

REDEFINE PROPERTIES LIMITED

GROUP RESULTS

summarised and audited

FOR THE YEAR ENDED 31 AUGUST 2015



Distribution of 80 cents
+7,3% in line with guidance

Property assets R64,5 billion
+R13,4 billion

Developments of R3,8 billion
projects of R1,4 billion completed

Market cap R54,8 billion
+R18,4 billion – Top 40 inclusion

Acquisitions R11,2 billion
all asset categories expanded

Fountainhead merger
shift in sector focus to retail



We're not landlords. We're people.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	31 August 2015 R'000	31 August 2014 R'000
Revenue		
Property portfolio	6 304 742	5 372 149
– Contractual rental income	6 141 437	5 310 428
– Straight-line rental income accrual	163 305	61 721
Listed security income	344 229	185 742
Insurance proceeds received	119 420	–
Fee income	44 800	35 204
Trading (loss)/income	(1 946)	1 032
Total revenue	6 811 245	5 594 127
Operating costs	(2 084 709)	(1 907 524)
Administration costs	(228 834)	(202 031)
Net operating profit	4 497 702	3 484 572
Change in fair value of properties, listed securities and financial instruments	2 242 360	2 051 245
Amortisation of intangible assets	(62 856)	(62 856)
Equity accounted profit	453 053	439 766
Profit from operations	7 130 259	5 912 727
Net interest	(1 376 835)	(1 297 768)
– Interest paid	(1 683 064)	(1 457 159)
– Interest received	306 229	159 391
Foreign exchange loss	(223 072)	(13 638)
Profit before debenture interest	5 530 352	4 601 321
Debenture interest	–	(1 115 697)
Profit before taxation	5 530 352	3 485 624
Taxation	170 662	31 303
Profit from continuing operations	5 701 014	3 516 927
Profit from discontinued operations	–	369 458
Profit for the year	5 701 014	3 886 385
– Redefine shareholders	5 425 097	3 407 818
– Continuing operations	5 425 097	3 042 122
– Discontinued operations	–	365 696
– Non-controlling interest	275 917	478 567
– Continuing operations	275 917	474 805
– Discontinued operations	–	3 762
Other comprehensive loss	(90 397)	(40 817)
<i>Items that are or may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign continuing/discontinued operations – subsidiaries	(70 491)	93 230
Exchange differences on translation of foreign continuing operations – associates	(19 906)	(25 140)
Recycling of exchange differences on translation of disposal/deemed disposal of foreign subsidiary	–	(108 907)
Total comprehensive income	5 610 617	3 845 568
– Redefine shareholders	5 334 700	3 363 439
– Continuing operations	5 334 700	3 016 983
– Discontinued operations	–	346 456
– Non-controlling interests	275 917	482 129
– Continuing operations	275 917	474 805
– Discontinued operations	–	7 324

SUMMARISED CONSOLIDATED STATEMENTS OF CASH FLOW

	31 August 2015 R'000	31 August 2014 R'000
Cash generated from continuing operations	4 201 916	3 612 333
Net interest paid	(1 376 835)	(1 297 768)
Distributions paid	(2 859 144)	(2 141 093)
Distributions to non-controlling interests	(264 910)	(168 460)
Net cash (outflow)/inflow from operating activities		
– Continuing operations	(298 973)	5 012
Net cash inflow from operating activities		
– Discontinued operations	–	180 979
Net cash (outflow)/inflow from operating activities	(298 973)	185 991
Net cash outflow from investing activities	(6 371 977)	(5 871 318)
Net cash outflow from investing activities		
– Continuing operations	(6 371 977)	(6 419 871)
Net cash inflow from investing activities		
– Discontinued operations	–	548 553
Net cash inflow from financing activities	6 583 831	5 558 778
Net cash inflow from financing activities		
– Continuing operations	6 583 831	5 559 634
Net cash outflow from financing activities		
– Discontinued operations	–	(856)
Net movement in cash and cash equivalents	(87 119)	(126 549)
Cash and cash equivalents at beginning of the year	350 606	358 908
Translation effects on cash and cash equivalents of foreign operations	(133 563)	118 247
Cash and cash equivalents at end of the year	129 924	350 606

DISTRIBUTABLE INCOME ANALYSIS

	Redefine R'000	Fountainhead R'000	International R'000	Total R'000
Net property income (excluding straight-line rental accrual)	3 161 867	894 861	–	4 056 728
Listed security income	138 541	–	205 688	344 229
Fee income	44 800	–	–	44 800
Trading loss	(1 946)	–	–	(1 946)
Administration costs	(146 639)	(66 932)	(15 263)	(228 834)
Distributable income from interest in associates and joint ventures	–	–	384 448	384 448
Realised foreign exchange gains	–	–	10 776	10 776
Net interest	(1 236 819)	(173 323)	33 307	(1 376 835)
Distributable income before taxation	1 959 804	654 606	618 956	3 233 366
Taxation (excluding deferred tax)	(7 185)	–	(64 636)	(71 821)
Distributable income after taxation	1 952 619	654 606	554 320	3 161 545
Non-controlling interests' share of Fountainhead distribution	–	(223 266)	–	(223 266)
Distributable income before distributable income adjustments	1 952 619	431 340	554 320	2 938 279
<i>Below the line-distributable income adjustments:</i>				
– Pre-acquisition listed security income	–	–	6 565	6 565
– Antecedent distribution	209 474	–	–	209 474
– Emira distribution accrual (July and August 2015)	13 751	–	–	13 751
– Pre-acquisition distribution received from Leaf	14 955	–	–	14 955
– Transactions costs relating to business acquisitions	4 874	–	–	4 874
– Fountainhead's NCI portion of distribution for period 1 March 2015 to 3 August 2015	–	101 917	–	101 917
Distributable income	2 195 673	533 257	560 885	3 289 815

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	31 August 2015 R'000	31 August 2014 R'000
ASSETS		
Non-current assets	67 465 410	55 007 339
Investment properties	49 898 869	40 906 077
– Fair value of investment properties	46 589 717	37 710 045
– Straight-line rental income accrual	1 436 762	1 213 985
– Properties under development	1 872 390	1 982 047
Listed securities	988 793	2 750 900
Goodwill and intangible assets	5 367 047	5 328 676
Interest in associates and joint ventures	9 823 319	4 173 173
Interest rate swaps	93 150	–
Loans receivable	1 184 924	1 727 212
Other financial assets	–	23 510
Guarantee fees receivable	73 760	50 000
Property, plant and equipment	35 548	47 791
Current assets	1 422 776	992 697
Properties held-for-trading	1 080	21 349
Trade and other receivables	617 964	580 021
Loans receivable	587 440	2 050
Listed security income receivable	86 368	38 671
Cash and cash equivalents	129 924	350 606
Non-current assets held-for-sale	1 289 612	1 490 128
Total assets	70 177 798	57 490 164
EQUITY AND LIABILITIES		
Shareholders' interest	45 145 459	32 720 342
Stated capital	33 738 010	22 558 039
Reserves	11 407 449	10 162 303
Non-controlling interests (NCI)	–	3 015 595
Total shareholders' interest	45 145 459	35 735 937
Non-current liabilities	21 894 566	14 997 245
Interest-bearing liabilities	21 602 140	14 355 324
Interest rate swaps	–	95 192
Other financial liabilities	17 507	36 731
Deferred taxation	274 919	509 998
Current liabilities	3 137 773	6 756 982
Trade and other payables	1 106 230	1 294 307
Interest-bearing liabilities	1 980 226	5 401 205
Interest rate swaps	10 488	926
Other financial liabilities	18 437	12 872
Taxation payable	22 392	47 672
Total equity and liabilities	70 177 798	57 490 164
Net asset value per share (excluding deferred tax and NCI) (cents)	1 021.00	976.03
Net tangible asset value per share (excluding deferred tax and NCI) (cents)	900.35	819.52

HEADLINE EARNINGS AND DISTRIBUTABLE EARNINGS RECONCILIATION

	31 August 2015 R'000	31 August 2014 R'000
Profit for the year attributable to Redefine shareholders	5 425 097	3 407 818
Change in fair value of properties (net of deferred taxation)	(2 111 739)	(1 108 787)
Insurance proceeds received	(119 420)	-
Profit on disposal/deemed disposal of subsidiaries	-	(340 949)
Profit on deemed disposal of interest in an associate (net of deferred tax)	-	(726 919)
Headline profit attributable to Redefine shareholders	3 193 938	1 231 163
Debenture interest	-	1 115 697
Headline earnings attributable to Redefine shareholders	3 193 938	2 346 860
Change in fair value of listed securities and financial instruments (net of deferred taxation)	(532 016)	(238 302)
Amortisation of intangible assets (net of deferred taxation)	45 256	45 256
Emira distribution accrual for July and August 2015	13 751	-
Fountainhead's NCI portion of distribution for period 1 March 2015 to 3 August 2015	101 917	-
Straight-line rental income accrual	(163 305)	(61 721)
Unrealised foreign exchange loss	233 848	29 945
Fair value adjustments of associates and NCI (other than investment property)	160 558	53 448
Debt restructure costs and unrealised interest received	-	110 414
Pre-acquisition distribution received from annuity	-	36 454
Pre-acquisition distribution received from Leaf	14 955	-
Transaction costs relating to business acquisitions	4 874	14 423
Antecedent distribution	209 474	77 446
Pre-acquisition listed security income	6 565	-
Distributable earnings	3 289 815	2 414 223
Six months ended 28 February	1 465 880	1 115 697
Six months ended 31 August	1 823 935	1 298 526
Total distributions	3 289 815	2 414 223
Actual number of shares in issue (000)*	4 448 623	3 404 630
Weighted number of shares in issue (000)*	3 798 575	3 090 599
Diluted number of shares in issue (000)*	3 798 575	3 654 675
Basic earnings per share (cents)	142.82	146.36
- Continuing operations per share (cents)	142.82	134.53
- Discontinued operations per share (cents)	-	11.83
Diluted earning per share (cents)	142.82	123.78
- Continuing operations per share (cents)	142.82	113.77
- Discontinued operations per share (cents)	-	10.01
Headline earnings per share (cents)	84.08	75.94
- Continuing operations per share (cents)	84.08	75.48
- Discontinued operations per share (cents)	-	0.46
Diluted headline earnings per share (cents)	84.08	64.22
- Continuing operations per share (cents)	84.08	63.83
- Discontinued operations per share (cents)	-	0.39
Distribution per share (cents)	80.00	74.54

* Excludes 305 876 766 (2014: 5 876 766) treasury shares

SUMMARISED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	31 August 2015 R'000	31 August 2014 R'000
Opening balance	35 735 937	24 073 923
Issue of shares	11 179 971	3 663 579
Conversion of debentures to stated capital	–	5 915 414
Total comprehensive income for the year	5 610 617	3 845 568
Transactions with non-controlling interests	(4 529 930)	(1 686 423)
Changes in ownership interests in subsidiaries	–	(84 004)
Share-based payment reserve	8 008	7 880
Distributions paid	(2 859 144)	–
Total stated capital, reserves and non-controlling interests	45 145 459	35 735 937

CONDENSED SEGMENTAL ANALYSIS

	Office R'000	Retail R'000	Industrial R'000	Specialised R'000	Fountainhead R'000	Total R'000
Year ended 31 August 2015						
Contractual rental income [^]	2 009 643	1 859 390	886 976	3 646	1 381 782	6 141 437
Operating costs	(669 542)	(733 126)	(230 003)	(5)	(452 033)*	(2 084 709)
Net property income	1 340 101	1 126 264	656 973	3 641	929 749	4 056 728
Investment property portfolio[#]	18 355 620	20 622 822	9 917 549	420 100	–	49 316 091
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 property portfolio[#]	11 781 330	11 302 104	5 162 643	–	12 168 081	40 414 158

[^] Excluding straight-line rental income accrual.

[#] Excluding properties under development and held-for-trading. Properties classified as held-for-sale are included.

* Fountainhead results are for 11 months and exclude property management fees reversed on consolidation of R34,9 million.

COMMENTARY

PROFILE

Redefine is a diversified Real Estate Investment Trust (REIT) with a market capitalisation of R54,8 billion and is classified as one of the Top 40 companies listed on the Johannesburg Stock Exchange (JSE). Redefine manages a property asset base with a market value of R64,5 billion, comprising local and international property investments. Redefine's core focus is to deliver sustained value to all stakeholders by achieving its primary goal of growing and improving cash flow. Redefine's shares are actively traded on the JSE, making it a highly liquid investment choice for gaining exposure to the domestic and international commercial real estate markets.

At 31 August 2015, Redefine's diversified, local property portfolio was valued at R53,4 billion. The group's international investments, valued at R11,1 billion represent 17,3% of total property assets and provide geographic diversification into the UK, German and Australian property markets. Redefine has a 30,1% equity interest, with a market value of R4,9 billion, in Redefine International PLC (RI PLC) which is listed on both the London Stock Exchange and the JSE. During the year Redefine acquired a German retail portfolio in a co-investment with RI PLC valued at R653 million. In addition, Redefine has a R5,6 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 25,6% in Cromwell Property Group (Cromwell), which is listed on the Australian Stock Exchange.

FINANCIAL RESULTS

Redefine's Board has declared a dividend of 41,00000 (2014: 38,14000) cents per share for the six months ended 31 August 2015, an increase of 7,5% on the comparable period, which is in line with market guidance. This brings the full year distribution to 80,00000 (2014: 74,54000) cents per share resulting in year-on-year growth of 7,3% (2014: 8,5%). In Rand terms, distributable income for the year increased by 36,3% (2014: 19,9%) benefiting from a number of substantial quality acquisitions made in recent years.

Property portfolio income for the year contributed 94,2% (2014: 96,0%) of total revenue (excluding insurance proceeds received), income from listed securities 5,1% (2014: 3,3%), and fee and trading income were 0,7% (2014: 0,6%).

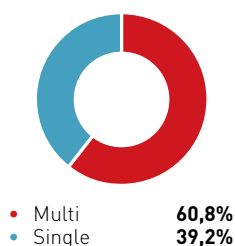
Operating costs were 33,9% (2014: 35,9%) of contractual rental income (excluding straight-line rental income accruals) – with the decrease resulting mainly from reduced municipal charges following successful valuation objections. Net of electricity and utility recoveries, operating costs were 18,0% (2014: 18,8%) of contractual rental income. Redefine's international property investments contributed 17,0% (2014: 17,2%) of distributable income.

CHANGES IN FAIR VALUES

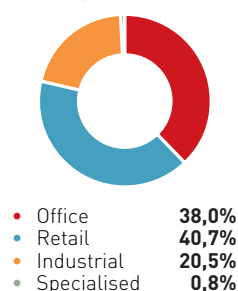
The group's property portfolio was independently valued at 31 August 2015 producing a net increase in value of R1,9 billion (2014: R1,2 billion). In terms of IAS 40 and IFRS 7, Redefine's investment properties are measured at fair value and are categorised as level 3 investments. There were no transfers between levels 1, 2 and 3 during the year. The investment in listed securities increased in value by R160 million (2014: R297 million) during the year. The balance of R146,4 million relates mainly to the mark-to-market of the group's interest rate swaps, which protect the group against adverse interest rate movements. In terms of IAS 39 and IFRS 7, Redefine's listed securities and interest rate swaps are measured at fair value through profit or loss and are categorised as level 1 and level 2 investments respectively. There were no transfers between levels 1, 2 and 3 during the year.

PROPERTY PORTFOLIO

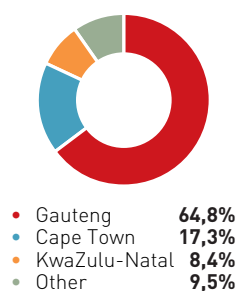
PORTFOLIO SPLIT
BY TENANT TYPE



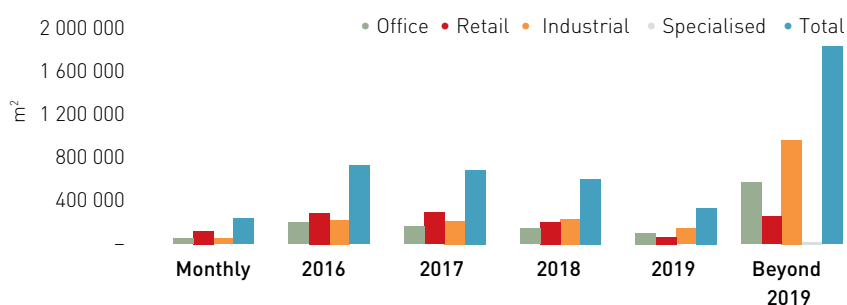
SECTORAL SPREAD
BY VALUE



GEOGRAPHIC SPREAD
BY GLA



ACTIVE LEASE EXPIRY PROFILE BY GLA



COMMENTARY continued

Letting activity: The overall portfolio vacancy rate improved during the year by 0,1% to 5,4%. Leases covering 510 649m² were renewed at an average rental decrease of 3,0%, with the retention rate at pleasing 87%. A further 338 294m² was let across the portfolio. Vacancies are set out below as a percentage of gross lettable area (GLA):

Vacancy per sector	31 August 2015*	31 August 2014
Office	8,5%	7,2%
Retail	4,3%	3,9%
Industrial	3,8%	5,3%
Specialised	–%	–%
	5,4%	5,5%

* Adjusted for properties-held-for-sale and properties under development.

Net arrears remained stable at R42 million (31 August 2014: R42 million). Net arrears represent 8.3% of gross monthly rental.

REDEFINE'S PROPERTY PORTFOLIO STRATEGY

Redefine continues to deliver on its strategy of diversifying, growing and improving the quality of its property portfolio. In acquisitions the emphasis, wherever possible, is on securing fully repairing leases with blue-chip tenants.

Leaf Property Fund (Leaf): Redefine acquired a portfolio of 14 high-quality commercial property assets, valued at R4,1 billion, situated in the key nodes of the Western Cape and Gauteng from Leaf. The acquisition added 213 155m² to the office portfolio and has an expected yield of 7,8%. The acquisition is in line with Redefine's strategy of improving the quality of its core property portfolio by acquiring high-quality assets that offer cash flow comfort and low vacancy levels. Black River Park is the first office complex to be awarded a six-star Green Star SA rating in terms of the existing building accreditation. This clearly supports and reaffirms Redefine's commitment to sustainable business practices.

All conditions precedent were fulfilled on 15 April 2015 and the transaction had a commercial effective date of 1 March 2015. Pre-acquisition income of R14,9 million has been recognised for distributable income purposes as 139,6 million Redefine shares were issued ranking for distribution from the commercial effective date. The acquired businesses contributed revenues of R163,6 million and net loss after tax of R20,4 million to the group for the five months since acquisition. These amounts have been calculated using the group's accounting policies. If the businesses had been acquired on 1 September 2014, management estimates that the revenue and profit after tax from the businesses would have been R421,2 million and R245,1 million respectively.

The assets and liabilities as at 15 April 2015 arising from the acquisition are as follows:

	Fair value R'000
Investment properties	4 119 392
Net working capital*	41 152
Other assets	155 664
Interest bearing borrowings	(1 887 561)
Fair value of net assets	2 428 647
Goodwill**	101 227
Shareholders loans acquired	(164 146)
Total purchase consideration	2 365 728
Purchase consideration:	2 365 728
– Settled in Redefine shares	1 735 358
– Settled in cash	630 370
Cash and cash equivalents in subsidiary acquired	(65 678)
Cash outflow on acquisition	564 692

* The trade receivables comprise gross contractual amounts due of R24,9 million, the group's best estimate of the contractual cash flow not expected to be collected is R0,5 million.

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

The distributions received from the sellers amounting to R54,4 million, relating to the accounting period before they obtained Redefine shares, were reimbursed to Redefine per the acquisition agreements.

COMMENTARY continued

Fountainhead Property Trust (Fountainhead): On 24 July 2015, Fountainhead unitholders voted in favour of the acquisition by Redefine of all of Fountainhead's assets, including its entire property portfolio, in exchange for 85 Redefine consideration shares for every 100 Fountainhead units in issue, and the assumption by Redefine of all Fountainhead's liabilities, including its interest-bearing debt. The transaction was implemented on 3 August 2015, with the consideration shares issued directly to Fountainhead unitholders cum entitlement to the full Redefine income distribution for the six months ended 31 August 2015. Notwithstanding the implementation date, the commercial effective date of the transaction was 1 March 2015, from which date Redefine became entitled to all of the income received by or accruing to Fountainhead. Accordingly, and as more fully detailed in the joint announcement released by Redefine and Fountainhead on SENS on 25 June 2015, R101,9 million (being the minority shareholders' portion of Fountainhead's distributable income for the period 1 March 2015 to the date on which the transaction was implemented) has been included in Redefine's distributable income.

Acquisitions: In addition to the Leaf and Fountainhead portfolio's, Redefine acquired and transferred 34 properties, with a GLA of 637 867m², during the year for an aggregate consideration of R3,6 billion, at an initial yield of 8,5%. Redefine also acquired a 45% undivided share in vacant industrial land in Germiston for R312 million, with a gross building area of 1 285 903m² (Redefine's share 578 656m²). Subject to conditions precedent, agreements also have been concluded for the acquisition of properties, for an aggregate consideration of R415 million, at an initial yield of 9,9% and GLA of 12 135m². Properties with an aggregate consideration of R354 million transferred subsequent to the reporting period.

Developments: New development projects covering 195 055m² of GLA with an approved value of R2,2 billion at an average yield of 8,6%, are presently in progress. Redevelopment projects in the existing portfolio with an approved value of R1,6 billion at an average yield of 6,1% are also in progress. Projects totalling R1,4 billion were completed during the year.

Disposals: 35 properties with a GLA of 339 000m², which no longer met Redefine's investment criteria, were sold during the year to various buyers for an aggregate consideration of R2,2 billion, at an average yield of 9,3%. In addition, agreements, subject to conditions precedent, were concluded for the disposal of properties for an aggregate consideration of R1,2 billion, with a GLA of 164 707 m² at an average yield of 8.3%.

Government tenanted office portfolio: Discussions with a number of interested parties have continued regarding the disposal of this portfolio through a structured process in order to manage the potential dilution of distributable income. As there is a high degree of deal risk, the properties remain in the active portfolio.

Sustainability: As part of Redefine's focus on sustainability and cost efficiency, various energy-efficient and sustainable building technologies are being implemented in new developments as well as on existing buildings, including installation of solar PV and smart metering of electricity and water. To protect income, Redefine is taking steps to ensure that there is uninterrupted electricity supply at a number of its key properties.

LISTED SECURITIES

Redefine currently owns 11,5% of Emira Property Fund (Emira). During the year, Redefine sold 11 million shares and realised a gain of R22 million. Redefine also disposed of 18,7 million Dipula A and B units which realised a profit of R49,1 million. These shares were held for less than a year and as a result the realised taxable profit has been included in listed security income.

INTERESTS IN ASSOCIATES AND JOINT VENTURES

RI PLC: On 3 March 2015, RI PLC undertook a capital raise in which Redefine participated and acquired 39,5 million additional RI PLC shares for a consideration of R384 million. During the year, Redefine also participated in RI PLC's dividend re-investment scheme and elected to receive 14,4 million shares. Currently Redefine owns 30,1% of RI PLC, which is equity accounted. The market value of RI PLC is R749 million more than the equity accounted carrying value.

German portfolio: During the year, Redefine entered into a joint venture arrangement with RI PLC to acquire a 50% interest in a portfolio of 56 retail properties in Germany. Redefine's aggregate consideration for the acquisition was R704 million at an initial yield of 7,5%.

Cromwell: On 31 August 2015, Redefine acquired a further 9,7% interest in Cromwell for R1,6 billion, increasing its holding in Cromwell to 25,6%. Redefine now has significant influence over Cromwell and, as a consequence, the investment has been transferred to interest in associates.

FUNDING

Redefine's debt represented 36,8% (2014: 38,0%) of the value of its property assets as at 31 August 2015. Redefine's average cost of funding is 8,4% (2014: 8,2%) – interest rates are fixed on 81,3% (2014: 78,3%) of borrowings for an average period of 2,8 years (2014: 3,6 years). The interest cover ratio (which includes equity accounted profit and listed security income) is 3.2 (2014: 3.0).

During the year, Redefine issued 297,6 million shares through accelerated book builds for R3,1 billion in cash, issued 246,5 million shares to various vendors for the acquisition of assets totalling R2,6 billion, issued 337,1 million shares to Fountainhead's minority investors representing R3,8 billion, issued 300 million shares to the Redefine Empowerment Trust on loan account for R3,1 billion and conserved R1,6 billion in cash through the issue of 162,7 million shares under the distribution reinvestment alternative. The number of shares in issue increased by 1 343,9 million shares (an increase of 41,5%) representing equity of R14,2 billion.

COMMENTARY continued

Moody's credit rating: The rating was refreshed during August 2015 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

CONTINGENCIES AND COMMITMENTS

At 31 August 2015, Redefine had guarantees and suretyships in respect of its Black Economic Empowerment initiatives amounting to R195 million (2014: R218 million). Capital commitments outstanding accounted to R2,2 billion (2014: R2,5 billion) and committed property acquisitions totalled R415 million (2014: R3,0 billion). Redefine has undertaken to underwrite R1,4 billion (€70,0 million) of RI PLC's planned capital raise to fund part of the second phase of the Aegon portfolio acquisition. Should the equity raise not proceed, Redefine has provided a R2,8 billion (€135,0 million) loan facility to RI PLC, which may be utilised to fully fund this phase of the transaction. The loan facility must be repaid within three months of drawdown, or it will convert into a 50% equity interest in the Aegon portfolio, which will be co-owned with RI PLC. The future commitments will be funded by the issue of Redefine shares and undrawn banking facilities.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT INITIATIVE

As part of Redefine's commitment to sustainable, long-term economic and social development the Redefine Empowerment Trust (the Trust) was established. On 17 July 2015 Redefine issued 300 million shares to the Trust, which was funded by a loan advanced by Redefine. The Trust will primarily focus on activities to improve education and training through the provision of scholarships and bursaries and community development programmes. The Trust is constituted as a capital-preserving Trust and as such will not be entitled to dispose of the shares not used to redeem the loan from Redefine. The Trust will therefore continue in perpetuity. The 300 million shares issued to the Trust have been accounted for as treasury shares.

PROSPECTS

The domestic economic outlook remains bleak. The manufacturing sector is in contractionary territory and confidence is low. Neither the business cycle nor structural factors are likely to provide much support to drive growth. There is therefore no compelling reason to believe that prevailing local trading conditions (stagnant local economic growth and volatile financial markets) will change materially during the coming financial year. In fact, expected interest rate hikes, a generally soft currency, a very challenging leasing market, cash flow and cost pressures are business factors we anticipate having to contend with during 2016. This calls for extra vigilance on risks and opportunities as well as a relentless focus on disciplined and decisive execution of Redefine's strategic priorities. Despite the local trading pressures, Redefine anticipates that it will be able to leverage its geographically diversified asset base to achieve distribution growth of between 6% and 7% per share for the full 2016 year.

This forecast is predicated on the assumption that current trading conditions will prevail. Forecast rental income is based on contractual terms and anticipated market-related renewals. The forecast has not been reviewed or reported on by the group's independent external auditors.

DECLARATION OF A CASH DIVIDEND WITH THE ELECTION TO REINVEST THE CASH DIVIDEND IN RETURN FOR REDEFINE SHARES

The Board of directors of Redefine has declared a final cash dividend of 41,00000 cents per share, for the six months ended 31 August 2015, out of the company's distributable income (the cash dividend).

Shareholders will be entitled, in respect of all or part of their shareholdings, to elect to reinvest the cash dividend in return for Redefine shares (the share reinvestment alternative), failing which they will receive the cash dividend of 41,00000 cents per share that will be paid to those shareholders not electing to participate in the share reinvestment alternative.

A circular providing further information in respect of the cash dividend and share reinvestment alternative will be posted to Redefine shareholders on 6 November 2015.

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 reinvestment alternative are as set out below.

Salient dates and times	2015
Circular and form of election posted to shareholders	Friday, 6 November
Finalisation information including the share ratio and price per share published on SENS	Friday, 13 November
Last day to trade in order to participate in the election to receive shares in terms of the share reinvestment alternative or to receive a cash dividend (LDT)	Friday, 20 November
Shares trade ex-dividend	Monday, 23 November
Listing of maximum possible number of shares under the share reinvestment alternative	Wednesday, 25 November
Last day to elect to receive shares in terms of the share reinvestment alternative or to receive a cash dividend (no late forms of election will be accepted) at 12:00 (SA time)	Friday, 27 November
Record date for the election to receive shares in terms of the share reinvestment alternative or to receive a cash dividend (record date)	Friday, 27 November
Announcement of results of cash dividend and share reinvestment alternative released on SENS	Monday, 30 November
Cash dividend cheques posted to certificated shareholders on or about	Monday, 30 November
Accounts credited by CSDP or broker to dematerialised shareholders with the cash dividend payment	Monday, 30 November
Share certificates posted to certificated shareholders on or about	Wednesday, 2 December
Accounts updated with the new shares (if applicable) by CSDP or broker to dematerialised shareholders	Wednesday, 2 December
Adjustment to shares listed on or about	Friday, 4 December

Notes:

Shareholders electing the share reinvestment 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.

Shares may not be dematerialised or rematerialised between Monday, 23 November 2015 and Friday, 27 November 2015, both days inclusive.

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, 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 41,00000 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 above mentioned 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 shareholder. Assuming dividends withholding tax will be withheld at a rate of 15%, the net dividend amount due to non-resident shareholders is 34,85000 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

COMMENTARY continued

- 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 above mentioned 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 reinvestment alternative, pre-taxation funds are utilised for the reinvestment purposes and that taxation will be due on the total cash dividend amount of 41,00000 cents per share.

OTHER INFORMATION

- The ordinary issued share capital of Redefine is 4 754 499 789 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 reinvestment alternative may have tax implications for resident as well as non-resident shareholders. Shareholders are therefore encouraged to consult their professional advisers 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.

BOARD AND SECRETARIAL APPOINTMENTS

Phumzile Langeni was appointed to the Board as an independent non-executive director, with effect from 6 May 2015. Marius Barkhuysen and Nthombi Langa-Royds are appointed to the Board as independent non-executive directors with immediate effect. Bronwyn Baker was appointed as company secretary with effect from 1 August 2015.

BASIS OF PREPARATION

The financial statements for the year ended 31 August 2015 have been audited by the group's independent external auditors, Grant Thornton. Their unqualified audit opinion is available for inspection at the company's registered office. The summarised results have been prepared in accordance with International Financial Reporting Standards, IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the South African Companies Act, 2008 (as amended). This summarised report is extracted from audited financial information, but is not itself audited. The auditor's report does not necessarily report on all of the information contained in this 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 2015.

Except for the new standards and interpretations adopted as set out below, all accounting policies applied by the group in the preparation of these consolidated annual financial statements are consistent with those applied by the group in its consolidated annual financial statements as at and for the year ended 31 August 2014. The group has adopted the following new standards and interpretation:

- Investment entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
- Offsetting financial assets and financial liabilities (Amendments to IAS 32)
- Recoverable amount disclosure for non-financial assets (Amendments to IAS 36)
- Novation of derivatives and continuation of hedge accounting (Amendments to IAS 39)
- Annual improvements to IFRS 2010 – 2012
- Annual improvements to IFRS 2011 – 2013

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

The results were prepared under the supervision of Leon Kok CA (SA), Redefine's Financial Director.

By order of the Board

Redefine Properties Limited

4 November 2015

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)

Executive Directors: M Wainer (Chairman), A J König (CEO), L C Kok (FD), D H Rice[†] (COO), M J Ruttell[®]

Non-Executive Directors: M Barkhuysen*, N B Langa-Royds*, H K Mehta, P Langeni*, B Nackan (Lead independent)*, D A Nathan*, G Z Steffens**, M J Watters

*Independent [†]British [®]Irish [#]German

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: B Baker