



We're not landlords. We're people.



Unaudited results for the six months ended 28 February 2013

Interim distribution growth of **7%** to **33,7 cents**

NAV up by **10,6%** to **R8,31**

Results at upper end of market guidance

Acquisitions and developments of **R3,1 billion** concluded

45,6% of Fountainhead acquired

Balance sheet simplified and strengthened

Condensed consolidated statements of comprehensive income

	Unaudited 28 February 2013 R'000	Unaudited 29 February 2012 R'000	Audited 31 August 2012 R'000
Revenue			
Property portfolio	1 381 083	1 147 956	2 448 873
Contractual rental income	1 303 902	1 238 757	2 491 749
Straight-line rental income accrual	77 181	(90 801)	(42 876)
Listed securities income	182 112	241 060	511 036
Fee income	129 227	72 080	162 741
Hotel income	156 598	133 750	286 266
Trading income	1 810	894	12 414
Total revenue	1 850 830	1 595 740	3 421 330
Operating costs	(439 004)	(447 377)	(847 900)
Administration costs	(90 112)	(73 701)	(166 016)
Net operating income	1 321 714	1 074 662	2 407 414
Changes in fair values of properties, listed securities and financial instruments	236 739	316 066	1 772 064
Amortisation of intangibles	(52 636)	(50 485)	(101 105)
Impairment of financial assets, property, plant and equipment, and goodwill	—	—	(38 666)
Equity accounted profits	73 271	9 340	738
Income from operations	1 579 088	1 349 583	4 040 445
Net interest	(381 204)	(327 605)	(694 753)
Interest paid	(404 242)	(368 100)	(771 006)
Interest received	23 038	40 495	76 253
Foreign exchange gain/(loss)	26 260	(8 256)	(23 084)
Income before debenture interest	1 224 144	1 013 722	3 322 608
Debenture interest	(930 287)	(845 553)	(1 742 715)
Profit before taxation	293 857	168 169	1 579 893
Taxation	(74 225)	(330 047)	(506 282)
Profit/(Loss) for the period from continuing operations	219 632	(161 878)	1 073 611
Profit/(Loss) from discontinued operations	939 668	(895 821)	(1 840 462)
Profit/(Loss) for the period	1 159 300	(1 057 699)	(766 851)
Redefine shareholders	1 159 463	(511 306)	342 079
Non-controlling interests	(163)	(546 393)	(1 108 930)
OTHER COMPREHENSIVE INCOME	(342 740)	205 920	451 351
Exchange differences on translation of foreign continuing operations	29 976	17 213	68 930
Exchange differences on translation of foreign discontinued operations	—	188 707	382 421
Recycling of exchange differences on translation on deemed disposal of foreign subsidiary	(372 716)	—	—
Total comprehensive income/(loss) for the period	816 560	(851 779)	(315 500)
Redefine shareholders	820 907	(375 245)	621 476
Non-controlling interests	(4 347)	(476 534)	(936 976)

Condensed consolidated statements of financial position

	Unaudited 28 February 2013 R'000	Unaudited 29 February 2012 R'000	Audited 31 August 2012 R'000
ASSETS			
Non-current assets	31 345 308	40 366 985	43 376 376
Investment properties	21 601 215	28 736 351	29 735 776
Fair value of investment properties for accounting purposes	20 605 033	27 661 405	28 754 581
Straight-line rental income accrual	728 403	603 297	651 223
Properties under development	267 779	471 649	329 972
Listed securities	2 664 022	4 659 369	5 341 485
Goodwill	2 755 471	2 570 534	2 753 971
Intangible assets	1 853 825	1 244 574	1 905 363
Interest in associates and joint ventures	1 585 345	1 833 513	1 963 050
Loans receivable	737 946	1 222 077	1 527 301
Other financial assets	—	6 303	5 349
Guarantee fees receivable	50 000	—	50 000
Property, plant and equipment	97 484	94 264	94 081
Current assets	428 411	1 342 919	1 245 426
Properties held-for-trading	27 338	29 109	25 833
Trade and other receivables	277 240	640 868	678 791
Guarantee fees receivable	—	21 349	21 349
Loans receivable	12 988	51 822	12 546
Listed security income	61 491	146 931	155 574
Cash and cash equivalents	49 354	452 840	351 333
Non-current assets held-for-sale	3 377 582	2 066 825	2 134 453
Total assets	35 151 301	43 776 729	46 756 255
EQUITY AND LIABILITIES			
Shareholders' interest	16 061 116	13 804 203	15 250 599
Share capital and premium	11 660 936	11 165 049	11 660 936
Reserves	4 400 180	2 639 154	3 589 663
Non-current liabilities – debenture capital	4 791 714	4 659 443	4 791 714
Linked unitholders interest	20 852 830	18 463 646	20 042 313
Non-controlling interests (NCI)	45 842	1 719 413	1 301 316
Total unitholders interest	20 898 672	20 183 059	21 343 629
Non-current liabilities	11 895 482	15 493 591	15 259 932
Interest-bearing liabilities	9 380 964	13 465 872	12 648 732
Interest rate swaps	359 566	288 673	468 064
Other financial liabilities	54 814	15 170	62 767
Deferred taxation	2 100 138	1 723 876	2 080 369
Current liabilities	2 357 147	8 012 718	8 921 389
Trade and other payables	560 876	874 394	953 012
Interest-bearing liabilities	852 000	6 106 020	6 793 374
Interest rate swaps	—	134 934	72 046
Other financial liabilities	8 606	6 323	15 948
Provision	—	—	161 769
Taxation payable	5 378	45 494	28 078
Linked unitholders for distribution	930 287	845 553	897 162
Non-current liabilities held-for-sale	—	87 361	1 231 305
Total equity and liabilities	35 151 301	43 776 729	46 756 255
Net asset value per linked unit (excluding deferred tax and NCI) (cents)	831,48	752,06	801,40
Net tangible asset value per linked unit (excluding deferred tax and NCI) (cents)	664,51	609,93	632,62

Distributable income analysis

	South African R'000	International R'000	Total R'000
Net property income (excluding straight-line rental accrual)	1 030 270	—	1 030 270
Listed securities income	182 112	—	182 112
Trading income	1 810	—	1 810
Net hotel loss	—	(8 774)	(8 774)
Fee income	66 231	62 996	129 227
Net operating income before administration costs	1 280 423	54 222	1 334 645
Administration costs	(63 500)	(26 612)	(90 112)
Equity accounted profits	—	73 271	73 271
Foreign exchange loss	—	(6)	(6)
Net interest	(379 275)	(1 929)	(381 204)
Net distributable profit before taxation	837 648	98 946	936 594
Taxation	—	12	12
Net profit before distributable adjustments	837 648	98 958	936 606
Non-controlling interests	1 258	(1 095)	163
	838 906	97 863	936 769
Distribution adjustments:	1 853	(8 335)	(6 482)
Align consolidated foreign profits with anticipated distributions	—	(8 335)	(8 335)
Pre-acquisition listed securities income	1 853	—	1 853
Distributable income	840 759	89 528	930 287

Condensed consolidated statements of cash flow

	Unaudited 28 February 2013 R'000	Unaudited 29 February 2012 R'000	Audited 31 August 2012 R'000
Cash generated from operations	1 379 031	1 177 764	2 489 225
Net financing costs	(381 204)	(327 605)	(586 882)
Linked unit distributions paid	(879 162)	(993 189)	(1 838 742)
Payments to non-controlling interests	(3 556)	(892)	(2 186)
Net cash inflow/(outflow) from operating activities – continuing operations	97 109	(143 922)	61 415
Net cash outflow from operating activities – discontinued operations	—	(125 012)	(247 834)
Net cash outflow from investing activities – continuing operations	(1 292 127)	(760 415)	(2 322 531)
Net cash outflow from investing activities – discontinued operations	—	(259 585)	(267 814)
Net cash inflow from financing activities – continuing operations	891 265	886 430	2 300 853
Net cash inflow from financing activities – discontinued operations	—	165 188	92 550
Net movement in cash and cash equivalents	(303 753)	(237 316)	(383 361)
Cash and cash equivalents at beginning of period	351 333	660 148	660 148
Translation effects on cash and cash equivalents of foreign operations	1 774	30 008	74 546
Cash and cash equivalents at end of period	49 354	452 840	351 333

Distributable income reconciliation

	Unaudited 28 February 2013 R'000	Unaudited 29 February 2012 R'000	Audited 31 August 2012 R'000
Profit/(Loss) for the period attributable to Redefine shareholders	1 159 463	(511 306)	342 079
Changes in fair values of properties (net of deferred taxation)	(136 860)	688 578	1 249 136
Changes in fair value of properties	(161 158)	459 067	948 293
Deferred taxation	24 298	229 511	300 843
Profit on deemed disposal of subsidiary	(939 668)	—	—
Capital gains tax	21 136	38 347	35 206
Headline profit attributable to Redefine shareholders	104 071	215 619	1 626 421
Debenture interest	930 287	845 553	1 742 715
Headline earnings attributable to Redefine linked unitholders	1 034 358	1 061 172	3 369 136
Changes in fair values of listed securities and financial instruments (net of deferred taxation)	(49 626)	(51 432)	(985 969)
Changes in fair values of listed securities and financial instruments	(75 581)	(118 373)	(1 175 371)
Deferred taxation	25 955	66 941	189 402
Fair value interest adjustment	—	227 451	365 584
Amortisation of intangibles (net of deferred taxation)	55 484	50 485	83 505
Align consolidated foreign profits with anticipated distributions	(8 335)	603	8 781
Straight-line rental income accrual	(77 181)	90 801	42 876
Foreign exchange (gain)/loss	(26 266)	17 179	36 656
Fair value adjustment of associates and non-controlling interests	—	(564 022)	(1 163 292)
Fee income from foreign subsidiary	—	8 312	8 312
Capital write offs included in administration costs	—	5 004	(22 874)
Pre-acquisition listed securities income	1 853	—	—
Distributable income	930 287	845 553	1 742 715
Six months ended 28 February	930 287	845 553	845 553
Six months ended 31 August	—	—	897 162
Total distributions	930 287	845 553	1 742 715
Actual number of linked units in issue (000)*	2 760 497	2 684 295	2 760 497
Weighted number of linked units in issue (000)*	2 760 497	2 684 295	2 694 914
Earnings and diluted^ earnings per linked units (cents)	75,70	12,45	77,36
Earnings from continuing operations per linked units (cents)	41,66	25,57	104,38
Earnings from discontinued operations per linked units (cents)	34,04	(13,12)	(27,02)
Headline earnings and diluted^ headline earnings per linked units (cents)	37,47	39,53	125,02
Distribution per linked units (cents)	33,70	31,50	64,00

*Excludes 5 876 766 treasury units.

^No dilutionary instruments in issue.

Condensed consolidated statements of changes in equity

	Unaudited 28 February 2013 R'000	Unaudited 29 February 2012 R'000	Audited 31 August 2012 R'000
Opening balance	16 551 915	17 056 251	17 056 251
Issue of linked units	—	—	495 887
Deemed disposal and dilution of interest in subsidiary effect on NCI	(1 177 188)	—	—
Unbundling	—	(623 252)	(623 252)
Total comprehensive income/(loss) for the period	816 560	(851 779)	(315 500)
Transactions with non-controlling interests	(8 051)	8 014	11 763
Non-controlling interests on acquisition of subsidiaries	(76 278)	(65 618)	(73 234)
Total share capital, reserves and non-controlling interests	16 106 958	15 523 616	16 551 915

Condensed segmental analysis

	Office R'000	Retail R'000	Industrial R'000	Foreign R'000	Total R'000
Six months ended 28 February 2013					
Contractual rental income†	596 426	490 328	217 148	—	1 303 902
Hotel income	—	—	—	156 598	156 598
Operating costs	(129 750)	(101 117)	(42 765)	(165 372)#	(439 004)
Net property income	466 676	389 211	174 383	(8 774)	1 021 496
Investment property portfolio (excluding development properties)	9 473 553	7 728 683	4 131 200	—	21 333 436
Six months ended 29 February 2012					
Contractual rental income†	612 492	456 973	169 292	—	1 238 757
Hotel income	—	—	—	133 750	133 750
Operating costs	(160 277)	(111 473)	(33 068)	(142 559)#	(447 377)
Net property income	452 215	345 500	136 224	(8 809)	925 130
Investment property portfolio (excluding development properties)	9 351 279	6 895 041	2 659 702	9 358 680	28 264 702
Year ended 31 August 2012					
Contractual rental income†	1 220 335	907 009	364 405	—	2 491 749
Hotel income	—	—	—	286 266	286 266
Operating costs	(281 556)	(198 374)	(76 112)	(291 858)#	(847 900)
Net property income	938 779	708 635	288 293	(5 592)	1 930 115
Investment property portfolio (excluding development properties)	9 522 696	7 602 649	3 953 621	8 326 838	29 405 804

† Excluding straight-line rental income accrual.

Hotel related operating costs.

Commentary

PROFILE

Redefine is a property loan stock company listed on the Johannesburg Stock Exchange ("JSE"), has a market capitalisation of R30 billion and directly manages a diversified portfolio of property assets valued in excess of R29 billion. Property assets under management comprise 244 directly held properties valued at R23 billion with a gross lettable area ("GLA") of 3,1 million m² and a R6 billion portfolio of listed property securities (including those held for sale). Redefine is diversified through its 49% holding in its JSE listed associate Redefine Properties International Limited ("RIN") which in turn holds 66% of London Stock Exchange listed subsidiary Redefine International P.L.C. ("RI PLC").

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

FINANCIAL RESULTS

Redefine has declared an interim distribution of 33,7 cents per linked unit for the six months ended 28 February 2013, which is 7% ahead of the prior period and is at the upper end of market guidance. Notwithstanding the dilutive effect of additional units in issue, distributable income grew by 10% in Rand terms for the comparable period. After adjusting for the deemed disposal of RIN, which has arisen from the change in accounting treatment from a consolidated subsidiary to an equity accounted associate, revenue from continuing operations increased by 16% compared to the 6 months ended 29 February 2012. The statement of financial position has changed significantly as a result of the deconsolidation resulting in enhanced credit metrics.

Contractual rental income comprised 73,5% of total revenue (excluding straight-line rental income accrual), listed securities income 10,3%, hotel income 8,8%, and trading and fee income 7,4%.

Operating costs represent 23,7% of total revenue (31 August 2012: 24,8%) due mainly to a combination of a strict focus on local costs and the deconsolidation of RIN.

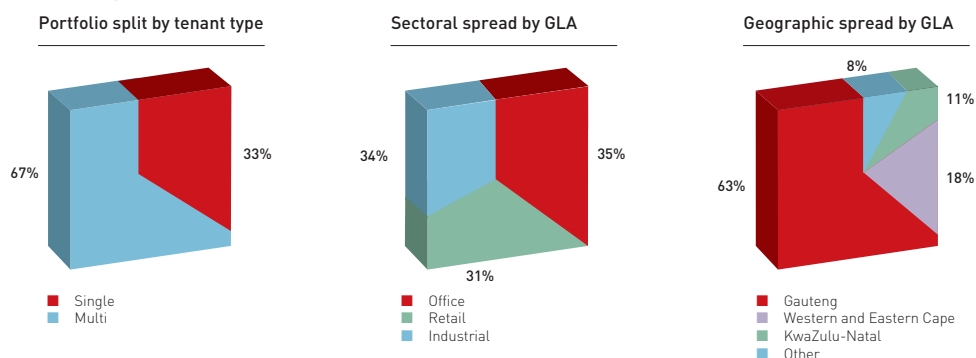
Redefine's local operation contributed 90% of distributable income.

RIN together with Redefine International Fund Managers Limited ("RIFM"), the fund manager of RI PLC, contributed 3,4 cents per linked unit to the distribution for the period.

CHANGES IN FAIR VALUES

Changes in fair values of R237 million comprise mainly of the internal valuation of the property portfolio of R161 million and the increase in value of the listed securities portfolio of R65 million.

LOCAL PROPERTY PROFILE



Letting activity: During the period leases totalling 259,489 m² were renewed at an average rental increase of 7,2%. A further 109,226 m² (99,532 m²) was let across the portfolio and together with vacates, vacancies increased by 1,2% to 6,9%. Vacancies are set out below as a percentage of gross lettable area ("GLA"):

	February 2013	August 2012
Office	8,7%	8,4%
Retail	4,9%	5,4%
Industrial	7,0%	3,4%
Total	6,9%	5,8%

Arrears amounted to R45 million (31 August 2012: R39 million) against which a provision for possible bad debts of R19 million (31 August 2012: R14 million) is held. Amounts due by Government amount to R22 million.

LOCAL PROPERTY PORTFOLIO STRATEGY

Redefine has continued to implement its strategy of improving the quality of the core property portfolio, and the average value per property is now R83 million.

Acquisitions: Two properties with a GLA of 6 750 m² were acquired and transferred during the period for an aggregate purchase consideration of R65 million at an initial yield of 8,6%. Agreements have been concluded with a number of vendors for the acquisition of properties for an aggregate consideration of R1,5 billion, of which R1,1 billion has transferred subsequent to the reporting period. Development agreements, for pre-let GLA of 95 000 m² totalling R1,6 billion have been concluded subsequent to the period end. In addition to the above, the development pipeline totals R1,7 billion, of which R1 billion is pre-let.

Disposals: During the period 11 properties with a GLA of 36 936 m², no longer meeting Redefine's investment criteria, were sold to various buyers for an aggregate consideration of R208 million at an average yield of 9,7%. Agreements for an aggregate consideration of R116 million have been concluded with a number of buyers for the disposal of properties, which are subject to the usual conditions precedent.

Government tenanted office portfolio: Agreement has been reached for the disposal of 24 government tenanted office properties to a BEE led consortium for a total consideration of R2,5 billion. These properties will form the nucleus of a company to be listed on the JSE..

LISTED SECURITIES PORTFOLIO

The listed securities portfolio comprises:

	February 2013		August 2012	
	Value R'000	Interest held %	Value R'000	Interest held %
Arrowhead Properties Limited – A units	11 174	0,9	27 286	3,0
Arrowhead Properties Limited – B units	10 811	0,9	23 772	3,0
Cromwell Property Group	533 820	4,3	—	—
Fountainhead Property Trust	157 604	1,6	—	—
Hyprop Investments Limited	5 152 895*	29,6	5 287 983	30,4
	5 866 304		5 339 041	

*R3,2 billion is classified as held for sale – refer to Hyprop below.

Cromwell Property Group ("Cromwell"): Redefine's direct investment in Cromwell, a listed Australian property trust, was previously treated as an associate, but following the deconsolidation of RIN is now included in listed securities.

Fountainhead Property Trust ("Fountainhead"): It was Redefine's stated intention to obtain a meaningful stake in Fountainhead in the event of Redefine's proposal to acquire the assets of Fountainhead not proceeding, to ensure alignment of interests between Redefine and Fountainhead unitholders. As a result of Redefine's withdrawal of its offer to acquire the Fountainhead assets which was announced on 20 March 2013, it accordingly proceeded to acquire a stake in Fountainhead. Subsequent to the review period, Redefine has acquired 529 707 453 Fountainhead units, representing 45,6% of Fountainhead's units in issue. The Fountainhead units were acquired for an aggregate consideration of R4,952 billion, comprising Hyprop units, cash and Redefine units.

Hyprop: Consistent with the company's stated objective to exit its listed securities portfolio, 1,9 million Hyprop units were sold during the period, resulting in the holding reducing by 0,8% to 29,6%. Subsequent to 28 February 2013, a further 44,3 million units were swapped for Fountainhead units, reducing the holding to 11,4%. These units have been classified as non-current assets held-for-sale.

INTERNATIONAL INVESTMENTS

RIN: The successful capital raising by RI PLC through a firm placing and open offer, in October 2012, realised gross proceeds of £127,5 million and resulted in RIN's holding in RI PLC decreasing from 71,7% to 65,7%.

In order for RIN to follow its rights in the RI PLC offer above, RIN undertook a R1 billion capital raise which was oversubscribed. To broaden the RIN unitholder base, Redefine made available a portion of its new RIN units for placement with third parties. This has resulted in Redefine's beneficial interest in RIN decreasing by 4,6% to 49,3%, resulting in RIN being equity accounted. A deemed profit of R940 million arose from the conversion of RIN from a subsidiary to an associate. Redefine's effective interest in RI PLC has similarly declined from 38,7% to 32,4%.

RIFM: During the period under review, Redefine increased its holding in RIFM by 13,95% to 90% for a consideration of R73 million.

Distribution adjustment: It is Redefine's policy to distribute its share of income from international investments to the extent of distributions received. Accordingly, an adjustment of R8,3 million has been made to the company's distributable earnings for the period to equate the equity accounted results from its international investments for the period to the anticipated distributions.

FUNDING

Redefine's local borrowings at 28 February 2013, of R10 billion, represented 34,8% of the value of its property and listed securities portfolio. Redefine's average cost of funding is 8,6% (August 2012: 8,9%) and the interest rates are fixed on 66% of borrowings for an average period of four years. Redefine continues to grow its presence in the debt capital market, raising R1,5 billion during March 2013 at favourable interest rates.

Redefine listed an additional 26,9 million and 63,9 million linked units during March and April 2013 respectively as part of the Fountainhead accelerated offer. As a result of a heavily oversubscribed bookbuild undertaken during April 2013 whereby R800 million in capital was raised, a further 78,4 million linked units are expected to be issued on 3 May 2013. This brings the total number of linked units ranking for distribution, excluding treasury units, to 2 929 701 503.

Moody's credit rating (refreshed 12 October 2012):

Global long term Baa3

Global short term P-3

National long term A3.za

National short term P-2.za

CONTINGENCIES

At 28 February 2013, Redefine had guarantees and suretyships in respect of its BEE initiatives and joint ventures amounting to R256 million in place. Redefine has capital commitments outstanding amounting to R2,8 billion and committed acquisitions of R1,5 billion.

CHANGES TO THE BOARD

Mike Flax (non-executive) resigned from the Board with effect from 31 January 2013 to focus on his personal property interests.

PROSPECTS

The local trading environment remains challenging and is anticipated to remain subdued in the medium term. Redefine's core property portfolio is expected to continue to benefit from the ongoing implementation of the property strategy. A strict focus on cost containment and sweating the assets will be maintained. Accordingly, distributable income is anticipated to grow in the second half at a similar rate to the interim period. This forecast has not been reviewed or reported on by the group's independent external auditors.

DEBENTURE INTEREST DISTRIBUTION

Unitholders are advised that interest distribution number 48 of 33,7 cents per linked unit has been declared for the six months ended 28 February 2013. The interest distribution will not be subject to dividends tax in South Africa.

The distribution is payable to Redefine linked unitholders in accordance with the abbreviated timetable set out below:

	2013
Last day to trade <i>cum</i> interest distribution	Friday, 17 May
Linked units trade <i>ex</i> interest distribution	Monday, 20 May
Record date	Friday, 24 May
Payment date	Monday, 27 May

There may be no dematerialisation or rematerialisation of linked units between Monday, 20 May 2013 and Friday, 24 May 2013, both days inclusive.

BASIS OF PREPARATION

The results for the six months ended 28 February 2013 have not been reviewed or audited by the group's independent external auditors PKF (Jhb) Inc. These results have been prepared in accordance with International Financial Reporting Standards, IAS 34 – Interim Financial Reporting, SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, JSE Listings Requirements and the requirements of the South African Companies Act, 2008 (as amended). The accounting policies adopted in the preparation of these unaudited results are consistent with those applied in the preparation of the financial statements for the year ended 31 August 2012. The prior period's statement of comprehensive income, cash flows and segmental analysis have been represented to reflect the deconsolidation of RIN as a discontinued operation in terms of IFRS 5.

These financial results have been prepared under the supervision of Andrew Konig (CA)SA, Redefine's financial director.

By order of the board

Redefine Properties Limited

30 April 2013



REDEFINE PROPERTIES LIMITED

("Redefine" or "the company" or "the group") Registration number 1999/018591/06

- JSE share code: RDF • ISIN: ZAE000143178 • Bond code: RDFB01 • ISIN: ZAG00094228
- Bond Code: RDFB02 • ISIN: ZAG000103789 • Bond Code: RDFB03 • ISIN: ZAG000104316
- Bond Code: RDFC07 • ISIN: ZAG000103607 • Bond Code: RDFC08 • ISIN: ZAG000104324

Directors:

D Gihwala (Chairman), M Wainer* (CEO), G J Heron, M K Khumalo, A J Konig* (FD), H K Mehta, B Nackan, D Pertont, R W Reest, D H Rice*† (COO) *Executive †British

Registered office:

3rd Floor, Redefine Place, 2 Arnold Road, Rosebank, 2196. (PO Box 1731, Parklands, 2121)

Transfer secretaries:

Computershare Investor Services (Pty) Limited

Sponsor:

Java Capital

Company secretary:

Probity Business Services (Pty) Limited



www.redefine.co.za