



AUDITED RESULTS FOR THE YEAR ENDED 31 AUGUST 2002

| CONSOLIDATED INCOME STATEMENT | | |
|---|--------------------------------|--------------------------------|
| | Audited 31 Aug 2002 R000 | Audited 31 Aug 2001 R000 |
| Revenue | | |
| Property portfolio | 106 695 | 107 214 |
| Listed security portfolio | 142 116 | 106 945 |
| | 248 811 | 214 159 |
| Operating costs – property portfolio | 25 678 | 27 689 |
| Administration costs | 11 451 | 11 890 |
| Operating profit | 211 682 | 174 580 |
| Net capital (loss) gain on non-current assets | (79 674) | 173 298 |
| Profit from operations | 132 008 | 347 878 |
| Interest received | 1 211 | 1 894 |
| Profit before finance charges | 133 219 | 349 772 |
| Finance charges | 109 437 | 93 650 |
| Profit before taxation | 23 782 | 256 122 |
| Taxation | – | – |
| Profit attributable to linked unitholders | 23 782 | 256 122 |
| Headline earnings and distributions | | |
| Profit attributable to linked unitholders | 23 782 | 256 122 |
| Net capital loss (gain) on non-current assets | 79 674 | (173 298) |
| Headline earnings and total distributions | 103 456 | 82 824 |
| – First quarter distribution | 22 530 | 19 989 |
| – Second quarter distribution | 22 771 | 20 155 |
| – Third quarter distribution | 28 430 | 21 340 |
| – Fourth quarter distribution | 29 725 | 21 340 |
| Earnings and net asset value per linked unit | | |
| Actual number of linked units in issue (000) | 321 068 | 237 114 |
| Weighted average number of linked units in issue (000) | 279 096 | 236 445 |
| Earnings per linked unit (cents) | 8,52 | 108,32 |
| Headline earnings per linked unit (cents) | 37,07 | 35,03 |
| Distribution per linked unit (cents) | 37,00 | 35,00 |
| Net asset value per linked unit (cents) (including unpaid distributions) | 244,00 | 280,95 |
| CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY | | |
| | Audited 31 Aug 2002 R000 | Audited 31 Aug 2001 R000 |
| Opening balance | 644 824 | 462 505 |
| Issue of linked units | 190 888 | 9 085 |
| Preliminary and issue expenses written-off | (2 372) | (64) |
| Profit attributable to linked unitholders | 23 782 | 256 122 |
| Distributions to linked unitholders | (103 456) | (82 824) |
| Closing balance | 753 666 | 644 824 |

| CONSOLIDATED BALANCE SHEET | | |
|--|--------------------------------|--------------------------------|
| | Audited 31 Aug 2002 R000 | Audited 31 Aug 2001 R000 |
| ASSETS | | |
| Non-current assets | 1 894 390 | 1 349 994 |
| Property portfolio | 807 777 | 447 907 |
| Listed security portfolio | 1 086 613 | 902 087 |
| Current assets | 58 698 | 48 642 |
| Trade and other receivables | 14 652 | 6 450 |
| Listed security distributions receivable | 43 539 | 6 150 |
| Debtors for property and listed security sales | 502 | 3 682 |
| Cash and cash equivalents | 5 | 32 360 |
| Total assets | 1 953 088 | 1 398 636 |
| EQUITY AND LIABILITIES | | |
| Capital and reserves | 753 666 | 644 824 |
| Linked unit capital | 658 513 | 469 997 |
| Non-distributable reserve | 95 153 | 174 827 |
| Non-current liabilities | 1 100 201 | 699 202 |
| Interest-bearing liabilities | 1 100 201 | 681 577 |
| Non-interest bearing liabilities | – | 17 625 |
| Current liabilities | 99 221 | 54 610 |
| Interest-bearing liabilities | 26 240 | 12 583 |
| Trade and other payables | 10 223 | 20 687 |
| Bank overdraft | 33 033 | – |
| Unitholders for distribution | 29 725 | 21 340 |
| Total equity and liabilities | 1 953 088 | 1 398 636 |

| CONDENSED CONSOLIDATED CASH FLOW STATEMENT | | |
|--|--------------------------------|--------------------------------|
| | Audited 31 Aug 2002 R000 | Audited 31 Aug 2001 R000 |
| Cash effects from operating activities | (47 252) | 19 105 |
| Cash generated from operations | 156 045 | 192 114 |
| Net financing costs | (108 226) | (91 756) |
| Linked unit distributions paid | (95 071) | (81 253) |
| Cash effects of investing activities | (621 308) | 17 939 |
| Net property (acquisitions) disposals | (352 570) | 136 013 |
| Net listed security acquisitions | (268 738) | (118 074) |
| Cash effects from financing activities | 603 172 | (20 429) |
| Linked units issued | 188 516 | 9 021 |
| Net borrowings (repayments) | 414 656 | (29 450) |
| Net movement in cash and cash equivalents | (65 388) | 16 615 |
| Opening cash and cash equivalents | 32 360 | 15 745 |
| Closing cash and cash equivalents | (33 028) | 32 360 |

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| BASIS OF PREPARATION |
| The financial results are determined in accordance with South African Statements of Generally Accepted Accounting Practice and the accounting policies applied are consistent with those applied in the previous financial year. |
| AUDIT OPINION |
| The Financial Statements have been audited by Fisher Hoffman PKF (Jhb) Inc. and their unqualified audit opinion is available for inspection at the registered office of Redefine Income Fund Limited. |

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| COMMENTARY |
| Review of results |
| The 2002 financial year was extremely productive during which Redefine's earnings and asset growth projections were achieved. |
| The implementation of our investment strategy facilitated total investment asset growth of 40 percent, funded by a combination of debt and an increase in linked unit capital. The asset base grew to R1,894-million, comprising the property portfolio of R808-million and the listed securities portfolio of R1,086-million. At 31 August 2002 NAV was R2,44 per linked unit. |
| Redefine declared a final quarterly distribution of 9,5 cents per linked unit. Total distributions for the year of 37 cents per linked unit represent a 5,7 percent increase on distributions for the previous year of 35 cents per linked unit. |
| This performance testifies to the benefits inherent in the hybrid asset model adopted by Redefine, facilitating appropriate investment opportunities in either listed securities or property. |
| Property portfolio |
| Twenty-three properties were purchased and two non-core properties disposed of for a net consideration of R353-million. The portfolio additions were mainly A-grade commercial and retail properties strategically located and underpinned by long leases with quality tenants. The acquisitions increased the percentage of the property portfolio to total investment assets from 33 percent to 43 percent. The property portfolio was independently valued at R808-million, an increase in value of R9-million, underpinned by a sound lease expiry profile with 44 percent of contractual income secured beyond August 2007. |
| Redefine's focus on tenant retention and increased leasing activity during the financial year ensured a full replacement of lease expiries, with 30 percent of expiries in financial 2003 already secured or under firm negotiation. Vacancies by lettable area amount to 6,8 percent of the portfolio. |
| Listed securities portfolio |
| In accordance with the capital realignment strategy and encouraged by rising yields of listed property counters, Redefine increased its holding in six counters considered to be core and reduced its overall exposure to five other counters. |
| The investment in SA Retail Limited acquired from Sanlam Investment Managers (Proprietary) Limited is strategic in that it provides Redefine with increased exposure to the retail sector whilst simultaneously broadening Redefine's institutional shareholder base. |
| The negative re-rating of the JSE's listed property sector, fuelled by pessimistic foreign business sentiment and increased domestic interest rates resulted in a reduction in value of Redefine's listed securities portfolio of R84-million. This has been accounted through the income statement as a capital item against previously created non-distributable reserves. |
| At 31 August 2002 the portfolio comprised 12 counters at a market value of R1,086-million. |
| Interest rate management |
| The impact on distributable income of recent interest rate increases was minimised. Redefine has entered into a series of interest rate hedges and has linked its cost of long-term finance to long bond yields thereby achieving an average annual blended cost of long-term borrowings of 13,8 percent. Redefine is currently negotiating to extend its interest rate hedging levels and term. |
| Linked unit capital |
| Redefine continues to attract a high level of interest in its linked unit capital, with overall liquidity in trades on the JSE Securities Exchange sustained at 54 percent of free float. The average monthly volume of linked units traded is 8,5-million. |
| During the year 84-million linked units were issued increasing the total in issue to 321-million linked units. Redefine's target of total market capitalisation in excess of R1-billion will further enhance the tradability of its linked unit capital. |
| Directorate |
| David Solomon and Jeffrey Solomon were appointed as directors on 26 August 2002 and are welcomed to the board. |
| Renewal of cautionary announcement |
| Linked unitholders are referred to the joint cautionary announcement issued on 2 September 2002 with Rand Leases Properties Limited and are advised to continue to exercise caution in their dealings in Redefine linked units as negotiations are at an advanced stage. |
| Post balance sheet developments |
| Redefine increased its interest in Arnold Properties Limited by the acquisition of 29,3-million linked units for a total consideration of R47,1-million. |
| Prospects |
| Redefine will continue to seek opportunities in the listed property securities and property sectors. |
| The Board anticipates growth in distributions to linked unitholders during the forthcoming financial year, the extent of which will be dependant on volatility in interest rates. |
| Interest distribution |
| Unitholders are advised that interest distribution No. 10 in respect of the period 1 June 2002 to 31 August 2002 of 9,5 cents per linked unit has been declared. |
| <div><div><ul style="list-style-type: none">• The last date to trade cum interest• Units will trade ex interest• Record date to participate• Payment of interest distribution No. 10</div><div><div>Friday, 18 October 2002</div><div>Monday, 21 October 2002</div><div>Friday, 25 October 2002</div><div>Monday, 28 October 2002</div></div></div> |
| Unitholders may not dematerialise or re-materialise their linked units from Monday, 21 October 2002 to Friday, 25 October 2002. |
| <div><div>Wolf Cesman, Chairman</div><div>Peter Penhall, Chief Executive Officer</div><div>Johannesburg</div><div>2 October, 2002</div></div> |