Net proceeds R000
Woodmead 4 & 5	9 898
24 Hurlingham Road	8 484
22 Hurlingham Road	8 080
18 Hurlingham Road	7 750
44 Wierda Road	6 300
Kyalami 37 & 38	5 900
ERP.com	4 262
Kyalami 36	3 150
	53 824

LISTED SECURITY PORTFOLIO

Acquisitions	Number of units	R000
Hyprop Investments Ltd	28 879 555	638 890
Sycom Property Trust	25 061 075	461 738
ApexHi Properties Ltd - "B"	18 622 568	281 126
Paramount Property Fund Ltd	28 751 537	221 578
Ambit Properties Ltd	43 660 824	185 066
ApexHi Properties Ltd - "A"	12 285 225	175 064
Coronation International Real Estate Fund	6 428 572	111 595
Martprop Property Fund	15 600 594	49 582
		2 124 639

Disposals	Number of units	Net proceeds R000
S A Retail Properties Ltd	55 904 550	413 694
Prima Property Trust	208 224 145	370 400
ApexHi Properties Ltd - "A"	7 235 881	85 690
Martprop Property Fund	5 000	16
		869 800

MANAGEMENT STRUCTURE AND FEES

Asset Management

Redefine has contracted the asset management function to Madison in terms of an agreement which may be terminated by Redefine on 31 August 2010 provided notice is given by 31 August 2009. The salient terms are as follows:

1. An asset management fee of 1/12 of 0.5% of Redefine's market capitalisation plus debt is paid on a monthly basis by Redefine to Madison;
2. No additional incentive fee is payable;
3. Madison is precluded from charging a property management fee higher than that charged by the party to which this function has been sub-contracted.

Madison was listed on the JSE Ltd ("JSE") in June 2006.

Property Management

Madison has sub-contracted the property management function of the Redefine portfolio to Broll.

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

Operations

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

Lease commissions

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

Property valuations

It is the policy of the Redefine Board to have the entire property portfolio valued annually by independent property valuers. The valuers who performed the 2006 valuations were Old Mutual Properties (Pty) Ltd and Motseng Mariott Property Services (Pty) Ltd, both registered valuers in terms of Section 19 of the Property Valuers Profession Act (Act no. 47 of 2000).

MANAGEMENT STRUCTURE AND FEES

Management Structure and Fees	2006 R000	2005 R000
Asset management fee to Madison (0.5% of enterprise value)	24 408	15 192
Property management	10 150	14 098
Broll Property Group (Pty) Ltd ("Broll")	9 898	10 019
Madison	-	2 682
Other	252	1 397
CEO's remuneration	2 784	2 188
Salary	1 284	1 188
Bonus	1 500	1 000
Lease commissions (according to SAPOA rates)	3 796	2 819
Broll	2 708	2 010
Other brokers	1 088	809
Valuation fees	503	367
Auditors remuneration	782	676
PKF (Jhb) Inc. - audit fees	486	410
Grant Thornton - internal audit fees	296	266
Other fees	377	412
Computershare Ltd - transfer secretaries	204	206
Java Capital (Pty) Ltd - corporate sponsor	70	65
Probity Business Services (Pty) Ltd - company secretary	103	141

Homestead

Situated in Bryanston, Sandton, Homestead provides low-rise office space of 3 200m².



CORPORATE GOVERNANCE

The directors of Redefine are committed to the principles of openness, honesty, integrity and accountability to all stakeholders. The directors endorse the objective of conducting the affairs of the company in accordance with the highest standards of corporate governance and accept responsibility in achieving these standards. The company complies with the significant principles incorporated in the Code of Corporate Practices and Conduct as set out in the Second King Report and the JSE Listings Requirements. Corporate Governance practices of the company are reviewed periodically and improvements effected where necessary.

Board of Directors

Redefine has a unitary Board structure comprising eight directors, four of whom are independent non-executive, two non-executive, a non-executive Chairman and an executive CEO. The Board convenes at least quarterly. The Board operates in accordance with a formal board charter setting out its responsibilities. The Board is responsible to unitholders

for the proper management of the company and is involved in all decisions that are material to the company. The Board itself decides on the appointment of additional directors. All directors have access to the advice and services of the company secretary who acts as an advisor to the Board on relevant issues including compliance with company rules and procedures, statutory regulations and corporate governance issues. Any Board member in appropriate

CORPORATE GOVERNANCE

circumstances is entitled at the company's expense to seek professional advice about the affairs of the company. Details of directors' remuneration are contained on page 40.

Audit and risk committee

The audit and risk committee comprises two non-executive directors and one independent non-executive director. The committee operates in accordance with formal terms of reference and convenes at least four times a year with management, the internal auditors (Grant Thornton), invited attendees and the external auditors (PKF (Jhb) Inc.) to review accounting, auditing, financial reporting, risk management and internal control matters. The audit committee sets the principles for recommending the use of the external auditors for non-audit services.

The audit committee itself is responsible for all risk management related issues pertaining to the company. The company has implemented an effective ongoing process of identifying risk, measuring its potential impact and initiating and implementing mitigating activities to reduce exposure to an acceptable level.

Investment committees

Investment committees have been established to evaluate investment opportunities in respect of listed securities and direct properties. Each of the committees is chaired by independent non-executive directors.

Remuneration committee

The remuneration committee comprises three non-executive directors (two of which are independent) and convenes as required to review and discuss remuneration related issues.

Management reporting

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

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

Internal audit and controls

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

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

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

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

Dealings in securities

The company has a practice prohibiting dealings in units by directors, officers and staff for a designated period (as prescribed by the JSE Listings Requirements) preceding the announcement of

CORPORATE GOVERNANCE

its annual and interim financial results, quarterly distributions or any other period considered sensitive. Dealings in units by directors are strictly monitored.

Stakeholder communication

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

Equal opportunities

Redefine is committed to the principle of equal opportunity employment.

Code of ethics and conduct

The company, its directors and employees are committed to the strictest standards of ethical conduct, fairness and integrity in all business practices. A code of ethics and conduct has been adopted by the company, which includes (but is not limited to):

- Integrity in business dealings;
- Zero tolerance of corruption or unethical business practices;
- Avoidance of conflicts of interest;
- Confidentiality of information;
- Conduct befitting the reputation of the group;
- Adherence to the strictest standards of corporate governance;
- Fair and ethical competition;
- Sound environmental practices.

Directors attendance at board meetings:						
		06/10/05	08/12/05	06/04/06	08/06/06	30/06/06
	B Azizollahoff	✓	✓	✓	✓	✓
*	W Cesman	✓	✓	✓	✓	✓
	E Ellerine	✓	✓	✓	✓	✓
	S Shaw-Taylor	✓	✓	✓	✓	✓
	C Clarke	✓	✓	✓	✓	✓
	D Perton	✓	✓	✓	✓	✓
	L Barnard	✓	✓	✓	✓	✓
	M Wainer	✓	✓	✓	✓	✓
*	Chairman					

Member attendance at audit committee meetings:					
		06/10/05	08/12/05	06/04/06	30/06/06
	W Cesman	✓	✓	✓	✓
*	S Shaw-Taylor	✓	✓	✓	✓
	C Clarke	✓	✓	✓	✓
•	B Azizollahoff	✓	✓	✓	✓
*	Chairman				
•	Attended as invitee				

DIRECTORS' RESPONSIBILITY AND APPROVAL

Statement of responsibility by the Board of Directors

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

The financial statements presented on pages 24 to 47, have been prepared in accordance with International Financial Reporting Standards and include amounts based on judgements and estimates made by management.

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

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

Approval of annual financial statements

The annual financial statements as set out on pages 24 to 47 for the year ended 31 August 2006 were approved by the Board of Directors on 6 October 2006 and are signed on its behalf by:



Wolf Cesman
Chairman



Brian Azizollahoff
Chief Executive Officer

Declaration by the company secretary

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



Probity Business Services (Pty) Ltd
Company Secretary

6 October 2006

REPORT OF THE INDEPENDENT AUDITORS

To the members of Redefine Income Fund Ltd

We have audited the annual financial statements and group annual financial statements of Redefine Income Fund Ltd set out on pages 24 to 47 for the year ended 31 August 2006. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company and the group at 31 August 2006 and the results of their operations and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act in South Africa.

PKF (7HL) Inc.

PKF (Jhb) Inc.

Registration number 1994/001166/21
Chartered Accountants (SA)
Registered Auditors
Johannesburg
6 October 2006

REPORT OF THE DIRECTORS

for the year ended August 2006

To the members of Redefine Income Fund Ltd

As directors of the fund, we take pleasure in submitting our report for the year ended 31 August 2006.

Corporate overview

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

Review of activities

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

Interest distributions

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

- distribution number 23 of 10.3 cents in respect of the first quarter ended 30 November 2005 paid on 30 January 2006;
- distribution number 24 of 10.6 cents in respect of the second quarter ended 28 February 2006 paid on 2 May 2006;

- distribution number 25 of 10.6 cents in respect of the third quarter ended 31 May 2006 paid on 31 July 2006;
- distribution number 26 of 11.2 cents in respect of the fourth quarter ended 31 August 2006 payable to linked unit holders on 30 October 2006.

Capital structure

The company's authorised linked unit capital consists of 1 billion ordinary shares of 0,1 cent each, each linked to a debenture of 180 cents. Linked units comprise one ordinary share and one debenture and may only be traded on the JSE Ltd. There were no changes to the authorised number of linked units.

Special resolution

The following special resolution was passed by unitholders and registered on 13 January 2006: General authority to effect linked unit repurchases.

Property portfolio

During the financial year Redefine acquired Erf 502 Isando for an aggregate purchase consideration of R16,1 million and disposed of eight properties for an aggregate net selling price of R53,8 million (valuation: R53,8 million).

Movement in issued linked unit capital:

	Number of linked units 000	Shares R000	Linked debentures R000	Share premium R000
Linked units in issue at 31 August 2005	500 719 [¥]	501	901 295	212 260
Rights offer	28 255	28	50 860	122 317
Acquisition of listed securities	27 762	28	49 972	127 124
Acquisition of treasury stock	(10)	*-	(19)	(46)
Share issue expenses written off	-	-	-	(784)
Linked units in issue at 31 August 2006	556 726 [¥]	557	1 002 108	460 871
* Below R1000				
[¥] Excludes 5 876 770 (2005: 5 866 500) treasury units				

REPORT OF THE DIRECTORS

for the year ended August 2006

Listed security portfolio

Redefine's listed security portfolio increased by R1,60 billion (86.5%) after acquisitions of R1,24 billion and disposals of R33,76 million. Significant acquisitions include 25.0 million units in Sycom Property Trust for R461.7 million and 28.8 million units in Paramount Property Fund Ltd for R222.6 million.

In addition Hyprop units valued at R413,7 million were acquired in exchange for SA Retail units (cost: R294,62 million) and ApexHi units valued at R370,4 million were acquired in exchange for Prima units (cost: R188,43 million).

Redefine invested R111 million for 18.1% of CIREF, a property investment company listed on the London Stock Exchange's AIM.

The movement in the property portfolio and listed security portfolio during the year appear in notes 2 and 3 to the financial statements. A list of investment properties is set out on pages 50 to 51 and a list of investments in listed securities is tabled on page 48.

Post balance sheet events

Refer to note 26 for events after balance sheet date.

Spearhead

Redefine has made an offer to all unitholders of Spearhead Property Group Ltd ("Spearhead") to acquire 100% of Spearhead linked units to be settled by the issue of 6.18 Redefine linked units or R31 in cash for each one Spearhead linked unit held provided that in aggregate the cash consideration will be limited to 50% of the total consideration payable. The effective date is expected to be 1 November 2006 subject to Redefine and Spearhead unitholder and regulatory approvals.

Dipula

Redefine is committed to the Property Transformation Charter and Department of Trade and Industry's BBBEE Codes of Good Practice. An enterprise development initiative, Dipula Property Fund (Pty) Ltd ("Dipula"), has been established with Dijalo Property Services (Pty) Ltd ("Dijalo"). Dipula is owned 51% by Dijalo and 49% by Redefine. The asset management of Dipula is conducted by Dipula Asset Management Trust, a 50/50 joint venture between Dijalo and Madison.

Redefine will, on fulfillment of all conditions precedent, dispose of 12 properties to Dipula for R153 million at an initial yield of 10.5%. Dijalo will seek to introduce a portfolio of similar value to establish an initial portfolio of R300 million. The intention is to focus on skills transfer and to assist Dipula to reach critical mass and a possible listing in due course.

Borrowing powers

Directors are authorised to borrow funds without limit, subject to loan covenant restrictions in place with Redefine's bankers. Notwithstanding the above, the directors have a strategy to maintain gearing at a level below 45%.

Subsidiaries

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

Management contract and administration

Redefine's asset and property management functions are contracted to Madison on market related terms. The CEO of Redefine is employed by Madison and his remuneration is recovered from Redefine. Management of the property portfolio has been outsourced by Madison to Broll, an independent property management company.

REPORT OF THE DIRECTORS

for the year ended August 2006

Directorate

The directors of the company during the year were:

- B Azizollahoff (British) (Chief Executive Officer) *
- L Barnard ¥ =
- W Cesman (Chairman) ¥
- C Clarke ¥ =
- E Ellerine ¥=
- D Pertion ¥=
- S Shaw-Taylor ¥
- M Wainer ¥

* *Executive*
 ¥ *Non-executive*
 = *Independent*

Directors interests in linked units

	2006					2005				
	Beneficial		Non-beneficial		% of linked units in issue	Beneficial		Non-beneficial		% of linked units in issue
	Direct	Indirect	Direct	Indirect		Direct	Indirect	Direct	Indirect	
W Cesman	150 213	-	-	572 460	0.13	135 706	-	-	1 087 500	0.24
S Shaw-Taylor										
- linked units	23 245	-	-	-	0.00	21 000	-	-	870 000	0.18
- warrants	9 000	-	-	-	0.00	9 000	-	-	-	0.00
M Wainer	-	-	-	572 460	0.10	-	-	-	1 087 500	0.21

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

There have been no changes in the directors' holdings since the financial year-end to date of this report.

Directors' interests in contracts

W Cesman and M Wainer are directors and shareholders of the company's asset managers, Madison. S Shaw-Taylor is an employee of Standard Bank. Full details of fees paid to Madison and Standard Bank are disclosed in note 27 of the financial statements.

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

Auditors

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

Secretary

Probit Business Services (Pty) Ltd
 Business address:
 3rd Floor, JHI House, 11 Cradock Avenue, Rosebank
 Postal address:
 P O Box 85392, Emmarentia, 2029



WEDGEFIELD

Tupperware SA is one of the tenants located in Wedgefield, a 3 600m² office building in Bryanston, Sandton.

BALANCE SHEETS

as at 31 August 2006

	Notes	GROUP		COMPANY	
		31 Aug 2006 R000	Restated 31 Aug 2005 R000	31 Aug 2006 R000	Restated 31 Aug 2005 R000
ASSETS					
Non-current assets		5 961 167	3 884 745	-	-
Property portfolio at valuation		2 513 337	2 036 009	-	-
Fair value of property portfolio for accounting purposes	2	2 413 913	1 910 603	-	-
Property under development at cost	2	-	53 872	-	-
Straight-line rental income accrual	2	99 424	71 534	-	-
Listed security portfolio	3	3 447 830	1 848 736	-	-
Current assets		141 584	103 293	1 544 271	1 182 601
Investment in subsidiaries	4	-	-	1 481 151	1 130 423
Trading securities	5	-	492	-	-
Trade and other receivables	6	7 908	13 881	63 120	52 178
Listed security income	7	50 666	-	-	-
Properties held for sale	2	83 000	53 824	-	-
Cash and cash equivalents	8	10	35 096	-	-
Total assets		6 102 751	3 988 038	1 544 271	1 182 601
EQUITY AND LIABILITIES					
Capital and reserves		2 151 170	1 237 365	465 840	217 127
Share capital and premium	9	461 428	212 762	465 840	217 127
Non-distributable reserves	10	1 689 742	1 024 603	-	-
Non-current liabilities		3 814 338	2 648 228	1 012 686	911 854
Debenture capital	11	1 002 108	901 294	1 012 686	911 854
Interest-bearing liabilities	12	2 458 339	1 554 875	-	-
Deferred taxation	13	353 891	192 059	-	-
Current liabilities		137 243	102 445	65 745	53 620
Trade and other payables	14	66 338	50 896	2 733	1 442
Bank overdraft	8	8 483	-	-	-
Linked unitholders for distribution		62 422	51 549	63 012	52 178
Total equity and liabilities		6 102 751	3 988 038	1 544 271	1 182 601

INCOME STATEMENTS

for the year ended 31 August 2006

	Notes	GROUP		COMPANY	
		31 Aug 2006 R000	Restated 31 Aug 2005 R000	31 Aug 2006 R000	Restated 31 Aug 2005 R000
Revenue					
Property portfolio		320 753	290 616	-	-
Contractual rental income		292 863	262 757	-	-
Straight-line rental income accrual		27 890	27 859	-	-
Listed security portfolio		207 225	147 983	-	-
Investment income	15	-	-	230 808	185 036
Total revenue		527 978	438 599	230 808	185 036
Operating costs - property portfolio		(56 063)	(61 320)	-	-
Administration costs		(36 116)	(22 827)	(2 284)	(1 764)
Net operating income	16	435 799	354 452	228 524	183 272
Changes in fair value of properties and listed securities	17	474 193	873 181	-	-
Net surplus on disposals of properties and listed securities	18	324 890	55 172	-	-
Interest rate swap termination costs		-	(97 784)	-	-
Income from operations		1 234 882	1 185 021	228 524	183 272
Interest received		8 659	4 693	-	-
Finance charges	19	(190 483)	(150 197)	-	-
Income before debenture interest		1 053 058	1 039 517	228 524	183 272
Debenture interest		(226 085)	(181 089)	(228 524)	(183 272)
Income before taxation		826 973	858 428	-	-
Taxation	20	(161 832)	(157 616)	-	-
Income attributable to shareholders		665 141	700 812	-	-
Actual number of linked units in issue (000's)		556 726	500 719	562 603	506 586
Weighted number of linked units in issue (000's)		516 186	489 274	522 055	495 140
Earnings per linked unit (cents)	21	172.66	180.25	43.77	37.10
Headline earnings per linked unit (cents)	21	43.80	22.82	43.77	37.10
Distribution per linked unit (cents)		42.70	36.80	42.70	36.80
- Distribution first quarter		10.30	8.25	10.30	8.25
- Distribution second quarter		10.60	9.00	10.60	9.00
- Distribution third quarter		10.60	9.25	10.60	9.25
- Distribution fourth quarter		11.20	10.30	11.20	10.30

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 August 2006

	Note	GROUP		COMPANY	
		31 Aug 2006 R000	Restated 31 Aug 2005 R000	31 Aug 2006 R000	Restated 31 Aug 2005 R000
Share capital					
Balance at beginning of year		501	475	507	481
Acquisition of properties		-	9	-	9
Acquisition of listed securities		28	17	28	17
Odd-lot offer		-	-	-	_*
Rights offer		28	-	28	-
Acquisition of treasury units		_*	-	_*	-
Balance at end of year		557	501	563	507
* below R1000					
Share premium					
Balance at beginning of year		212 261	183 691	216 620	188 053
Acquisition of properties		-	5 730	-	5 730
Acquisition of listed securities		127 124	23 901	127 124	23 901
Odd-lot offer		-	62	-	62
Issue and preliminary expenses written off		(785)	(1 123)	(784)	(1 126)
Rights offer		122 317	-	122 317	-
Acquisition of treasury units		(46)	-	-	-
Balance at end of year		460 871	212 261	465 277	216 620
Total share capital and premium	9	461 428	212 762	465 840	217 127
Non-distributable reserves					
Balance at beginning of year as restated	30	1 024 601	323 789	-	-
Transfer from retained earnings		665 141	700 812	-	-
Balance at end of year	10	1 689 742	1 024 601	-	-
Deferred interest rate hedging loss					
Balance at beginning of year		-	(63 164)	-	-
Revaluation of interest rate swaps		-	(34 620)	-	-
Deferred interest rate hedging loss removed from equity and reported in net profit		-	97 784	-	-
Balance at end of year		-	-	-	-
Retained earnings					
Balance at beginning of year		-	-	-	-
Income attributable to shareholders		665 141	700 812	-	-
Transfer to non-distributable reserve		(665 141)	(700 812)	-	-
Balance at end of year		-	-	-	-

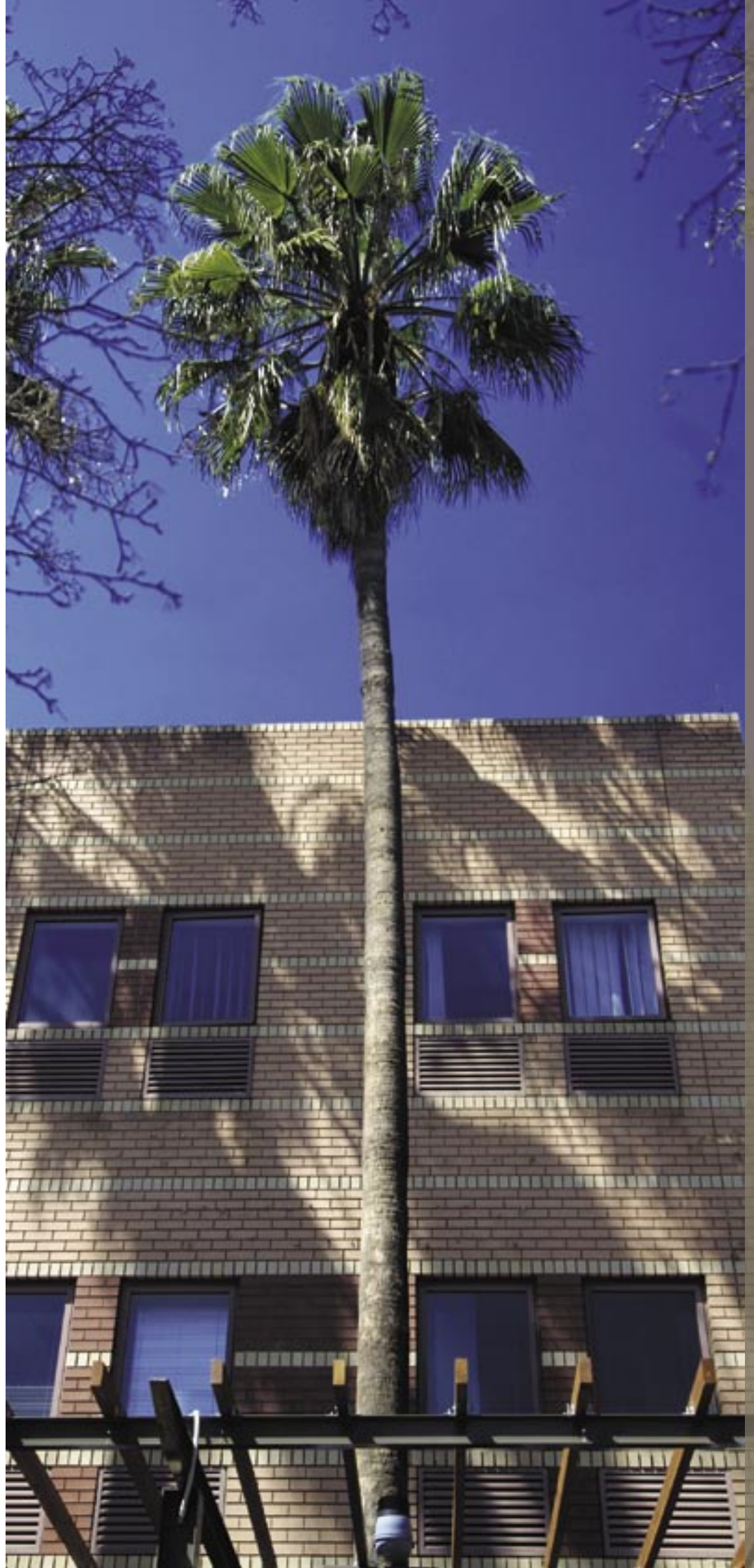
CASH FLOW STATEMENTS

for the year ended 31 August 2006

	Notes	GROUP		COMPANY	
		31 Aug 2006 R000	Restated 31 Aug 2005 R000	31 Aug 2006 R000	Restated 31 Aug 2005 R000
Cash effects of operating activities		(61 942)	62 401	1 183	517
Cash receipts from tenants and investments		402 213	425 221	219 866	172 301
Cash paid to suppliers		(67 119)	(48 857)	(993)	(1 287)
Cash generated from operations	22	335 094	376 364	218 873	171 014
Interest received		8 659	4 693	-	-
Finance charges		(190 483)	(150 197)	-	-
Distributions paid	23	(215 212)	(168 459)	(217 690)	(170 497)
Cash effects of investing activities		(1 234 636)	(211 726)	(350 728)	(76 046)
Acquisition and development of properties		(85 871)	(559 981)	-	-
Acquisition of listed securities		(1 968 491)	(241 277)	-	-
Acquisition of non-current assets		(2 054 362)	(801 258)	-	-
Proceeds on disposal of properties		52 862	134 692	-	-
Proceeds on disposal of listed securities		766 664	454 840	-	-
Proceeds on disposal of trading securities		200	-	-	-
Loan advanced to subsidiary		-	-	(350 728)	(76 046)
Cash effects of financing activities		1 253 009	116 447	349 545	75 529
Linked units issued		349 545	75 420	349 545	75 529
Long-term borrowings raised		903 464	46 614	-	-
Short-term borrowings repaid		-	(5 587)	-	-
Net movement in cash and cash equivalents		(43 569)	(32 878)	-	-
Opening cash and cash equivalents		35 096	67 974	-	-
Closing cash and cash equivalents	8	(8 473)	35 096	-	-

Rosebank Arena

The conversion of Rosebank Arena into a modern A-grade office building located within a vibrant precinct, has commenced.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 August 2006

1. Accounting policies

The company was incorporated in 1999 under the laws of the Republic of South Africa. The financial statements are presented in South African Rand as this is the company's functional and presentation currency.

The financial statements have been prepared in accordance with and comply with International Financial Reporting Standards ("IFRS") and the Companies Act of South Africa, 1973. IFRS 1, First-time Adoption of International Financial Reporting Standards has been applied.

The financial statements are prepared on the historic cost basis, except for investment properties and listed securities which are carried at fair value through profit and loss.

The accounting policies are consistent with those applied in the prior year, except for the changes set out in note 30.

The preparation of the financial statements necessitates the use of estimates, assumptions and judgements. These estimates and assumptions affect the reported amounts of assets and liabilities at the balance sheet date as well as affecting the reported income and expense for the year. Refer to note 1.2, 1.3, 1.5, 1.7 and 1.9 for details of estimates, assumptions and judgements used.

1.1 Fixed property revenue

Fixed property revenue comprises gross rent and operating expense recoveries from the letting of property, net of VAT. Property revenue reflects income recognised on a straight-line basis over the period of the lease.

1.2 Listed security revenue

Distributions from listed securities are recognised on a time apportionment basis aimed at reflecting revenue relative to the effective holding period.

1.3 Investment properties

Investment property is initially recognised at cost including transaction costs. Cost includes costs incurred initially as well as costs incurred subsequently to add to, or replace part of, an investment property.

Subsequent to initial measurement, investment property is measured at fair value. Gains and losses arising from changes in

fair value are included in profit or loss in the period in which they arise. These gains and losses are transferred to non-distributable reserves.

Realised surpluses and deficits arising on the disposal of investment properties are recognised in net income for the year and transferred to non-distributable reserves.

Properties, which are to be disposed of within 12 months of the balance sheet date, are disclosed in current assets as properties held for sale.

1.4 Property under development

Property under development comprises the cost of the land plus development and is stated at cost. On completion, property under development is transferred to investment property.

1.5 Investment in listed securities

Listed property securities are classified as fair value through profit and loss and are accordingly subsequently measured at fair value less the accrual for distributions to be received. This accrual is included in current assets.

Profits and losses arising from the disposal of listed securities are recognised in net income and transferred to a non-distributable reserve.

1.6 Basis of consolidation

The financial statements incorporate those of the company and its subsidiaries. The results of the subsidiaries are included from the effective date of acquisition to the effective date of disposal. All material inter-company transactions and balances have been eliminated.

1.7 Deferred taxation

A deferred taxation asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. A deferred taxation liability is recognised for all taxable temporary differences.

Deferred taxation assets and liabilities are measured at the taxation rate that is expected to apply to the period when the asset is realised or the liability settled based on the taxation rates and taxation laws that have been enacted or substantively enacted at the balance sheet date.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 August 2006

Deferred taxation on the fair value adjustment of investment property and listed securities has been provided on the corporate taxation and capital gains taxation rates respectively, based on the manner in which the asset is expected to be realised.

1.9 Financial instruments

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

- cash and cash equivalents are measured at fair value;
- receivables are stated at amortised cost less any accumulated impairments;
- trade and other payables are stated at amortised cost;
- equity instruments are recorded at the proceeds received less direct issue costs;
- debenture liabilities are considered to be held to maturity financial instruments and are reflected at amortised cost using the effective interest rate method, and
- borrowings are stated at amortised cost using the effective interest rate method.

1.10 Borrowing costs

Borrowing costs that are directly attributable to the development or acquisition of qualifying assets are capitalised to the cost of that asset until such time as it is substantially ready for its intended use. The amount capitalised is the actual borrowing cost incurred on funds specifically borrowed for the qualifying asset. Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are complete. All other borrowing costs are expensed in the period in which they are incurred.

1.11 Joint ventures

An investment in a jointly controlled asset is accounted for using the proportionate consolidation method. Under the proportionate consolidation method the group's share of each of the asset, liabilities, income and expense is combined line by line with similar items in the financial statements. The use of proportionate consolidation ceases when the group no longer has joint control over the asset.

1.12 Treasury stock

Where a subsidiary company holds linked units in the holding company's linked unit capital, the consideration paid to acquire these units including any incremental external costs is deducted from linked unitholders equity as treasury stock. Where such linked units are subsequently sold or reissued, any consideration received is included in linked unitholders equity.

1.13 Recently issued accounting standards

The International Accounting Standards Board issued a number of standards, amendments to standards and interpretations during 2005 and 2006. These amendments will therefore be implemented by the company, where applicable, during the financial year commencing 1 September 2006. The following are the new standards and amendments to standards and interpretations :

- Amendments to IAS 39 "Financial Instruments : Recognition and Measurement"
- Amendment to IAS 1 "Presentation of Financial Statements : Capital Disclosures"
- IFRS 7 "Financial Instruments : Disclosures"
- IFRIC Interpretation 4 "Determining whether an Arrangement contains a Lease"
- IFRIC Interpretation 9 "Reassessment of Embedded Derivatives"
- AC 503 "Accounting for Black Economic Empowerment"

The company is currently evaluating the impact of the above but does not expect any significant effect on the financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 August 2006

	GROUP		COMPANY	
	31 Aug 2006 R000	Restated 31 Aug 2005 R000	31 Aug 2006 R000	Restated 31 Aug 2005 R000
2. Property portfolio				
Balance at beginning of year	2 068 968	1 341 179	-	-
Acquisitions	16 100	480 774	-	-
Development costs	45 373	54 708	-	-
Improvements	17 220	14 785	-	-
Disposals	(45 347)	(188 223)	-	-
Revaluation	475 601	365 745	-	-
	2 577 915	2 068 968	-	-
Tenant installations	11 859	12 489	-	-
Tenant installations capitalised	25 275	20 777	-	-
Accumulated amortisation	(13 416)	(8 288)	-	-
Lease commissions	5 412	5 474	-	-
Lease commissions capitalised	13 802	11 192	-	-
Accumulated amortisation	(8 390)	(5 718)	-	-
Improvements	1 151	2 902	-	-
Improvements capitalised	7 527	7 419	-	-
Accumulated amortisation	(6 376)	(4 517)	-	-
Property portfolio at valuation	2 596 337	2 089 833	-	-
Property under development at cost	-	(53 872)	-	-
Straight-line income accrual	(99 424)	(71 534)	-	-
Properties held for sale transferred to current assets	(83 000)	(53 824)	-	-
Fair value of property portfolio for accounting purposes	2 413 913	1 910 603	-	-

The valuations are performed annually on 31 August by Old Mutual Properties (Pty) Ltd, and Motseng Marriott Property Services (Pty) Ltd registered valuers, in terms of Section 19 of the Property Valuers Profession Act (Act No. 47 of 2000).

The valuation basis applied reflects fair value utilising the discounted cash flow method of valuation where future cash flow is discounted using an appropriate rate.

A schedule of investment properties is set out on pages 50 to 51. A register of investment properties is available for inspection at the registered office of the company. The properties are encumbered as set out in note 12.

Refer to note 29 for jointly controlled asset.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 August 2006

	GROUP		COMPANY	
	31 Aug 2006 R000	Restated 31 Aug 2005 R000	31 Aug 2006 R000	Restated 31 Aug 2005 R000
3. Listed security portfolio				
Balance at beginning of year	1 848 736	1 349 471	-	-
Additions	2 124 639	241 277	-	-
Disposals	(554 717)	(354 900)	-	-
Revaluation	29 172	612 888	-	-
Balance at end of year	3 447 830	1 846 736	-	-
A schedule of listed securities is set out on page 48.				
The listed securities are encumbered as set out in note 12.				
In terms of the group's accounting policy, listed securities are carried at fair value through profit and loss.				
4. Investment in subsidiaries				
Shares at cost			₹†	₹†
Loan to subsidiary			1 481 151	1 130 423
			1 481 151	1 130 423
† Below R1 000				
This loan earns interest at a variable rate and has no fixed terms of repayment.				
A schedule of subsidiaries is set out on page 46.				
5. Trading securities				
Bonafide - Nil units (2005: 9 679 595 units)	-	492	-	-
6. Trade and other receivables				
Tenant and trade debtors	309	4 040	63 120	52 178
Deposits and prepayments	7 599	9 841	-	-
	7 908	13 881	63 120	52 178
7. Listed security income				
Accrued distributions due from listed securities	50 666	-	-	-
8. Cash and cash equivalents				
For the purposes of the cash flow statement, cash and cash equivalents comprise:				
Bank balances	10	35 096	-	-
Bank overdraft	(8 483)	-	-	-
	(8 473)	35 096	-	-
The group has a R40 million overdraft facility with The Standard Bank of South Africa Ltd, secured on the same terms as the loan in 12.3 below.				

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 August 2006

	GROUP		COMPANY	
	31 Aug 2006 R000	Restated 31 Aug 2005 R000	31 Aug 2006 R000	Restated 31 Aug 2005 R000
9. Share capital and premium				
Authorised				
1 000 000 000 ordinary shares of 0.1 cent	1 000	1 000	1 000	1 000
Issued				
562 603 224 (2005: 506 585 582) ordinary shares of 0.1 cent	563	507	563	507
Less: Treasury units 5 876 770 (2005: 5 866 500) ordinary shares	(6)	(6)	-	-
	557	501	563	507
Share premium				
Premium arising on the issue of linked units	475 134	225 693	475 134	225 693
Issue and preliminary expenses written off	(9 857)	(9 071)	(9 857)	(9 073)
Treasury units	(4 410)	(4 365)	-	-
Gain on disposal of treasury units	4	4	-	-
	460 871	212 261	465 277	216 620
Share capital and premium	461 428	212 762	465 840	217 127
<p>The unissued shares are under the control of the directors. This authority remains in force until the next annual general meeting. The issue of each share is irrevocably linked to one debenture together comprising one linked unit (refer to note 11).</p>				
10. Non-distributable reserves				
Loss on disposal of properties	(58 134)	(65 649)	-	-
Gain on revaluation of properties	810 651	335 050	-	-
Gain on disposal of listed securities	525 260	207 885	-	-
Gain on revaluation of listed securities	863 641	837 160	-	-
Capital gains taxation	(382 249)	(220 416)	-	-
Interest rate swap termination costs	(69 427)	(69 427)	-	-
	1 689 742	1 024 603	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 August 2006

	GROUP		COMPANY	
	31 Aug 2006 R000	Restated 31 Aug 2005 R000	31 Aug 2006 R000	Restated 31 Aug 2005 R000
11. Debenture capital				
562 603 224 (2005: 506 585 582) debentures of 180 cents	1 012 686	911 853	1 012 686	911 854
Less: Treasury units 5 876 770 (2005: 5 866 500) debentures	(10 578)	(10 559)	-	-
	1 002 108	901 294	1 012 686	911 854
Debentures bear interest at a variable rate equating to the headline earnings of the group divided by the average weighted number of debentures in issue.				
The debentures are unsecured and are subordinated in favour of the company's other creditors.				
The debentures are redeemable 25 years from date of allotment subject to one year's notice, if so elected by debenture holders by way of a special resolution.				
12. Interest bearing liabilities				
12.1 ABSA Trust				
Total liability	-	56 103	-	-
During the year the loan was transferred to The Standard Bank of South Africa Ltd.				
12.2 Nedbank Corporate (a division of Nedbank Ltd)				
Total liability	8 065	8 660	-	-
Secured by first mortgage bonds over fixed properties with a carrying value of R52,5 million. The loan is to be transferred to The Standard Bank of South Africa Ltd. Interest accrues at rates linked to the ruling BA rate or at prime less 1.65% and is payable in arrears.				
12.3 Standard Bank Property Finance and Advisory Services (a division of The Standard Bank of South Africa Ltd)				
Total liability	1 579 074	1 490 112	-	-
Secured by first mortgage bonds over fixed properties with a carrying value of R354 million and pledge of listed securities with a carrying value of R3,448 billion. The loan is structured as follows:				
Amount (R000)	Maturity	NACM Rate (%)		
371 000	1 July 2015	10.75		
129 000	1 July 2015	10.47		
434 248	Fixed monthly	9.95		
17 000	Fixed monthly	9.55		
627 826	Floating	10.30		
The loan facility is to be repaid in full by 31 August 2015. Interest only will be payable until 31 August 2009 with annual capital reductions from 30 August 2009 and annually thereafter.				

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 August 2006

	GROUP		COMPANY	
	31 Aug 2006 R000	Restated 31 Aug 2005 R000	31 Aug 2006 R000	Restated 31 Aug 2005 R000
12.4 Blueprint Originator (Pty) Ltd				
Total liability	871 200	-	-	-
Secured by first mortgage bonds over fixed properties with a carrying value of R2,190 billion. The loan is structured as follows:				
Amount (R000)	Maturity	NACQ Rate (%)		
200 000	1 July 2015	9.06		
200 000	1 July 2010	9.48		
400 000	1 July 2012	9.72		
71 200	Floating	8.24		
The loan facility is to be repaid in full by 31 March 2011.				
The average all in interest rate in respect of total borrowings is 9.99% (2005: 10.05%). 71.2% of borrowings are fixed for three, five, seven and ten years.				
Total borrowings represent 41% of the value of the non-current assets (2005: 39%).				
Total interest-bearing liabilities	2 458 339	1 554 875	-	-
Short-term portion	-	-	-	-
Long-term portion	2 458 339	1 554 875		
13. Deferred taxation				
Capital gains taxation on revaluation and disposal of property and listed security investments	353 891	192 059	-	-
Balance at beginning of year	192 059	34 443	-	-
Charged to income statement	161 832	157 616	-	-
Balance at end of year	353 891	192 059	-	-
14. Trade and other payables				
Trade payables	24 507	19 291	-	-
Accrued expenses	41 831	31 605	2 733	1 442
	66 338	50 896	2 733	1 442
15. Investment income				
Interest received from subsidiaries			230 808	185 036

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 August 2006

	GROUP		COMPANY	
	31 Aug 2006 R000	Restated 31 Aug 2005 R000	31 Aug 2006 R000	Restated 31 Aug 2005 R000
16. Net operating income				
Net operating income includes the following charges:				
Amortisation of capitalised lease costs	9 617	8 353	-	-
Auditor's remuneration	486	410	-	-
- External auditor - Current year audit	386	320	-	-
- External auditor - Interim review	100	90	-	-
Internal audit	296	266	-	-
Asset management fees (Madison)	24 408	15 192	-	-
Fee in respect of CEO's Remuneration (Madison)	2 784	2 188	-	-
Property management fees	10 150	14 098	-	-
- Madison	-	2 682	-	-
- Independent property managers	10 150	10 019	-	-
- Combined Projects (Pty) Ltd	-	1 397	-	-
Valuation fees paid to third parties	503	367	-	-
Directors remuneration				
- For services as directors			736	574
B Azizollahoff (Paid to Madison)			65	50
L Barnard			132	100
W Cesman (Paid to Madison)			70	65
C Clarke			137	104
E Ellerin			65	50
D Perton			132	100
S Shaw-Taylor (Paid to The Standard Bank of S A Ltd)			70	55
M Wainer (Paid to Madison)			65	50
17. Change in fair value of property and listed securities				
Property portfolio - Unrealised gain on revaluation	447 712	353 524	-	-
Listed security portfolio - Unrealised gain on revaluation	26 481	519 657	-	-
	474 193	873 181	-	-
18. Net surplus on disposal on properties and listed securities				
Property portfolio - Realised profit (loss) on sale - at cost	7 515	(53 531)	-	-
Listed security portfolio - Realised profit on sale - at cost	317 375	108 703	-	-
	324 890	55 172	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 August 2006

	GROUP		COMPANY	
	31 Aug 2006 R000	Restated 31 Aug 2005 R000	31 Aug 2006 R000	Restated 31 Aug 2005 R000
19. Finance charges				
Interest paid on non-current liabilities	190 466	130 602	-	-
Net cost of interest rate swaps	-	19 454	-	-
Interest paid on bank overdraft	17	141	-	-
	190 483	150 197		
20. Taxation				
20.1 Normal taxation				
S A normal taxation				
- Deferred	161 832	157 616		
20.2 Reconciliation between applicable taxation rate and effective taxation rate				
S A normal taxation rate applied to income before taxation	239 822	248 944	-	-
Taxation effect of				
- Capital gains taxation rate used in revaluation of listed security portfolio	(3 840)	(75 350)	-	-
- Permanent differences (capital profits and wear and tear allowances claimed)	(74 150)	(15 978)	-	-
Effective taxation	161 832	157 616	-	-
20.3 Company				
No provision has been made for taxation as the company has no taxable income.				
21. Earnings and distribution per linked unit				
Earnings per linked unit are calculated on the weighted average number of units ranking for distribution of 516 185 784 (2005: 489 273 875) and net income after taxation and before interest distributions to linked unitholders of R891 226 320 (2005: R881 901 250).				
Reconciliation of headline earnings and distributable earnings				
Income attributable to shareholders	665 141	700 812	-	-
Changes in fair value of properties and listed securities	(474 193)	(873 181)	-	-
Net surplus on disposal of properties and listed securities	(324 890)	(55 172)	-	-
Deferred capital gains taxation	161 832	185 973	-	-
Straight-line rental income accrual	(27 890)	(27 859)	-	-
Headline earnings (loss) attributable to shareholders	-	(69 427)	-	-
Debenture interest	226 085	181 089	-	-
Headline earnings attributable to linked unitholders	226 085	111 662	-	-
Interest rate swap termination costs	-	69 427	-	-
Distributable earnings attributable to linked unitholders	226 085	181 089	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 August 2006

	GROUP		COMPANY	
	31 Aug 2006 R000	Restated 31 Aug 2005 R000	31 Aug 2006 R000	Restated 31 Aug 2005 R000
22. Cash generated from operations				
Reconciliation of income before taxation to cash generated from operations				
Income before taxation	826 973	858 428	-	-
Adjusted for:				
Changes in fair value of properties and listed securities	(474 193)	(873 181)	-	-
Net surplus on disposal of properties and listed securities	(324 890)	(55 172)	-	-
Non-cash portion of investment income	(53 182)	(10 427)	-	-
Interest income	(8 659)	(4 693)	-	-
Amortisation	9 617	8 353	-	-
Finance charges paid	190 483	150 197	-	-
Interest rate swap termination costs	-	97 784	-	-
Debenture interest	226 085	181 089	228 524	183 272
Straight-line rental income accrual	(27 890)	(27 859)	-	-
Operating income before working capital changes	364 344	324 519	228 524	183 272
Working capital changes				
(Increase) decrease in trade and other receivables	(44 693)	24 908	(10 942)	(12 736)
Increase in trade and other payables	15 443	26 937	1 291	478
	335 094	376 364	218 873	171 014
23. Distributions paid				
Opening balance payable	51 549	38 919	52 178	39 403
Distribution declared	226 085	181 089	228 524	183 272
Closing balance payable	(62 422)	(51 549)	(63 012)	(52 178)
	215 212	168 459	217 690	170 497

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 August 2006

24. Contingent liabilities and capital commitments

Guarantees totalling R2 893 756 (2005: R2 893 756) have been issued on the group's behalf, by The Standard Bank of South Africa Ltd, to various municipal councils in lieu of deposits for services. Capital expenditure totalling R100 700 000 (2005: R4 776 630) has been committed to. The capital expenditure will be financed from existing facilities. There are no other material guarantees or contingent liabilities and capital commitments at the date of this report.

25. Financial risk management

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

Credit risk management

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

Interest rate risk management

Interest rate risk is managed by the use of various financing arrangements, detailed in note 12. Risk is also minimised by monitoring cash flows and where possible applying surplus cash against long-term interest bearing liabilities.

Liquidity risk management

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

26. Post balance sheet events

26.1 Fixed property acquisitions

A retail centre in Makhado has been purchased for R95 million.
Stand 509, Isando, has been purchased for R5,7 million.

26.2 Fixed property disposals

Sale of Motown Central, for R 65 million.
Sale of Fontainebleau Village, for R18 million.

26.3 Listed security disposals

Paramount Property Fund Ltd - 69 000 units - consideration R0,5 million.

27. Related party disclosure

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

27.1 Identity of related party with whom material transactions have occurred

Madison - Asset manager, board representation and common directors

The Standard Bank of South Africa Ltd - Unitholder and board representation

27.2 Type of related party transactions

Madison - Asset management, property management and directors fees in the normal course of business.

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

27.3 Material related party transactions

Transactions with Madison:

- Asset management fee - R24 408 295 (2005: R15 191 722)
- Directors fees - R200 000 (2005: R160 000)
- Fee paid for services of CEO - R2 784 000 (2005: R2 188 000)
- Property management fees - R Nil (2005: R2 682 000)

Transactions with The Standard Bank of South Africa Ltd:

- Bond administration fee - R3 266 506 (2005: R2 321 289)
- Bank charges - R435 535 (2005: R96 069)
- Directors fees - R70 000 (2005: R55 000)
- Interest on finance facilities - R187 960 289 (2005: R106 999 509)
- Interest on overdraft - R16 704 (2005: R140 864)
- Lease revenue - R41 266 386 (2005: R37 284 642)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 August 2006

28. Minimum lease payments receivable

Minimum lease payments comprise contractual rental income and operating expense recoveries due in terms of signed lease agreements on investment properties. These figures exclude the straight-line rental adjustments.

	GROUP	COMPANY
	31 Aug 2006 R000	31 Aug 2006 R000
Receivable within one year	266 048	-
Receivable within two to five years	734 549	-
Receivable beyond five years	94 970	-
	1 095 567	-

29. Jointly controlled asset

Southcoast Mall is a property development that is jointly controlled by Redefine and Hyprop. As a result, it is being proportionately consolidated on a line by line basis.

	GROUP	COMPANY
	31 Aug 2006 R000	31 Aug 2006 R000
Summarised aggregate financial information relating to Southcoast Mall:		
Non-current assets	220	-
Current assets	4 198	-
Non-current liabilities	-	-
Current liabilities	4 418	-
Income	14 101	-
Expenses	1 371	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 August 2006

30. Prior year adjustments

These are the first financial statements of Redefine prepared in accordance with IFRS.

Deferred taxation on the fair value adjustment of investment property was previously provided at capital gains taxation rates. In terms of IAS 12 and Circular 1/2006 issued by the South African Institute of Chartered Accountants, Redefine has now provided for deferred taxation at the corporate rate as the properties are held for use.

Tenant installations and lease commissions have been capitalised to the value of the property portfolio and have been impaired as part of the fair value adjustment of investment properties.

Comparative figures in respect of the above changes have been restated accordingly.

The following items were reclassified in the income statement and balance sheet during the current and previous year:

- Debenture interest is reflected in the income statement as apposed to being debited directly to equity;
- Previously, the fair value adjustment of the lease straight lining accrual was disclosed in the income statement as a separate line item. This has now been reflected as a reduction in the fair value gain in investment properties. The balance sheet has been adjusted accordingly.
- Previously, deferred capital gains taxation was included as a deduction in the 'net capital gain on non-current assets' in the income statement. This is now reflected in the taxation charge for the year.
- Debentures have been reclassified from equity to debt.

These changes do not have any effect on the company's distributions or distributable earnings in the current or future years. The effect of the above changes in respect of the prior year earnings and equity is as follows:

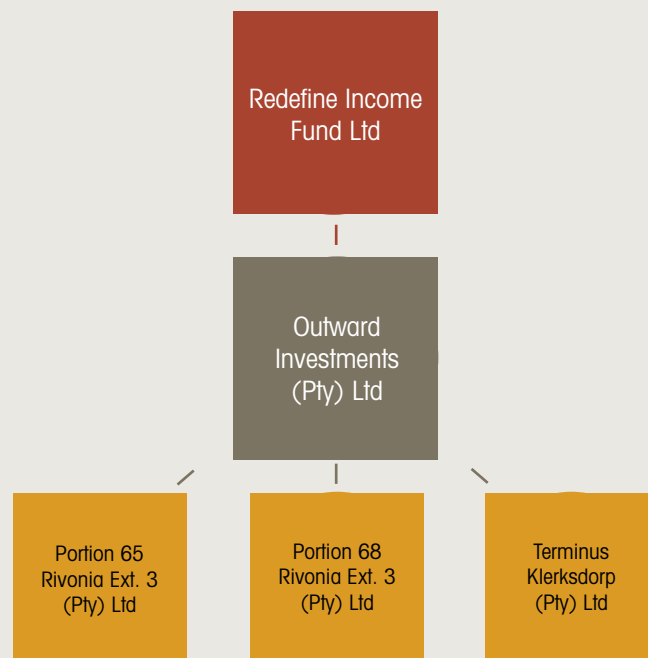
	GROUP	COMPANY
	31 Aug 2005 R000	31 Aug 2005 R000
Earnings as previously reported	945 597	183 272
Change in rate of deferred taxation	(61 371)	-
Debenture interest reclassified	(181 089)	(183 272)
Tenant installations and lease commissions	(2 325)	-
Earnings restated	700 812	-

	GROUP	COMPANY
	Non-distributable reserves R000	Non-distributable reserves R000
Balance at 1 September 2004		
As previously reported	339 429	-
Prior year adjustment - tenant installations and lease commissions	(15 639)	-
Balance at 1 September 2004 - restated	323 790	-
Balance at 31 August 2005		
As previously reported	1 103 937	-
Prior year adjustment - tenant installations and lease commissions	(17 963)	-
Change in rate of deferred taxation	(61 371)	-
Balance at 31 August 2005 - restated	1 024 603	-

INTEREST IN SUBSIDIARIES

at 31 August 2006

Interest in subsidiaries at 31 August 2006			
	Issued share capital	Indebtedness	Shares at cost
	R	R000	R000
Outward Investments (Pty) Ltd	100	1 481 151	¥
Portion 65 Rivonia Ext 3 (Pty) Ltd	100	*	*
Portion 68 Rivonia Ext 3 (Pty) Ltd	100	*	*
Terminus Klerksdorp (Pty) Ltd	4	*	*
		1 481 151	¥
¥ Below R1 000			
* Held by Outward Investments (Pty) Ltd			



All subsidiaries are wholly owned

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

SEGMENTAL ANALYSIS

For the year ended 31 August 2006

Segmental Analysis for the year ended 31 August 2006						
	At value			Revenue		
	Amount	% of	% of	Amount	% of	% of
	R000	sector	total	R000	sector	total
Investment assets						
Properties	2 596 337		43	292 863		59
Listed securities	3 447 830		57	207 225		41
	6 044 167		100	500 088		100
Property portfolio						
Industrial	442 786	17	8	48 595	17	10
Offices	1 533 516	59	25	172 537	59	35
Retail	620 035	24	10	71 731	24	14
	2 596 337	100	43	292 863	100	59
Listed security portfolio						
PLSs	2 789 562	81	46	189 439	91	38
PUTs	534 885	16	9	16 455	8	3
Other	123 383	3	2	1 331	1	0
	3 447 830	100	57	207 225	100	41

LISTED SECURITY PORTFOLIO

For the year ended 31 August 2006

Property fund	Fund type	Number of units	Total units in issue	%held	% of portfolio	At value (R000)
Ambit	PLS	43 660 824	186 482 840	23.4	4.5	157 179
ApexHi A	PLS	16 208 726	249 120 900	6.5	6.3	215 575
ApexHi B	PLS	44 389 841	249 120 900	17.8	19.6	676 945
CIREF	Other	6 428 572	35 504 357	18.1	3.6	123 383
Hyprop	PLS	41 300 229	144 369 190	28.6	38.2	1 317 477
Martprop	PUT	38 783 560	725 183 770	5.3	3.4	118 872
Paramount	PLS	48 218 497	207 667 080	23.2	9.9	340 423
Sycom	PUT	25 061 075	183 356 240	13.7	12.1	416 014
Vukile	PLS	9 475 328	272 429 490	3.5	2.4	81 962
					100.0	3 447 830



Hatfield Square

Hatfield Square in Pretoria is a 13 500m² centre, located in an area surrounded by student residences and upmarket student apartments. It comprises 8 400m² offices and 4 200m² retail focused on leisure and entertainment.

PROPERTY PORTFOLIO

Property	Province	Location	Description	GLA m ²	Value 2006 R000	Purchase price R000	Effective date of acquisition
Commercial							
Standard Bank Cape Town	Western Cape	Foreshore C.T.	High-rise office with retail	58 172	350 000	218 000	31 Oct 03
90 Rivonia Rd	Gauteng	Sandton	Low-rise office	14 270	158 400	113 000	2 Feb 05
ABSA Park Ridge	Gauteng	Parktown	Office park	10 106	90 600	52 000	28 Mar 02
Accenture - Woodmead	Gauteng	Woodmead	Office park	6 388	84 300	70 304	14 Dec 04
Hatfield Square	Gauteng	Hatfield	Low-rise office with retail	15 397	73 600	52 700	25 Jun 04
Rosebank Arena	Gauteng	Rosebank	Low-rise office	12 346	57 700	39 412	12 Nov 04
Stonewedge	Gauteng	Bryanston	Low-rise office	6 033	53 100	37 710	1 Nov 02
15 Baker Street	Gauteng	Rosebank	Low-rise office	7 094	47 300	27 000	13 Aug 02
90 Grayston Drive	Gauteng	Sandton	Low-rise office	4 400	44 900	34 500	19 Oct 04
Clear Channel	Gauteng	Hurlingham	Low-rise office	3 974	41 600	25 268	1 May 02
Finance House	Gauteng	Bruma	Low-rise office	7 575	36 600	21 462	1 Nov 02
BSW Data	Gauteng	Midrand	Low-rise office	5 680	34 200	21 764	1 Feb 01
Essex Gardens	Kwa Zulu Natal	Berea	Low-rise office	6 347	34 200	19 800	30 Nov 99
The Avenues	Gauteng	Rivonia	Office park	6 222	31 500	22 849	31 Jan 01
Wedgefield	Gauteng	Bryanston	Office park	3 607	30 700	20 427	1 Nov 02
2 Arnold Road	Gauteng	Rosebank	Low-rise office	4 058	28 900	20 500	31 Aug 04
Allhart Park	Gauteng	Woodmead	Office park	4 390	28 600	17 133	31 Jan 01
Mauff Zail - Richmond	Gauteng	Richmond	Low-rise office	4 586	27 400	20 794	14 Dec 04
Agency I	Gauteng	Sunninghill	Low-rise office	2 162	27 000	14 801	1 Nov 02
Agency II	Gauteng	Sunninghill	Low-rise office	2 598	26 900	16 516	1 Nov 02
Homestead	Gauteng	Bryanston	Low-rise office	3 173	25 000	18 632	1 Nov 02
Bruma Boulevard	Gauteng	Bruma	Office park	4 161	21 100	16 940	1 Nov 02
Pentagraph Building	Gauteng	Sunninghill	Low-rise office	2 388	19 900	14 850	1 Nov 02
Monitor House	Gauteng	Houghton	Low-rise office	1 700	17 600	14 023	1 Nov 02
Mauff Zail - Durban	Kwa Zulu Natal	Durban	Low-rise office	4 671	16 800	16 140	14 Dec 04
Howick Mews	Gauteng	Midrand	Low-rise office	3 644	16 500	8 715	17 Feb 00
Montrose Place	Gauteng	Midrand	Low-rise office	3 942	15 300	3 585	17 Feb 00
Pareto House	Gauteng	Sunninghill	Low-rise office	2 870	14 100	13 800	17 Feb 00
36 Morsim Road	Gauteng	Hyde Park	Low-rise office	1 984	13 900	14 098	1 Nov 02
TBWA Benmore	Gauteng	Benmore	Low-rise office	1 793	13 500	8 750	12 Oct 01
College House	Gauteng	Bryanston	Low-rise office	1 849	11 500	10 715	1 Nov 02
Alcom House	Gauteng	Rivonia	Low-rise office	1 678	10 600	7 000	30 Nov 99
Mauff Zail - Pretoria	Gauteng	Pretoria	Low-rise office	1 304	9 100	7 426	14 Dec 04
Proudfoot	Gauteng	Bryanston	Low-rise office	1 304	8 800	7 720	1 Nov 02
Sandhaven Office Park	Gauteng	Sandton	Low-rise office	1 948	6 300	7 850	17 Feb 00
Mellis Park 1	Gauteng	Rivonia	Low-rise office	633	2 100	1 758	31 Jan 01
Industrial							
Wingfield Park	Gauteng	Jet Park	Maxi Units, Warehousing	55 927	118 600	44 000	17 Feb 00
21 Wrench Road	Gauteng	Isando	Warehousing	31 733	69 400	28 500	26 Oct 00
Avroy Schlain	Gauteng	Midrand	Warehousing	12 448	57 300	47 529	14 Dec 04
African Glass - Denver	Gauteng	Denver	Light Industrial	7 594	40 800	29 211	14 Dec 04
African Glass - Alrode	Gauteng	Alrode	Light Industrial	15 053	38 600	24 755	14 Dec 04
Amalgamated Appliances	Gauteng	Reuven	Warehousing	21 313	21 400	10 200	29 Jan 02

PROPERTY PORTFOLIO

Property	Province	Location	Description	GLA m ²	Value 2006 R000	Purchase price R000	Effective date of acquisition
Stand 502 Isando	Gauteng	Isando	Warehousing	13 472	18 300	16 100	1 Dec 05
Virgin Active Benoni	Gauteng	Benoni	Gym	3 154	16 400	9 600	4 Jun 03
Trencor	Western Cape	Epping	Warehousing	6 157	15 500	7 753	1 Feb 01
Bernie Street	Gauteng	Kya Sands	Light Industrial	9 924	14 200	9 678	18 Feb 00
Stevens & Co	Gauteng	Midrand	Warehousing	3 460	13 800	7 000	14 Mar 02
African Glass - Centurion	Gauteng	Centurion	Light Industrial	3 901	11 500	10 001	14 Dec 04
Morkels Warehouse	Free State	Bloemfontein	Warehousing	2 867	6 500	4 181	21 May 02
Retail							
Southcoast Mall	Kwa Zulu Natal	Shelley Beach	Community retail centre	13 821	128 000	96 730	1 Nov 05
Motown Central	Kwa Zulu Natal	Durban	Speciality motor retail	17 869	65 000	39 500	2 Feb 04
Scott Street Mall	Kwa Zulu Natal	Newcastle	Community retail centre	8 902	53 900	31 000	17 Jul 03
Riverside Value Mart	Mpumalange	Nelspruit	Community retail centre	9 578	53 900	37 500	18 Feb 05
Monument Commercial	Gauteng	Roodepoort	Speciality motor retail	11 978	51 400	27 800	11 Jul 02
BMW Northcliff	Gauteng	Northcliff	Speciality motor retail	3 784	38 000	26 339	14 Dec 04
Bryanston Carvenience	Gauteng	Bryanston	Speciality motor retail	3 899	32 300	14 000	17 Feb 00
Motor City - Capital Park	Gauteng	Pretoria	Speciality motor retail	7 596	28 200	19 840	17 Feb 00
The Pro Shop	Gauteng	Woodmead	Speciality retail	5 045	28 000	13 500	28 Dec 01
Williams Hunt Randburg	Gauteng	Randburg	Speciality motor retail	3 351	25 600	15 900	23 Nov 01
Checkers - Pietersburg	Limpopo	Pietersburg	Community retail centre	8 412	24 500	12 500	22 Dec 99
First National Bank - Centurion	Gauteng	Centurion	Low-rise office with retail	1 920	19 900	10 439	23 Nov 01
Standard Bank Rosebank	Gauteng	Rosebank	Retail & office	4 191	18 600	8 100	26 Feb 02
Fontainebleau Village	Gauteng	Randburg	Neighbourhood retail centre	3 916	18 000	5 000	1 Mar 00
Wedge Shopping Centre	Gauteng	Bryanston	Neighbourhood retail centre	4 874	17 200	24 426	1 Nov 02
Post House	Gauteng	Bryanston	Neighbourhood retail centre	2 845	14 800	14 778	1 Nov 02
ABSA Building - Amanzimtoti	Kwa Zulu Natal	Amanzimtoti	Retail & office	1 384	2 600	5 200	1 Dec 99
				524 815	2 591 800	1 689 002	

Average annualised property yield: 10.2%

Sectors	Number of Properties	GLA m ²	% Vacant	Value (R000)
Commercial	36	224 447	3.2	1 529 600
Industrial	13	187 003	0.9	442 300
Retail	17	113 365	4.5	619 900
	66	524 815	2.7	2 591 800

Geographic	Number of Properties	GLA m ²	% Vacant	Value (R000)
Gauteng	55	386 634	2.3	1 840 900
Western Cape	2	64 330	3.0	365 500
KwaZulu Natal	6	52 994	3.0	300 500
Other	3	20 857	6.6	84 900
	66	524 815	2.7	2 591 800

ANALYSIS OF UNITHOLDERS

At 31 August 2006

	Unitholders	%	No of units held	%
1 - 999	1 177	23.3	361 538	0.1
1 000 - 9 999	2 025	40.0	7 326 557	1.3
10 000 - 99 999	1 455	28.7	40 312 776	7.2
100 000 - 999 999	329	6.5	99 879 212	17.8
1 000 000 & over	76	1.5	414 723 141	73.7
TOTAL	5 062	100.0	562 603 224	100.0

	Unitholders	%	No of units held	%
Non-public				
Directors (direct holdings)	2	0.04	173 458	0.0
Unitholders holding 10% or more of the issued linked units	2	0.04	175 850 108	31.3
Public	5 058	99.92	386 579 658	68.7
TOTAL	5 062	100.0	562 603 224	100.0

Holder in excess of 5% of the total linked units in issue

	No of units held	% of total units
Old Mutual	93 320 887	16.6
Stanlib	82 529 221	14.7
The Standard Bank of South Africa Ltd	46 369 444	8.2
Investec Property Funds	32 239 639	5.7

UNITHOLDERS' DIARY

Event	Date
Annual General Meeting	23 November 2006
Financial year-end	31 August
Announcement of interim results	April
Announcement of annual results	October
Annual report posted	October
Quarterly income distributions	Payable:
• Quarter 1 (September – November)	January
• Quarter 2 (December – February)	April
• Quarter 3 (March – May)	July
• Quarter 4 (June – August)	October

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

REDEFINE INCOME FUND LIMITED

Registration number: 1999/018591/06 JSE code: RDF ISIN number: ZAE000023503

Notice is hereby given that the Annual General Meeting of shareholders ("unitholders") of Redefine Income Fund Ltd ("the company") will be held at the offices of the company at 2 Arnold Road, Rosebank, Gauteng on Thursday, 23 November 2006 at 10h00 for the following purposes:

1. To consider the financial statements for the year ended 31 August 2006;
2. To transact such other business as may be transacted at an Annual General Meeting of shareholders of a company including the re-appointment of the auditors and re-election of retiring directors (refer attached schedule of CV's); and
3. To consider and, if deemed fit, passing, with or without modification, the special and ordinary resolutions set out below, in the manner required by the South African Companies Act, 1973(Act 61 of 1973), as amended ("the Act"):

3.1 Special Resolution Number 1: Linked unit repurchases

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

- 3.1.1. the acquisition of linked units must be effected through the order book operated by the JSE trading system and done without any prior arrangement between the company and the counter – party;
- 3.1.2. the company may only appoint one agent to effect repurchases on its behalf;
- 3.1.3. the number of linked units which may be acquired pursuant to this authority in any financial year (which commenced 1 September 2006) may not in the aggregate exceed 20% (twenty percent) of the company's share capital, as at the date of this notice of general meeting;
- 3.1.4. repurchases of linked units may not be made at a price more than 10% (ten percent) above the weighted average of the market value on the JSE of the linked units in question for the five business days

immediately preceding the repurchase;

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

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

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

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

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

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

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

- directors – page 26
- Major beneficial shareholders – page 52
- Directors' interests in ordinary shares – page 26
- Share capital of the company – page 24

Litigation

The directors, whose names appear on page 26 of the annual report of which this notice forms part, are not aware of any legal or arbitration proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 (twelve) months, a material effect on the group's financial position.

Directors' responsibility statement

The directors, whose names appear on page 26 of the annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information required in terms of the JSE Listings Requirements.

Material changes

Other than the facts and developments reported on in the annual report, there have been no material changes in the affairs or financial position of the company and its subsidiaries since the date of signature of the audit report for the year ended 31 August 2006 and up to the date of this notice.

Reasons for and effects of Special Resolution Number 1

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

- 3.2 Ordinary Resolution Number 1: Unissued linked units
"Resolved that the authorised and unissued ordinary share capital of the company be and is hereby placed under the

control of the directors of the company which directors are, subject to the rules and regulations of the JSE Ltd ("JSE") and the provisions of section 221 and section 222 of the Companies Act 61 of 1973 (as amended), authorised to allot and issue any of such linked units at such time or times, to such person or persons, company or companies and upon such terms and conditions as they may determine, such authority to remain in force until the next Annual General Meeting of the company."

- 3.3 Ordinary Resolution Number 2: Re-election of Director
"Resolved that E. Ellerine be and is hereby re-elected as a Director of the company."

- 3.4 Ordinary Resolution Number 3: Re-election of Director
"Resolved that M. Wainer be and is hereby re-elected as a Director of the company."

- 3.5 Ordinary Resolution Number 4: Re-election of Director
"Resolved that B. Azizollahoff be and is hereby re-elected as a Director of the company."

- 3.6 Ordinary Resolution Number 5: Confirmation of directors' remuneration
"Resolved that the remuneration and fees payable to directors for the year, as set out in the annual financial statements and annual report of which this notice forms part, be and are confirmed."

- 3.7 Ordinary Resolution Number 6: Signature of documentation
"Resolved that any director or the company secretary of the company be and is hereby authorised to sign all such documentation and do all such things as may be necessary for or incidental to the implementation of Special Resolution Number 1 and Ordinary Resolution Numbers 1, 2, 3, 4 and 5 which are passed by the unitholders in accordance with and subject to the terms thereof."

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

Voting and proxies

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

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

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

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

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

Dematerialised unitholders, who have elected own-name registration in the sub-register through a CSDP and who are unable to attend but wish to vote at the Annual General Meeting

should complete and return the attached form of proxy and lodge it with the transfer secretaries of the company (to be received at least 48 (forty eight) hours prior to the meeting).

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

By order of the Board

Probity Business Services (Proprietary) Ltd
Company Secretary
6 October 2006

Registered address

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

Transfer Secretaries

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

Information on directors for re-election

Director	Age	Qualification	Address	Occupation and experience
Eric Ellerine (Independent non-executive director)	72		Houghton Place, 51 West Street, Houghton	Eric is a director of numerous companies and was the former Chairman of Ellerine Holdings Ltd. Eric has been a director of Redefine since 1 November 1999.
Marc Wainer (Non-executive director)	57		2 Arnold Road, Rosebank	Marc is the joint founder and executive director of Madison Property Fund Managers Ltd, asset manager to Redefine. Marc has been a director of Redefine since 1 November 1999.
Brian Azizollahoff (Chief executive officer)	45	BA (Econ) MBA	2 Arnold Road, Rosebank	Brian has been the chief executive officer of Redefine since 21 April 2003.

SHAREHOLDERS

– FORM OF PROXY

REDEFINE INCOME FUND LIMITED

Registration number: 1999/018591/06 JSE code: RDF ISIN number: ZAE000023503

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

For use by the holders of the company's certificated linked units ("certificated unitholders") and/or dematerialised linked units held through a Central Securities Depository Participant (CSDP) or broker, who have selected "own name" registration ("own-name dematerialised unitholders") at the Annual General Meeting of shareholders of the company to be held at 2 Arnold Road, Rosebank, Gauteng on Thursday, 23 November 2006 at 10h00, or at any adjournment thereof if required. Additional forms of proxy are available from the transfer secretaries of the company.

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

I/We _____ (Name in block letters)

Of _____ (Address)

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

1. _____ or failing him/her

2. _____ or failing him/her

3. the chairman of the meeting

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

	In favour of	Against	Abstain
To pass special resolution:			
1. General authority to effect linked unit repurchases			
To pass ordinary resolutions:			
1. General authority to place the unissued linked units under the control of the directors			
2. To re-elect E Ellerine a director of the company			
3. To re-elect M Wainer a director of the company			
4. To re-elect B Azizollahoff a director of the company			
5. To confirm directors' remuneration			
6. To authorise the signature of documentation			
To re-appoint PKF (Jhb) Inc. as auditors of the company			

Indicate instruction to proxy in the spaces provided above.

Signed this _____ day of _____ 2006

Signature _____

Assisted by (if applicable) _____

Please read the notes on the reverse

SHAREHOLDERS – FORM OF PROXY

Notes

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

NOTICE OF ANNUAL GENERAL MEETING OF DEBENTURE HOLDERS

REDEFINE INCOME FUND LIMITED

Registration number: 1999/018591/06 JSE code: RDF ISIN number: ZAE000023503

Notice is hereby given that the Annual General Meeting of debenture holders ("unitholders") of Redefine Income Fund Ltd ("the company") will be held at the offices of the company at 2 Arnold Road, Rosebank, Gauteng on Thursday, 23 November 2006 at 10h30 (or immediately after the shareholder meeting) for the following purposes:

1. To consider the financial statements for the year ended 31 August 2006;
2. To transact such other business as may be transacted at an Annual General Meeting of debenture holders of a company including the re-appointment of the auditors; and
3. To consider and, if deemed fit, passing, with or without modification, the debenture special and ordinary resolutions set out below, in the manner required by the provisions of the Redefine Debenture Trust Deed:

3.1 Debenture Special Resolution Number 1: Linked unit repurchases

"Resolved that the directors be authorised pursuant inter alia to the provisions of Article 7.3 of the Redefine Debenture Trust Deed, until this authority lapses at the next Annual General Meeting of the company, unless it is then renewed at the next Annual General Meeting of the company and provided that this authority shall not extend beyond 15 (fifteen) months, for the company or any subsidiary of the company to acquire linked units of the company, subject to the Listings Requirements of the JSE Ltd ("JSE") on the following bases:

- 3.1.1. the acquisition of linked units must be effected through the order book operated by the JSE trading system and done without any prior arrangement between the company and the counter – party;

- 3.1.2. the company may only appoint one agent to effect repurchases on its behalf;
- 3.1.3. the number of linked units which may be acquired pursuant to this authority in any financial year (which commenced 1 September 2006) may not in the aggregate exceed 20% (twenty percent) of the company's share capital, as at the date of this notice of general meeting;
- 3.1.4. repurchases of linked units may not be made at a price more than 10% (ten percent) above the weighted average of the market value on the JSE of the linked units in question for the five business days immediately preceding the repurchase;
- 3.1.5. repurchases may not take place during a prohibited period (as defined in the JSE Listings Requirements);
- 3.1.6. repurchases may only take place if, after such repurchase, the unitholder spread of the company still complies with the JSE Listings Requirements;
- 3.1.7. after the company has acquired linked units which constitute, on a cumulative basis, 3% (three percent) of the number of linked units in issue (at the time that authority from unitholders for the repurchase is granted), the company shall publish an announcement to such effect, or any other announcements that may be required in such regard in terms of the JSE Listings Requirements which may be applicable from time to time; and
- 3.1.8. the company's sponsor shall, prior to the company entering the market to proceed with a re-purchase of units, confirm in writing to the JSE, the adequacy of the company's working capital for the purposes of undertaking the re-purchase of linked units."

NOTICE OF ANNUAL GENERAL MEETING OF DEBENTURE HOLDERS

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

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

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

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

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

- Directors – page 26
- Major beneficial shareholders – page 52
- Directors' interests in ordinary shares – page 26
- Share capital of the company – page 24

Litigation

The directors, whose names appear on page 26 of the annual report of which this notice forms part, are not aware of any legal or arbitration proceedings that are pending or threatened, that may have or have

had in the recent past, being at least the previous 12 (twelve) months, a material effect on the group's financial position.

Directors' responsibility statement

The directors, whose names appear on page 26 of the annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information required in terms of the JSE Listings Requirements.

Material changes

Other than the facts and developments reported on in the annual report, there have been no material changes in the affairs or financial position of the company and its subsidiaries since the date of signature of the audit report for the year ended 31 August 2006 and up to the date of this notice.

Reasons for and effects of Debenture Special Resolution Number 1

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

3.2 Debenture Special Resolution Number 2:

Unissued linked units

"Resolved that the authorised and unissued ordinary share capital of the company be and is hereby placed under the control of the directors of the company which directors are, subject to the rules and regulations of the JSE Ltd ("JSE")

NOTICE OF ANNUAL GENERAL MEETING OF DEBENTURE HOLDERS

and the provisions of the Redefine Debenture Trust Deed, authorised to allot and issue any of such linked units at such time or times, to such person or persons, company or companies and upon such terms and conditions as they may determine, such authority to remain in force until the next Annual General Meeting of the company.”

Reasons for and effects of Debenture Special Resolution Number 2

Reasons for and effects of Debenture Special Resolution Number 2 is to afford the directors of the company a general authority to issue additional linked units of the company.

3.3 Debenture Ordinary Resolution Number 1:

Signature of documentation

“Resolved that any Director or the company secretary of the company be and is hereby authorised to sign all such documentation and do all such things as may be necessary for or incidental to the implementation of Debenture Special Resolution Numbers 1 and 2 which are passed by the debenture holders in accordance with and subject to the terms thereof.”

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

Voting and proxies

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

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

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

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

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

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

NOTICE OF ANNUAL GENERAL MEETING OF DEBENTURE HOLDERS

By order of the Board

Probity Business Services (Proprietary) Ltd
Company Secretary
6 October 2006

Registered address

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

Transfer Secretaries

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

DEBENTURE HOLDERS

– FORM OF PROXY

REDEFINE INCOME FUND LIMITED

Registration number: 1999/018591/06 JSE code: RDF ISIN number: ZAE000023503

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

For use by the holders of the company's certificated linked units ("certificated unitholders") and/or dematerialised linked units held through a Central Securities Depository Participant (CSDP) or broker, who have selected "own name" registration ("own-name dematerialised unitholders") at the Annual General Meeting of debenture holders of the company to be held at 2 Arnold Road, Rosebank, Gauteng on Thursday, 23 November 2006 at 10h30 (or immediately after the shareholder meeting), or at any adjournment thereof if required. Additional forms of proxy are available from the transfer secretaries of the company.

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

I/We _____ (Name in block letters)

Of _____ (Address)

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

1. _____ or failing him/her

2. _____ or failing him/her

3. the chairman of the meeting

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

	In favour of	Against	Abstain
To pass debenture special resolutions:			
1. General authority to effect linked unit repurchases			
2. General authority to place the unissued linked units under the control of the directors			
To pass debenture ordinary resolution:			
1. To authorise the signature of documentation			
To re-appoint PKF (Jhb) Inc. as auditors of the company			

Indicate instruction to proxy in the spaces provided above.

Signed this _____ day of _____ 2006

Signature _____

Assisted by (if applicable) _____

Please read the notes on the reverse

DEBENTURE HOLDERS — FORM OF PROXY

Notes

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



Allhart Office Park

The 4 200m² Allhart Office park in Woodmead provides premises for leading businesses such as Orion Telecom.

ADMINISTRATION

Company registration number	1999/018591/06
Registered office and business address	2 Arnold Road, Rosebank, Johannesburg, 2196 PO Box 1731, Parklands, 2121
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E-mail	mail@redefine.co.za
Internet address	www.redefine.co.za
Commercial bankers	The Standard Bank of South Africa Ltd
Independent auditors	PKF (Jhb) Inc. PKF House, 15 Girtton Road, Parktown, 2193 Telephone: +27 11 480 2300
Company secretary	Probitry Business Services (Pty) Ltd 3rd Floor, JHI House, 11 Cradock Avenue, Rosebank, 2196 Telephone: +27 11 327 7146
Transfer secretaries	Computershare Investor Services 2004 (Pty) Ltd 70 Marshall Street, Johannesburg, 2001 Telephone: +27 11 370 5000
Corporate advisor and sponsor	Java Capital (Pty) Ltd 2 Arnold Road, Rosebank, 2196 Telephone: +27 11 283 0190
Asset managers	Madison Property Fund Managers Ltd 2 Arnold Road, Rosebank, 2196 Telephone: +27 11 283 0000
Property managers	Broll Property Managers Broll House, 27 Fricker Road, Illovo, 2196 Telephone: +27 11 441 4000
Trustee for debenture holders	Webber Wentzel Bowens 10 Fricker Road, Illovo Boulevard, Johannesburg Telephone: +27 11 530 5000



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