



REDEFINE INCOME FUND 2007

REVIEWED RESULTS FOR THE YEAR ENDED 31 AUGUST

Redefine Income Fund Limited (“Redefine” or “the Company”)

Registration No: 1999/018591/06 • Share code: RDF • ISIN Code: ZAE000023503

CONSOLIDATED INCOME STATEMENT

	Reviewed 2007 R000	Audited 2006 R000
Revenue		
Property portfolio	488 799	320 753
Contractual rental	429 948	292 863
Straight-line rental accrual	58 851	27 890
Listed security portfolio	300 285	207 225
Property trading	40 486	–
Total revenue	829 570	527 978
Operating costs - property portfolio	(86 655)	(56 063)
Administration costs	(56 401)	(36 116)
Net operating income	686 514	435 799
Changes in fair values and net surplus on disposals of properties, listed securities and intangibles	1 070 368	799 083
Income from associates	24 107	–
Income from operations	1 780 989	1 234 882
Interest received	18 638	8 659
Finance charges	(269 799)	(190 483)
Income before debenture interest	1 529 828	1 053 058
Debenture interest	(415 784)	(226 085)
Income before taxation	1 114 044	826 973
Taxation	(338 005)	(161 832)
Income attributable to shareholders	776 039	665 141

RECONCILIATION OF HEADLINE EARNINGS AND DISTRIBUTABLE EARNINGS

Income attributable to shareholders	776 039	665 141
Changes in fair values and net surplus on disposals of properties and intangibles (net of deferred taxation)	(168 097)	(776 442)
Taxation	47 564	161 832
Headline earnings attributable to shareholders	655 506	50 531
Debenture interest	415 784	226 085
Headline earnings attributable to linked unitholders	1 071 290	276 616
Changes in fair value of listed securities (net of deferred taxation)	(611 829)	(22 641)
Straight line rental income accrual	(58 851)	(27 890)
Spearhead pre-acquisition income	31 517	–
VAT and interest disallowed	1 894	–
Fair value adjustment in associate	(18 237)	–
Debenture interest distributions	415 784	226 085
• First quarter	95 027	51 574
• Second quarter	99 206	53 076
• Third quarter	102 458	59 013
• Fourth quarter	119 093	62 422

Actual number of linked units in issue (000's)	813 161 *	556 727 *
Weighted number of linked units in issue (000's)	746 186 *	516 186 *
Earnings per linked unit (cents)	159.72	172.66
Headline earnings per linked unit (cents)	143.57	53.59
Average distribution per linked unit (cents)	55.72	43.80
Distribution per linked unit (cents)	51.25	42.70

* Excludes 5 876 770 treasury units

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Reviewed 2007 R000	Audited 2006 R000
Balance at beginning of year	2 151 170	1 237 364
Issue of shares	1 191 026	249 449
Issue expenses written-off	(10 239)	(784)
Income attributable to shareholders	776 039	665 141
Total share capital and reserves	4 107 996	2 151 170

Review opinion – The independent auditors, PKF (Jhb) Inc., have reviewed these results. Their unqualified report is available for inspection at the company's registered office.

REDEFINE INCOME FUND LIMITED

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Website: www.redefine.co.za

Directors: D Gihwala*# (Chairman), B Azizollahoff+ (CEO), L Barnard*#, W Cesman*, E Ellerine*#, D Perton*+#, S Shaw-Taylor*, N Venter*#, M Wainer*

*non-executive +British #independent

Company secretary: Probitry Business Services (Proprietary) Limited.

CONSOLIDATED BALANCE SHEET

	Reviewed 2007 R000	Audited 2006 R000
ASSETS		
Non-current assets	9 306 257	5 961 167
Property portfolio	5 049 733	2 513 337
Fair value of property portfolio for accounting purposes	4 503 606	2 413 913
Property under development at cost	347 514	–
Straight-line rental income accrual	198 613	99 424
Listed securities portfolio	4 075 285	3 447 830
Other financial assets	179 460	–
Plant and equipment	1 779	–
Current assets	528 231	141 584
Listed securities held for trading	112 401	–
Properties held for trading and development	173 927	83 000
Receivables	54 071	7 908
Listed security income	58 908	50 666
Cash and cash equivalents	128 924	10
Total assets	9 834 488	6 102 751

EQUITY AND LIABILITIES

Share capital and reserves

Share capital and premium	4 107 996	2 151 170
Accumulated loss	1 642 215	461 428
Non-distributable reserves	(31 517)	–
Non-current liabilities	2 497 298	1 689 742
Debenture capital	5 440 207	3 814 338
Interest-bearing liabilities	1 463 689	1 002 108
Deferred taxation	3 172 489	2 458 339
Current liabilities	804 029	353 891
Payables	286 285	137 243
Interest-bearing liabilities	95 485	66 338
Taxation	17 848	–
Bank overdraft	47 564	–
Linked unitholders for distribution	6 295	8 483
	119 093	62 422

Total equity and liabilities 9 834 488 6 102 751

Net asset value per linked unit (cents) 779.89 • 629.96 •

Net asset value per linked unit is equal to share capital and reserves plus debenture capital divided by number of linked units in issue.

• Excludes deferred taxation

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Reviewed 2007 R000	Audited 2006 R000
Cash effects of operating activities	34 122	(61 942)
Cash generated from operations	644 397	335 094
Net financing costs	(251 161)	(181 824)
Debenture interest distributions paid	(359 114)	(215 212)
Cash effects of investing activities	(42 182)	(1 234 636)
Net property acquisitions	(143 908)	(33 009)
Net listed security disposals (acquisitions)	240 496	(1 201 627)
Acquisition of business	(21 138)	–
Investment in associates	(99 990)	–
Loans advanced to related parties	(17 642)	–
Cash effects of financing activities	139 162	1 253 009
Linked units issued	217 855	349 545
Net movement in borrowings	(78 693)	903 464
Net movement in cash and cash equivalents	131 102	(43 569)
Opening cash and cash equivalents	(8 473)	35 096
Closing cash and cash equivalents	122 629	(8 473)

Basis of preparation – The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). All accounting policies are consistent with those applied for the year ended 31 August 2006.



JAVACAPITAL

20%

Distributions
51.25 cents
per linked unit

24%

NAV R7.80*
per linked unit
* Excluding deferred
taxation

61%

Total assets
R9.8 billion

60%

Market
capitalisation
R6.0 billion

17%

Gearing 34%

COMMENTARY

Financial results

Revenue and net operating income increased by 54.1% and 53.9% respectively, before accounting for the straight-line rental income accrual. The growth is as a result of the acquisition of Spearhead Property Holdings Limited (“Spearhead”), revenue from property trading, contractual rental escalations and continued control of expenses.

Higher administration costs were largely due to an increase in asset management fees, a function of the market capitalisation of Redefine which grew as a result of the issue of linked units for the acquisition of Spearhead and an increase in the linked unit price.

The carrying values of the property and listed security portfolios increased by R2,46 billion and R627,5 million respectively, resulting in an increased net asset value of R6.85 (2006: R5.66) per linked unit. Net asset value per linked unit excluding deferred taxation, is R7.80 (2006: R6.30).

Debenture interest distribution (“distribution”)

The Board has approved a distribution of 14.65 cents per linked unit for the quarter ended 31 August 2007. This, together with distributions of 36.60 cents per linked unit for the nine months ended 31 May 2007, results in a total distribution for the year ended 31 August 2007 of 51.25 cents per linked unit, an increase of 20% on the distributions of 42.70 cents per linked unit for the previous year.

Property portfolio

During the year under review, Redefine acquired the following developed properties:

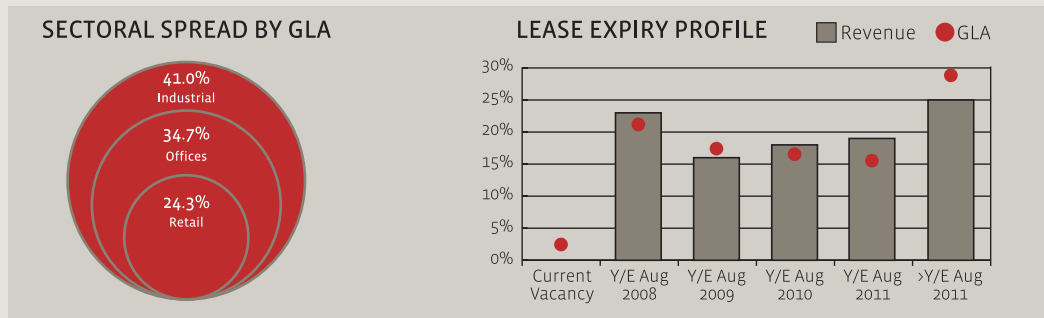
Property	Gross lettable area (m²)	Purchase price (R000)	Initial yield (%)	Price per m² (R)
Makhado Shopping Centre	13 500	89 000	10	6 593
Pick'n Pay, Newcastle	5 866	33 500	7	5 711

In addition, Redefine acquired vacant land in Isando for R5,7 million which has been developed as a 40 000m² warehouse let to Pepkor Limited on a 12 year lease at a total cost of approximately R100 million.

During the year under review the following properties were sold:

Property	Gross lettable area (m²)	Selling price (R000)	Yield (%)	Price per m² (R)	Original cost (R000)
Dipula portfolio (13 properties)	40 810	150 363	10	3 684	77 245
Rosebank Arena	12 496	97 000	3	7 762	45 000
Lindsay Saker, Rosebank	5 825	30 000	7	10 300	22 500

The property portfolio is 53.9% (2006: 42.2%) of Redefine's total non-current assets, made up of 95 investment properties, land under development and properties held for development and trading with a carrying value of R5,15 billion. The entire property portfolio has been valued by independent external valuers.



The property portfolio had a gross lettable area of 777 334m² and 44.3% of leases, by GLA, expire in 2011 and beyond.

During the year under review 61 300 m² of vacant space was leased and leases in respect of 71 244m² were renewed.

	31 Aug 2007	31 Aug 2006
Total lettable area (m²)	777 334	524 815
Lettable area vacant (m²)	17 247	13 918
% of portfolio vacant	2.2	2.7

The increase in vacant lettable area has arisen from the substantial increase in the size of the property portfolio and presents an opportunity for Redefine.

Developments

Redefine currently has 10 projects under development at an aggregate estimated cost of R773 million with a projected average forward yield of 9.7%. A further three developments estimated to cost approximately R1,3 billion (Redefine's portion) are planned.

Two trading developments at an estimated cost of R186,5 million (Redefine's portion) are in progress with an expected average return on investment of 14.5%. A further five trading developments estimated to cost R350 million (Redefine's portion) are planned with an average return on investment of 18%. Developments are funded from Redefine's cash resources and by way of development finance.

Listed securities portfolio

During the year under review, Redefine's listed securities portfolio increased by R627,5 million after acquisitions of R487,5 million and disposals of R712,6 million. Redefine disposed of its entire holding in CBS Property Portfolio Limited to the Public Investment Corporation for R198,2 million in cash and exercised its rights in terms of an issue undertaken by Coronation International Real Estate Fund (“CIREF”) to acquire 3 182 500 CIREF shares at a cost of £1.45 per share for a total consideration of R68,8 million.

Liquidity

Of the weighted average number of linked units in issue, 36.9% traded during the year.

Borrowings

Total debt of R3.2 billion at 31 August 2007 represents gearing of 33.98% a decrease from 41.02% at 31 August 2006.

The current average all-in interest rate is 9.99% and the interest rate on 67.8% of borrowings is fixed for an average of five years.

Segmental Information

	Contractual rental income 2007 (R000)	Net income 2007 (R000)
Property portfolio		
Commercial	245 705	209 400
Retail	107 245	98 588
Industrial	76 998	35 305
	429 948	343 293
Listed investments	n/a	300 285
Property trading	n/a	40 486
Total	429 948	684 064

Black Economic Empowerment (“BEE”)

Redefine is committed to the Property Transformation Charter and the Department of Trade and Industry's B-BBEE Codes of good practice. In terms of this commitment two successful Enterprise Development Initiatives, Dipula Property Fund (Pty) Ltd and Mergence Africa Property Investment Fund (Pty) Ltd, were launched during the year.

Post balance sheet events

• Redefine has reached agreement to give effect to a BEE transaction in terms of which 80 million Redefine linked units (“the BEE units”) constituting approximately 10% of the current issued linked units in Redefine are to be issued to a selection of strategic and broad-based BEE entities which will acquire 48 million and 32 million linked units respectively for an aggregate cash consideration of R548 million. Following implementation of the transaction approximately 15,5% of the Redefine linked units will be held by BEE parties.

The linked units are to be issued at a price of R6.85 per linked unit, a discount of approximately 15% to Redefine's linked unit market price of R8.08 at close of trade on 10 October 2007, an economic cost of 1.5% of Redefine's market capitalisation. Redefine is of the view that this cost will be outweighed by the commercial and strategic benefits to be derived from the BEE transaction as well as its related strategies and transformation objectives in the medium to long term. This transaction is subject to Redefine linked unitholder approval.

The terms of the transaction are more fully set out in a circular dated 23 October 2007.

• Subsequent to 31 August, the following property has been sold but not transferred:

Property	Gross lettable area (m²)	Selling price (R000)	Yield (%)	Price per m² (R)	Original cost (R000)
Old Oak Shopping Centre	2 353	17 500	9	6 903	16 100

• Redefine has accepted an offer from Hyprop Investments Limited (“Hyprop”) in terms of which Hyprop will issue to Redefine 9 830 728 Hyprop linked units in exchange for 24 576 821 Sycom Property Fund (“Sycom”) units, a swap ratio of 1 Hyprop linked unit per 2.5 Sycom units. Following this transaction Redefine will hold 30% of Hyprop.

Capital commitments and contingencies

Authorised capital improvements on investment properties total R1,1 billion. The group has guaranteed liabilities of joint ventures up to an amount of R79,8 million and has provided limited suretyship in respect of liabilities relating to BEE initiatives in favour of financial institutions.

Prospects

Demand for space at higher rentals, favourable yields on new developments, a pipeline of property trading revenue, strong income growth from the listed securities portfolio and debt management will collectively provide growth in distributions which is anticipated to be at least 14% higher for the year ending 31 August 2008, than for the year ending 31 August 2007. This forecast has not been reviewed or reported on by the auditors.

Payment of debenture interest

Unitholders are advised that debenture interest distribution no. 30 in respect of the period 1 June 2007 to 31 August 2007 of 14.65 cents per linked unit has been declared.

	November 2007
• The last date to trade cum interest	Friday 9
• Linked units will trade ex interest	Monday 12
• Record date	Friday 16
• Payment of debenture interest distribution no. 30	Monday 19

Unitholders may not dematerialise or re-materialise their linked units between Monday 12 November 2007 and Friday 16 November 2007, both days inclusive.

Dines Gihwala <i>Chairman</i> Johannesburg 29 October 2007	Brian Azizollahoff <i>Chief Executive Officer</i>
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