REDEFINE PROPERTIES

We're not landlords. We're people.

Summarised audited financial statements for the year ended 31 August 2014

Distributions	Net asset value	Market cap
+8,5% Ahead of guidance	+12,1% To 976 cents	+20,5% To R36,4 billion

Acquisitions	Developments	International
+R4,6 billion R3 billion in progress	+R3,8 billion R1,5 billion completed	+R3,6 billion R7,4 billion global assets

Consolidated statements of comprehensive income

Audited / R'000	31 August 2014	31 August 2013
Revenue		
Property portfolio	**5 372 149**	3 791 621
– Contractual rental income	**5 310 428**	3 723 977*
– Straight-line rental income accrual	**61 721**	67 644
Listed security income	**185 742**	311 046
Fee income	**35 204**	88 886
Trading income	**1 032**	3 807
Total revenue	**5 594 127**	4 195 360
Operating costs	**(1 907 524)**	(1 204 846)*
Administration costs	**(202 031)**	(149 968)
Net operating profit	**3 484 572**	2 840 546
Changes in fair values of properties, listed securities and financial instruments	**2 051 245**	1 369 451
Amortisation of intangibles	**(62 856)**	(62 856)
Equity accounted profits	**439 766**	329 656
Profit from operations	**5 912 727**	4 476 797
Net interest	**(1 297 768)**	(850 716)
– Interest paid	**(1 457 159)**	(989 407)
– Interest received	**159 391**	138 691
Foreign exchange loss	**(13 638)**	(81 279)
Profit before debenture interest	**4 601 321**	3 544 802
Debenture interest	**(1 115 697)**	(2 012 705)
Profit before taxation	**3 485 624**	1 532 097
Taxation	**31 303**	1 389 657
Profit for the year from continuing operations	**3 516 927**	2 921 754
Profit from discontinued operations	**369 458**	935 272
Profit for the year	**3 886 385**	3 857 026
– Redefine shareholders	**3 407 818**	3 619 654
– Continuing operations	**3 042 122**	2 693 667
– Discontinued operations	**365 696**	925 987
– Non-controlling interests	**478 567**	237 372
– Continuing operations	**474 805**	228 087
– Discontinued operations	**3 762**	9 285
Other comprehensive loss	**(40 817)**	(297 087)
Exchange differences on translation of foreign discontinued operations – subsidiaries	**93 230**	93 449
Exchange differences on translation of foreign continuing operations – associates	**(25 140)**	(17 820)
Recycling of exchange differences on translation of disposal/deemed disposal of foreign subsidiary	**(108 907)**	(372 716)
Total comprehensive income for the year	**3 845 568**	3 559 939
– Redefine shareholders	**3 363 439**	3 314 344
– Continuing operations	**3 016 983**	2 675 847
– Discontinued operations	**346 456**	638 497
– Non-controlling interests	**482 129**	245 595
– Continuing operations	**474 805**	228 087
– Discontinued operations	**7 324**	17 508

**Represented – refer to Basis of preparation.*

Consolidated statements of financial position

Audited / R'000	31 August 2014	31 August 2013
ASSETS		
Non-current assets	**55 007 339**	42 796 057
Investment properties	**40 906 077**	32 812 494
– Fair value of investment properties for accounting purposes	**37 710 045**	30 687 910
– Straight-line rental income accrual	**1 213 985**	1 089 942
– Properties under development	**1 982 047**	1 034 642
Listed securities	**2 750 900**	2 050 203
Goodwill	**3 769 570**	3 647 251
Intangible assets	**1 559 106**	1 616 871
Interest in associates and joint ventures	**4 173 173**	1 654 067
Loans receivable	**1 727 212**	837 742
Other financial assets	**23 510**	78 236
Guarantee fees receivable	**50 000**	50 000
Property, plant and equipment	**47 791**	49 193
Current assets	**992 697**	997 895
Properties held-for-trading	**21 349**	23 949
Trade and other receivables	**580 021**	453 483
Loans receivable	**2 050**	113 504
Listed security income receivable	**38 671**	48 051
Cash and cash equivalents	**350 606**	358 908
Non-current assets held-for-sale	**1 490 128**	5 087 645
Total assets	**57 490 164**	48 881 597
EQUITY AND LIABILITIES		
Shareholders/linked unitholders interest	**32 720 342**	19 833 320
Stated capital	**22 558 039**	12 979 046
Reserves	**10 162 303**	6 854 274
Non-current liabilities – debenture capital	**—**	5 085 419
Shareholders/linked unitholders interest	**32 720 342**	24 918 739
Non-controlling interests (NCI)	**3 015 595**	4 240 603
Total shareholders/unitholders interest	**35 735 937**	29 159 342
Non-current liabilities	**14 997 245**	13 525 562
Interest-bearing liabilities	**14 355 324**	12 873 367
Interest rate swaps	**95 192**	10 430
Other financial liabilities	**36 731**	52 241
Deferred taxation	**509 998**	589 524
Current liabilities	**6 756 982**	4 149 445
Trade and other payables	**1 294 307**	948 055
Interest-bearing liabilities	**5 401 205**	2 142 000
Interest rate swaps	**926**	16 165
Other financial liabilities	**12 872**	11 439
Taxation payable	**47 672**	6 390
Linked unitholders for distribution	**—**	1 025 396
Non-current liabilities held-for-sale	**—**	2 047 248
Total equity and liabilities	**57 490 164**	48 881 597
Net asset value per share/linked unit (excluding deferred tax and NCI)(cents)	**976,03**	870,68
Net tangible asset value per share/linked unit (excluding deferred tax and NCI)(cents)	**819,52**	691,00

Distributable income analysis

R'000	Redefine	Fountainhead	International	Total
Net property income (excluding straight-line rental accrual)	2 433 121	969 783	—	**3 402 904**
Listed security income	18 916	—	166 826	**185 742**
Fee income	34 735	—	469	**35 204**
Trading income	1 032	—	—	**1 032**
Total revenue	**2 487 804**	**969 783**	**167 295**	**3 624 882**
Administration costs (excluding transaction costs relating to corporate action)	(114 034)	(73 448)	(126)	**(187 608)**
Distributable equity income from interest in associates (RI PLC and Cromwell Partners Trust)	—	—	301 998	**301 998**
Realised foreign exchange gains	—	—	16 307	**16 307**
Net interest (excluding costs relating to debt restructure and unrealised interest received)	(919 662)	(218 714)	(48 978)	**(1 187 354)**
Net distributable profit before taxation from continuing operations	**1 454 108**	**677 621**	**436 496**	**2 568 225**
Taxation (excluding CGT and deferred tax)	(14 391)	—	(44 678)	**(59 069)**
Net distributable profit from continuing operations	**1 439 717**	**677 621**	**391 818**	**2 509 156**
Net distributable profit from discontinued operations	—	—	22 283	**22 283**
Net profit from operations before distributable adjustments	**1 439 717**	**677 621**	**414 101**	**2 531 439**
Non-controlling interest's share of Fountainhead distribution	—	(231 116)	—	**(231 116)**
Distributable income	**1 439 717**	**446 506**	**414 101**	**2 300 323**
Distributable income adjustments:				
– Pre-acquisition distribution received from Annuity	36 454	—	—	**36 454**
– Antecedent interest	77 446	—	—	**77 446**
Distributable income	**1 553 617**	**446 506**	**414 101**	**2 414 223**

Summarised consolidated statements of cash flow

Audited / R'000	31 August 2014	31 August 2013
Cash generated from continuing operations	**3 612 333**	2 790 761
Net interest paid	**(1 297 768)**	(923 410)
Debenture interest paid	**(2 141 093)**	(1 884 471)
Distributions to non-controlling interests	**(168 460)**	(303 582)
Net cash inflow/(outflow) from operating activities – continuing operations	**5 012**	(320 702)
Net cash inflow from operating activities – discontinued operations	**180 979**	14 523
Net cash inflow/(outflow) from operating activities	**185 991**	(306 179)
Net cash outflow from investing activities	**(5 871 318)**	(5 209 623)
Net cash outflow from investing activities – continuing operations	**(6 491 871)**	(4 810 258)
Net cash inflow/(outflow) from investing activities – discontinued operations	**548 553**	(399 365)
Net cash inflow from financing activities	**5 558 778**	5 504 581
Net cash inflow from financing activities – continuing operations	**5 559 634**	5 500 030
Net cash (outflow)/inflow from financing activities – discontinued operations	**(856)**	4 551
Net movement in cash and cash equivalents	**(126 549)**	(11 221)
Cash and cash equivalents at beginning of year	**358 908**	351 333
Translation effects on cash and cash equivalents of foreign operations	**118 247**	18 796
Cash and cash equivalents at end of year	**350 606**	358 908

Headline earnings and distributable income reconciliation

Audited / R'000	31 August 2014	31 August 2013
Profit for the year attributable to shareholders	**3 407 818**	3 619 654
Changes in fair values of properties (net of deferred taxation)	**(1 108 787)**	(2 024 718)
Profit on disposal/deemed disposal of subsidiaries	**(340 949)**	(898 651)
Profit on deemed disposal of investment in an associate (net of deferred tax)	**(726 919)**	—
Capital gains tax	**—**	64 542
Headline profit attributable to shareholders	**1 231 163**	760 827
Debenture interest	**1 115 697**	2 012 705
Headline earnings attributable to shareholders/linked unitholders	**2 346 860**	2 773 532
Changes in fair values of listed securities and financial instruments (net of deferred taxation)	**(238 302)**	(718 943)
Amortisation of intangibles (net of deferred taxation)	**45 256**	45 256
Alignment of consolidated foreign profits with distributions	**—**	47 589
Straight-line rental income accrual	**(61 721)**	(67 644)
Unrealised foreign exchange loss	**29 945**	85 552
Fair value adjustments of associates and NCI (other than investment property)	**63 965**	(164 203)
Anticipated withholding taxes on RI PLC distributable profit	**(10 517)**	—
Debt restructure costs and unrealised interest received	**110 414**	—
Pre-acquisition distribution received from Annuity	**36 454**	—
Transaction costs relating to Annuity and Fountainhead corporate action	**14 423**	—
Antecedent interest (capitalised on shares issued)	**77 446**	—
Pre-acquisition income on listed securities	**—**	11 566
Distributable income	**2 414 223**	2 012 705
Six months ended 28 February	**1 115 697**	987 309
Six months ended 31 August	**1 298 526**	1 025 396
Total distributions	**2 414 223**	2 012 705
Actual number of shares/linked units in issue (000) *	**3 404 630**	2 929 702
Weighted number of shares/linked units in issue (000)*	**3 090 599**	2 824 980
Diluted number of shares/linked units in issue (000)*	**3 654 675**	2 929 702
Basic earnings per share/linked unit (cents)	**146,36**	199,38
– Continuing operations per share/linked unit (cents)	**134,53**	166,60
– Discontinued operations per share/linked unit (cents)	**11,83**	32,78
Diluted earnings per share/linked unit (cents) ^	**123,78**	—
– Continuing operations per share/linked unit (cents)	**113,77**	—
– Discontinued operations per share/linked unit (cents)	**10,01**	—
Headline earnings per share/linked unit (cents)	**75,94**	98,18
– Continuing operations per share/linked unit (cents)	**75,48**	97,21
– Discontinued operations per share/linked unit (cents)	**0,46**	0,97
Diluted headline earnings per share/linked unit (cents) ^	**64,22**	—
– Continuing operations per share/linked unit (cents)	**63,83**	—
– Discontinued operations per share/linked unit (cents)	**0,39**	—
Distribution per share/linked unit (cents)	**74,54**	68,70

**Excludes 5 876 766 treasury shares/units.*
^In the prior period there were no dilutionary linked units in issue.

Summarised consolidated statements of changes in equity

Audited / R'000	31 August 2014	31 August 2013
Opening balance	**24 073 923**	16 551 915
Issue of shares/linked units	**3 663 579**	1 318 110
Conversion of debentures to stated capital	**5 915 414**	—
Effect on NCI from deemed disposal and dilution of interest in subsidiary	**—**	(1 177 188)
Total comprehensive income for the year	**3 845 568**	3 559 939
Transactions with non-controlling interests	**(1 686 423)**	(153 782)
Changes in ownership interests in subsidiaries	**(84 004)**	(431 968)
Share-based payment reserve	**7 880**	5 822
NCI on acquisition of subsidiaries	**—**	4 401 075
Total stated capital, reserves and non-controlling interests	**35 735 937**	24 073 923

Summarised segmental analysis

Audited / R'000	Office	Retail	Industrial	Fountainhead	Total
Year ended 31 August 2014					
Contractual rental income¥	1 597 514	1 520 780	633 521	1 558 613	**5 310 428**
Operating costs	(551 164)	(619 196)	(183 896)	(553 268)	**(1 907 524)**
Net property income	**1 046 350**	**901 584**	**449 625**	**1 005 345**	**3 402 904**
Investment properties#	11 781 330	11 302 104	5 162 643	12 168 081	**40 414 158**
Year ended 31 August 2013					
Contractual rental income¥*	1 385 523	1 210 012	524 042	604 400	**3 723 977**
Operating costs*	(432 424)	(425 132)	(132 013)	(215 277)	**(1 204 846)**
Net property income	**953 099**	**784 880**	**392 029**	**389 123**	**2 519 131**
Investment properties#	9 380 152	9 251 965	4 308 244	11 105 125	**34 045 486**

¥*Excluding straight-line rental income accrual.*
#*Excluding properties under development and held-for-trading. Properties classified as held-for-sale are included.*
**Represented – refer to Basis of preparation.*

Commentary

Profile

Redefine is a diversified Real Estate Investment Trust (REIT), with a strategic focus centred on delivering sustained value to stakeholders. Redefine controls a property income earning asset base of R51,1 billion and is capitalised on the Johannesburg Stock Exchange (JSE) at R36,4 billion.

At 31 August 2014, it actively managed a diversified directly held local property portfolio valued at R31,5 billion, while Fountainhead Property Trust (Fountainhead), in which Redefine has a 65,9% equity interest, had a R12,2 billion (predominantly retail) property portfolio.

Redefine's international property investments totalling R7,4 billion, (representing 14,5% of the group's property assets) provide geographic diversification. Redefine has a 30,1% equity interest, equating to R3,5 billion, in Redefine International P.L.C. (RI PLC) which is listed on both the London Stock Exchange and the JSE. In addition, Redefine has a R3,9 billion presence in the Australian property market through a direct 50% interest in North Sydney's landmark tower, Northpoint, as well as a holding of 15,9% in Cromwell Property Group (Cromwell), which is listed on the Australian Stock Exchange, and an indirect equity interest of a further 10% through RI PLC.

Financial results

Redefine has declared a dividend of 38,14000 cents per share for the six months ended 31 August 2014, an increase of 9% on the comparable period and ahead of market guidance. This brings the full year distribution to 74,54000 cents per share (2013: 68,70000 cents per share) resulting in year-on-year growth of 8,5%, underpinned by a solid performance by the core property portfolio, bolstered by acquisitions made in the previous financial year and a strong contribution from international operations. In Rand terms, distributable income for the year grew by 19,9%.

Property portfolio income for the year was 96,0% (2013: 90,4%) of total revenue, income from listed securities 3,3% (2013: 7,4%), and trading and fee income 0,7% (2013: 2,2%).

Operating costs were 35,9% of contractual rental income (2013: 32,4%), with the increase arising mainly from the internalisation of electricity recoveries. Net of electricity and utility recoveries, operating costs were 18,8% of contractual rental income (2013: 20,1%).

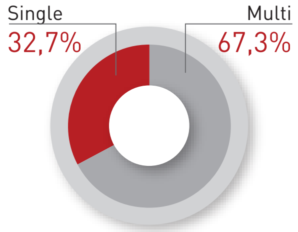
Redefine's international operations contributed 17,2% (2013: 15,0%) to distributable income.

Changes in fair values

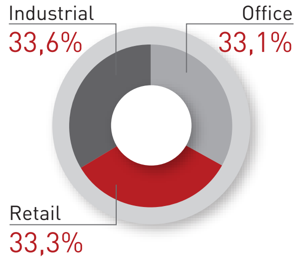
The group's property portfolio was independently valued at 31 August 2014 resulting in a net increase in value of R1,2 billion. The investment in listed securities decreased in value by R340 million during the year and the sale of the remaining holding in Hyprop Investments Limited realised a gain of R637 million. The unbundling of RI PLC resulted in a deemed profit on sale of an investment in an associate of R735 million. The balance mainly relates to the mark to market of the group's interest rate swaps, which protect the group against adverse interest rate movements.

Redefine's property portfolio (excluding Fountainhead)

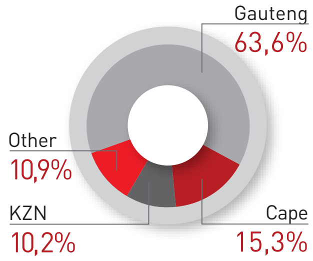
Portfolio split by tenant type



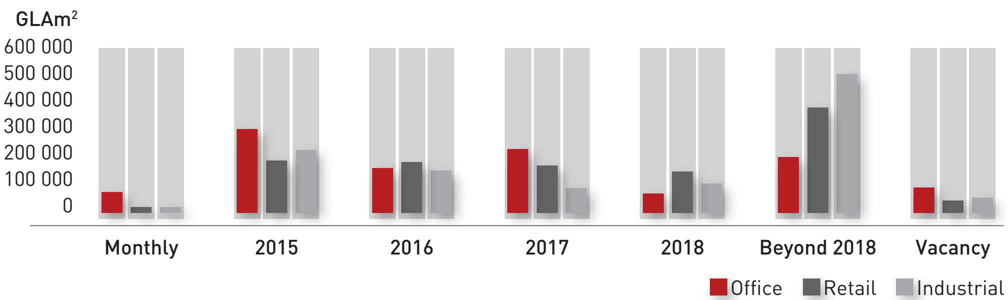
Sectoral spread by GLA



Geographic spread by GLA



Lease expiry profile



Letting activity: During the year, the overall vacancy rate increased marginally by 0,2% to 5,5% reflecting a number of industrial vacates. Leases covering 570 610 m² were renewed at an average rental increase of 5,4%. A further 238 203m² was let across the portfolio. Vacancies are set out below as a percentage of gross lettable area (GLA):

	2014	2013
Office	**7,2%**	8,6%
Retail	**3,9%**	3,6%
Industrial	**5,3%**	3,7%
Total	**5,5%**	**5,3%**

Arrears amounted to R61 million (2013: R46 million) against which a provision for possible bad debts of R29 million (2013: R21 million) is held. The increase in arrears is due to the growth in rental income and reflects a number of tenants who are operating under Business Rescue proceedings (Redefine's exposure to Ellerines is approximately 1,8% of gross rental income and no provision was required at 31 August 2014).

Redefine's property portfolio strategy

Redefine has made further substantial progress in implementing its strategy of diversifying, growing and improving the quality of the core property portfolio. The emphasis in acquisitions, wherever possible, is to secure fully repairing leases with blue-chip tenants.

Acquisitions: 26 properties, with a GLA of 275 095 m², were acquired and transferred during the year for an aggregate purchase consideration of R4,6 billion at an initial yield of 8,0%. In addition and subject to the usual conditions precedent, agreements (including the Macsteel industrial property portfolio) have been concluded for the acquisition of properties for an aggregate consideration of R3 billion at an initial yield of 8,7% and GLA of 580 735 m². Properties with an aggregate consideration of R2,9 billion transferred subsequent to the reporting period.

Developments: Redefine's newly completed premium grade 90 Grayston property (R504 million) earned a 4-Star Green Star SA design rating and is already 88% let, yielding 8,5% for occupation during the first half of 2015. Matlosana Mall (R1 billion), a 65 180 m² super-regional mall, yielding 8,2%, successfully opened its doors on 23 October 2014. New development projects covering 86 123 m² of GLA with an approved value of R1,5 billion at an average yield of 8,2%, are presently in progress. Redevelopment projects of the existing portfolio with an approved value of R847 million at an average yield of 6,9% are also in progress.

Disposals: During the year, 10 properties with a GLA of 58 008 m², which no longer meet Redefine's investment criteria, were sold to various buyers for an aggregate consideration of R202 million at an average yield of 11%. Agreements for the disposal of properties for an aggregate consideration of R571 million with a GLA of 65 771 m², were concluded which are subject to conditions precedent.

Government tenanted office portfolio: Discussions with a number of interested parties are underway to dispose of the portfolio in tranches through a managed process to minimise any dilution in distributable income. As there is a high degree of deal risk associated with these transactions, the properties are no longer included in non-current assets held-for-sale.

Fountainhead: Redefine's offer to acquire Fountainhead's property portfolio did not receive the requisite support from those Fountainhead unitholders eligible to vote on the transaction (Redefine could not vote its majority stake). Redefine believes its offer was fair and was not willing to pay more to acquire the balance of Fountainhead. Fountainhead remains an integral part of the Redefine group and in the fullness of time the balance will be acquired. For now the status quo remains.

Annuity Properties Limited (Annuity): Redefine acquired 18 high quality properties with a GLA of 143 602 m² at a yield of 8,7% in a single transaction. On 23 June 2014 the group acquired 100% of the share capital and the loan claims of Annuity, Annuity Asset Managers Proprietary Limited and Annuity Property Managers Proprietary Limited (the management companies). Annuity and the management companies' share capital was acquired for an aggregate consideration of R1,4 billion.

The acquired businesses contributed revenues of R18,2 million and net profit after tax (including fair value adjustments) of R56,6 million to the group for the two months since acquisition. These amounts have been accounted for in terms of the group's accounting policies.

The transaction had a commercial effective date of 1 March 2014 and pre-acquisition income of R36,5 million was recognised for distributable income purposes as 136,6 million Redefine shares were issued ranking for distribution from the commercial effective date.

If the businesses had been acquired on 1 September 2013, management estimates that the revenue and profit after tax from these businesses would have been R186,4 million and R78,8 million respectively.

Purchase consideration	R'000
Cost of shares acquired	1 405 054
Loan claims acquired	5 552
Total purchase consideration	**1 410 606**

The assets and liabilities as at 23 June 2014 arising from the acquisition are as follows:

	Fair value R'000
Investment properties	1 894 586
Straight-line rental income accrual	55 135
Interest rate swaps	4 245
Trade and other receivables**	35 365
Cash and cash equivalents	14 609
Interest-bearing liabilities – non-current	(612 437)
Deferred taxation	102
Trade and other payables	(42 404)
Shareholder's loans	(5 552)
Interest-bearing liabilities – current	(60 914)
Fair value of net assets	**1 282 735**
Goodwill*	122 319
Shareholder's loans acquired	5 552
Total purchase consideration	**1 410 606**
Purchase consideration:	1 410 606
– Settled in Redefine shares	1 307 506
– Settled in cash	103 100
Cash and cash equivalents in subsidiary acquired	(14 609)
Cash outflow on acquisition	**88 491**

**The goodwill arises as a result of the expected synergies from the acquisition.*

***Gross contractual amounts receivable are R36,9 million, the group's best estimate of the contractual cashflow not expected to be collected is R1,5 million.*

Listed securities

Cromwell: During the year Redefine received South African Reserve Bank approval to hold its interest in Cromwell directly and over the year increased its holding by 3,5% to 15,9%.

Emira Property Fund (Emira): Subsequent to the year end, Redefine identified an opportunity to acquire a strategic foothold in Emira on a yield enhancing basis. The stake is positive on a stand-alone basis and positions Redefine well to be a participant in any possible future corporate action involving Emira. 13,7% of Emira's participatory interests are owned by Redefine.

Interests in associates

RI PLC: Redefine Properties International Limited's (RIN) unitholders approved the distribution of the RI PLC shares held at a general meeting held on 18 October 2013. Following the secondary inward listing of RI PLC on the JSE on 28 October 2013, RIN unbundled all of the RI PLC shares it held. With effect from 1 December 2013 Redefine International Fund Managers was internalised as part of RI PLC's conversion to a UK-REIT. Redefine received as consideration 69,3 million RI PLC shares. During the year Redefine reduced its interest in RI PLC by 2,8% to 30,1% and used the proceeds to partly fund the increased holding in Cromwell.

Cromwell Partners Trust (CPT): During the year CPT, which is a 50/50 joint venture between Redefine and Cromwell acquired an office building, Northpoint Tower (Northpoint), for AUD279 million. Northpoint is North Sydney's tallest and most recognisable office tower with a total land area of more than 5 000m^2 and a net lettable area of 35 145m^2 spread across 42 floors, which is fully let. Redefine's equity contribution of AUD80 million was funded through gearing obtained in Australia, on a non-recourse basis, against its holding in Cromwell.

Distribution adjustment: It is Redefine's policy to distribute its share of income from international investments to the extent of dividends received. Accordingly, an adjustment has been made to the company's distributable earnings for the year to adjust the equity accounted results from its international investments to reflect the anticipated dividends.

Funding

Redefine's group borrowings of R19,8 billion at 31 August 2014 comprised borrowings of R16,6 billion by Redefine and R3,2 billion by Fountainhead. Redefine's debt represented 37,0% of the value of its property assets. Redefine's average cost of funding is 8,1% (2013: 8,0%) – interest rates are fixed on 78,3% (2013: 65,9%) of borrowings for an average period of 3,5 years.

During the year Redefine raised R2,8 billion through two accelerated bookbuilds (296,7 million shares), retained R402 million (41,6 million shares) through the distribution reinvestment alternative and 136,6 million shares were issued for the acquisition of the Annuity property portfolio.

Subsequent to the reporting period a further 143,1 million shares were issued (to raise R1,5 billion) as part of an accelerated bookbuild and 106,9 million shares were issued in an exchange to acquire the stake in Emira, taking the total number of shares, ranking for distribution to 3 660 552 052.

Moody's credit rating: The rating was refreshed during August 2014 and remains unchanged as follows:

Global long-term Baa3	Global short-term P-3
National long-term A3.za	National short-term P-2.za

Capital conversion

To align the company's capital structure with the REIT standard in South Africa and to comply with JSE Listings Requirements for REITs, Redefine converted its linked unit capital structure into an all share capital structure within the scheme of arrangement framework provided for in terms of section 114 of the Companies Act. The implementation date of the scheme was 29 August 2014 resulting in a R5,9 billion increase to stated capital.

Contingencies and commitments

At 31 August 2014, Redefine had guarantees and suretyships in respect of its BEE initiatives and subsidiaries amounting to R218 million (2013: R272 million). Redefine has capital commitments outstanding of R2,5 billion (2013: R3,1 billion) and committed property acquisitions of R3,0 billion (2013: R2,4 billion). The commitments are funded from the proceeds of the recent equity raise and new banking facilities.

Changes to the Board and company secretary

Roger Rees (independent non-executive) sadly passed away on 11 June 2014. Dines Gihwala (independent non-executive Chairman) resigned, for personal reasons, from the Board with effect from 26 June 2014. Robert Robinson (independent non-executive) resigned from the Board with effect from 4 July 2014 to avoid possible conflicts of interest which might arise as a result of him pursuing other property projects and investment opportunities. The Board thanks these gentlemen for their valuable contributions during their tenure.

With effect from 1 August 2014 Marc Wainer was appointed as executive Chairman and Andrew Konig as Chief Executive Officer. Following these changes, Bernie Nackan was appointed as the lead independent non-executive director, David Nathan was appointed Chairman of the Audit and Risk Committee and replaced Dines Gihwala as Chairman of the Social and Ethics Committee with Günter Steffens appointed as a member of the Audit and Risk Committee as well as the Remuneration and Nomination Committee. Mike Watters was appointed as a non-executive director on 1 August 2014. Leon Kok was appointed as Financial Director with effect from 1 October 2014.

Probity Business Services Proprietary Limited disposed of its business to Computershare Investor Services Proprietary Limited (Computershare) on 5 June 2014 and as a result CIS Company Secretaries Proprietary Limited, a subsidiary of Computershare, was appointed as company secretary.

Prospects

An upward interest rate cycle, disproportionate increases in administered prices and a lacklustre trading environment pose challenges but will no doubt also create opportunities in the coming year. The diversified asset base combined with management's relentless focus on achieving cost efficiencies, strongly positions Redefine to actively pursue its strategy. Growth in distributable income per share for 2015 is anticipated to be between 7% and 7,5%. This forecast has not been reviewed or reported on by the group's independent external auditors.

The forecast is predicated on the assumption that current trading conditions will prevail. Forecast rental income is based on contractual terms and anticipated market related renewals.

Declaration of a cash dividend with the election to reinvest the cash dividend in return for Redefine shares

Shareholders were advised today, 6 November 2014 in the company's results for the year ended 31 August 2014 that the board of directors of Redefine declared a final cash dividend of 38,14000 cents per share, for the six months ended 31 August 2014, out of the company's distributable income (the cash dividend).

Shareholders will be entitled, in respect of all or part of their shareholding, to elect to re-invest the cash dividend in return for Redefine shares (the share alternative), failing which they will receive the cash dividend of 38,14000 cents per share that will be paid to those shareholders not electing to participate in the share alternative.

A circular providing further information in respect of the cash dividend and share alternative will be posted to Redefine shareholders on 7 November 2014.

Shareholders who have dematerialised their shares through a Central Securities Depository Participant (CSDP) or broker should instruct their CSDP or broker with regard to their election in terms of the custody agreement entered into between them and their CSDP or broker.

Salient dates and times

The salient dates and times for the cash dividend and share alternative are as set out below.

	2014
Circular and form of election posted to shareholders	Friday, 7 November
Finalisation information including the share ratio and price per share published on SENS	Friday, 14 November
Last day to trade in order to participate in the election to receive the share alternative or to receive a cash dividend (LDT)	Friday, 21 November
Shares to trade ex-dividend	Monday, 24 November
Listing of maximum possible number of shares under the share alternative	Wednesday, 26 November
Last day to elect to receive the share alternative or to receive a cash dividend (no late forms of election will be accepted) at 12:00 (SA time)	Friday, 28 November
Record date for the election to receive the share alternative or to receive a cash dividend (record date)	Friday, 28 November
Announcement of results of cash dividend and share alternative released on SENS	Monday, 1 December
Cash dividend cheques posted to certificated shareholders on or about	Monday, 1 December
Accounts credited by CSDP or broker to dematerialised shareholders with the cash dividend payment	Monday, 1 December
Share certificates posted to certificated shareholders on or about	Wednesday, 3 December
Accounts updated with the new shares (if applicable) by CSDP or broker to dematerialised shareholders	Wednesday, 3 December
Adjustment to shares listed on or about	Friday, 5 December

Notes

1. Shareholders electing the share alternative are alerted to the fact that the new shares will be listed on LDT + 3 and that these new shares can only be traded on LDT + 3, due to the fact that settlement of the shares will be three days after the record date, which differs from the conventional one day after record date settlement process.
2. Shares may not be dematerialised or rematerialised between Monday, 24 November 2014 and Friday, 28 November 2014, both days inclusive.
3. The above dates and times are subject to change. Any changes will be released on SENS.

Tax implications

Redefine was granted REIT status by the JSE with effect from 1 September 2013 in line with the REIT structure as provided for in the Income Tax Act, No. 58 of 1962, as amended (the Income Tax Act) and section 13 of the JSE Listings Requirements.

The REIT structure is a tax regime that allows a REIT to deduct qualifying distributions paid to investors, in determining its taxable income.

The cash dividend of 38,14000 cents per share meets the requirements of a qualifying distribution for the purposes of section 25BB of the Income Tax Act (a qualifying distribution) with the result that:

- qualifying distributions received by resident Redefine shareholders must be included in the gross income of such shareholders (as a non-exempt dividend in terms of section 10(1)(k)(aa) of the Income Tax Act), with the effect that the qualifying distribution is taxable as income in the hands of the Redefine shareholder. These qualifying distributions are however exempt from dividends withholding tax, provided that the South African resident shareholders provided the following forms to their CSDP or broker, as the case may be, in respect of uncertificated shares, or the company, in respect of certificated shares:
  - a declaration that the dividends are exempt from dividends tax; and
  - a written undertaking to inform the CSDP, broker or the company, as the case may be, should the circumstances affecting the exemption change or the beneficial owner cease to be the beneficial owner,

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

– qualifying distributions received by non-resident Redefine shareholders will not be taxable as income and instead will be treated as ordinary dividends but which are exempt in terms of the usual dividend exemptions per section 10(1)(k) of the Income Tax Act. It should be noted that until 31 December 2013 qualifying distributions received by non-residents were not subject to dividends withholding tax. From 1 January 2014, any qualifying distribution will be subject to dividends withholding tax at 15%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation (DTA) between South Africa and the country of residence of the unitholder. Assuming dividends withholding tax will be withheld at a rate of 15%, the net dividend amount due to non-resident shareholders is 32,41900 cents per share. A reduced dividend withholding rate in terms of the applicable DTA, may only be relied upon if the non-resident shareholder has provided the following forms to their CSDP or broker, as the case may be, in respect of uncertificated shares, or the company, in respect of certificated shares:
  – a declaration that the dividend is subject to a reduced rate as a result of the application of a DTA; and
  – a written undertaking to inform their CSDP, broker or the company, as the case may be, should the circumstances affecting the reduced rate change or the beneficial owner cease to be the beneficial owner,

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

Shareholders are advised that in electing to participate in the share alternative, pre-taxation funds are utilised for the reinvestment purposes and that taxation will be due on the total cash dividend amount of 38,14000 cents per share.

Other information

– The ordinary issued share capital of Redefine is 3 660 552 052 ordinary shares of no par value before any election to reinvest the cash dividend.
– Income Tax Reference Number of Redefine: 917/852/484/0.

The cash dividend or share alternative may have tax implications for resident as well as non-resident shareholders. Shareholders are therefore encouraged to consult their professional advisors should they be in any doubt as to the appropriate action to take.

Dividend declaration after reporting date

In line with IAS 10 – Events after the Reporting Period, the declaration of the dividend occurred after the end of the reporting period, resulting in a non-adjusting event which is not recognised in the financial statements. In prior periods, the distribution consisted of debenture interest which accrued on a daily basis.

Basis of preparation

The financial statements for the year ended 31 August 2014 have been audited by the group's independent external auditors Grant Thornton (Jhb) Inc. Their unqualified audit opinion is available for inspection at the company's registered office. These summarised results have been prepared in accordance with International Financial Reporting Standards (IFRS), 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). Except for the new standards adopted and the change in accounting policy for property portfolio revenue as set out below, the accounting policies applied by the group in the preparation of these consolidated annual financial statements from which the summarised financial statements are derived in terms of IFRS and are consistent with the accounting policies applied in the preparation of the previous consolidated annual financial statements. The group adopted the following new standards:

• Amendment to IFRS 7 – Disclosures – Offsetting Financial Assets and Financial Liabilities
• IFRS 10 – Consolidated Financial Statements
• IFRS 11 – Joint Arrangements
• IFRS 12 – Disclosure of Interests in Other Entities
• IFRS 13 – Fair Value Measurement
• Amendments to IAS 1 – Presentation of Items of Other Comprehensive Income
• Amendments to IAS 16 – Property, Plant and Equipment
• Revised IAS 27 and 28 – Investments in Associates and Joint Ventures
• Amendments to IAS 32 – Financial Instrument Presentation

There was no material impact on the financial statements identified based on management's assessment of these standards.

In terms of IAS 18 – Revenue, Redefine acts as a principal for the collection of operating cost recoveries and as such these recoveries should be accounted for as revenue and included in contractual rental income. In light thereof the directors of Redefine decided during the current year to revise the accounting policy relating to the recognition of the operating costs recoveries received from tenants. In the prior period these recoveries were offset against the relevant operating costs. The revised policy adopted in the current year is as follows: Recoveries of costs from lessees are included in contractual rental income, however where Redefine merely acts as an agent and makes payment of these costs on behalf of lessees, the recoveries are offset against the relevant costs. In our view this policy better reflects the economic substance of the transaction and is seen as best practice in the REIT industry. This change provides more relevant information to the users of the financial statements. This change has not resulted in any impact on the profit of the group. This change has been applied retrospectively and as a result the prior period's statements of comprehensive income and the segmental analysis have been represented to reflect this change.

This summarised report for the year ended 31 August 2014 has been extracted from the audited annual financial statements but is not itself audited. The audit report does not necessarily cover all the information included in the announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the company's registered office. The directors take full responsibility for the preparation of this summarised report and confirm that the financial information has been correctly extracted from the underlying audited results for the year ended 31 August 2014.

These financial results have been prepared under the supervision of Andrew Konig (CA)SA and Leon Kok (CA)SA.

By order of the Board
Redefine Properties Limited

5 November 2014

Redefine Properties Limited
(Incorporated in the Republic of South Africa)
Registration number: 1999/018591/06
JSE share code: RDF ISIN: ZAE000190252
("Redefine" or "the company" or "the group") (Approved as a REIT by the JSE)

Directors: M Wainer* (Chairman), A J Konig* (CEO), L C Kok* (FD), H K Mehta, B Nackan+, D A Nathan, D H Rice*† (COO), M J Ruttell*@, G Z Steffens#, M J Watters

*Executive †British @Irish #German +Lead independent

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

Transfer secretaries: Computershare Investor Services Proprietary Limited

Sponsor: Java Capital

Company secretary: CIS Company Secretaries Proprietary Limited