

CONSOLIDATED INCOME STATEMENT

	Audited 31 Aug 2003 R000	Audited 31 Aug 2002 R000
Revenue		
Property portfolio	197 919	106 695
Listed security portfolio	164 174	142 116
	362 093	248 811
Operating costs - property portfolio	52 691	25 678
Administration costs	17 415	11 451
Operating profit	291 987	211 682
Net capital gain (loss) on non-current assets	51 340	(79 674)
Profit from operations	343 327	132 008
Interest received	6 657	1 211
Profit before finance charges	349 984	133 219
Finance charges	182 447	109 437
Profit before taxation	167 537	23 782
Taxation	-	-
Profit attributable to linked unitholders	167 537	23 782
Headline earnings and distributions		
Profit attributable to linked unitholders	167 537	23 782
Net capital (gain) loss on non-current assets	(51 340)	79 674
Headline earnings and total distributions	116 197	103 456
• First quarter	29 135	22 530
• Second quarter	34 966	22 771
• Third quarter	25 369	28 430
• Fourth quarter	26 727	29 725
Earnings per linked unit		
Actual number of linked units in issue (000)	413 016	321 068
Weighted number of linked units in issue (000)	392 839	279 096
Earnings per linked unit (cents)	42.65	8.52
Headline earnings per linked unit (cents)	29.58	37.07
Distribution per linked unit (cents)	29.75	37.00
Net asset value per linked unit (cents)	240.79	234.74

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Audited 31 Aug 2003 R000	Audited 31 Aug 2002 R000
Balance at beginning of period	761 457	644 824
• As previously stated	753 666	644 824
• Deferred interest rate hedging gain	7 791	-
Net issue of linked units	226 143	190 888
Issue expenses written-off	(1 178)	(2 372)
Revaluation of interest rate swaps	(43 259)	-
Profit attributable to linked unitholders	167 537	23 782
Distributions to linked unitholders	(116 197)	(103 456)
	994 503	753 666

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, except for the adoption of AC133 Financial Instruments: Recognition and Measurement.

AUDIT OPINION

The financial results 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.

CONSOLIDATED BALANCE SHEET

	Audited 31 Aug 2003 R000	Audited 31 Aug 2002 R000
ASSETS		
Non-current asset	2 448 578	1 894 390
Property portfolio	1 139 256	807 777
Listed security portfolio	1 309 322	1 086 613
Current assets	76 729	58 698
Trading securities	5 392	-
Deposits, prepayments and other receivables	19 667	12 034
Tenant debtors	6 384	3 120
Listed security distributions	45 262	43 539
Cash and cash equivalents	24	5
Total assets	2 525 307	1 953 088
EQUITY AND LIABILITIES		
Capital and reserves	994 503	753 666
Linked unit capital	883 478	658 513
Non-distributable reserve	146 493	95 153
Deferred interest rate hedging loss	(35 468)	-
Non-current liabilities	1 468 072	1 115 552
Interest-bearing liabilities	1 432 604	1 115 552
Interest rate swaps	35 468	-
Current liabilities	62 732	83 870
Interest-bearing liabilities	17 086	10 889
Trade and other payables	15 754	10 223
Bank overdraft	3 165	33 033
Unitholders for distribution	26 727	29 725
Total equity and liabilities	2 525 307	1 953 088

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Audited 31 Aug 2003 R000	Audited 31 Aug 2002 R000
Cash effects from operating activities	(15 085)	(47 252)
Cash generated from operations	279 900	156 045
Net financing costs	(175 790)	(108 226)
Linked unit distributions paid	(119 195)	(95 071)
Cash effects of investing activities	(503 242)	(621 308)
Net property acquisitions	(403 936)	(352 570)
Net listed security acquisitions	(99 306)	(268 738)
Cash effects from financing activities	548 214	603 172
Linked units issued	224 965	188 516
Net borrowings	323 249	414 656
Net movement in cash and cash equivalents	29 887	(65 388)
Opening cash and cash equivalents	(33 028)	32 360
Closing cash and cash equivalents	(3 141)	(33 028)

COMMENTARY

Review of results

Redefine Income Fund Limited ("Redefine") increased its interest distribution to 6.5 cents per linked unit for the final quarter of the financial year ended 31 August 2003 exceeding the forecast of 6.25 cents per linked unit. Distributions for the year ended 31 August 2003 total 29.75 cents (2002: 37 cents) per linked unit.

Headline earnings are 29.6 cents (2002: 37.1 cents) per linked unit.

Non-current assets increased by 29.3% to R2.45 billion at 31 August 2003. The Net Asset Value ("NAV") per linked unit is R2.41 post the AC 133 adjustment in respect of the value of the rate swaps at 31 August 2003. The NAV per linked unit pre the AC 133 adjustment is R2.49 (2002: R2.35).

Property portfolio

Two small properties, Erf 1379 Sunninghill and Mellis Park 2, were sold during the year under review. The acquisition of a portfolio of 27 properties from Rand Leases, a Virgin Active gym in Benoni and Scott Street Mall in Newcastle have increased the property portfolio to R1.14 billion and the gross lettable area to 410 220m². The property portfolio at 31 August 2003 comprises 89 properties.

Sectoral spread by revenue is 59% commercial, 27% retail and 14% industrial. The portfolio comprises 74% A-grade tenants with the balance being B-grade.

The lease expiry profile is better than the sector average with more than 37% of leases expiring in 2008 and beyond. At 31 August 2003 the portfolio was 93.3% leased.

During the year under review 39 217m² of vacant space was leased and leases in respect of 24 791m² were renewed.

Listed securities portfolio

Redefine's listed securities portfolio increased by R223 million as a result of net acquisitions of R129 million and an increase in market value of R94 million. The listed securities portfolio at 31 August 2003 was valued at R1.31 billion.

Capital gain on non-current assets

The net capital gain on non-current assets comprises realised profits and losses on sale and profits and losses on revaluation of the property and listed security portfolios as follows:

	2003 R000	2002 R000
Listed security portfolio – unrealised profit (loss)	93 729	(112 452)
Listed security portfolio – realised profit on sale	29 674	28 543
Property portfolio – unrealised (loss) profit on revaluation	(68 773)	9 000
Property portfolio – realised loss on sale	(3 290)	(4 765)
	51 340	(79 674)

The unrealised loss on the property portfolio is limited to a number of properties and the loss in value is anticipated to be recouped over time through active management and leasing.

Interest rate management

Redefine's borrowings of R1.43 billion equates to 58% of non-current assets. It is Redefine's intention to reduce gearing in the medium term to 45%.

91% of the borrowings are fixed for periods of five and seven years at an average interest rate of 12.8%.

Post balance sheet events

Redefine's purchase of Standard Bank Centre on the Cape Town foreshore was approved by the Competitions Commission on 1 September 2003. This R218 million prime investment property has been acquired at an initial yield of 13.3% before gearing.

Directorate

Brian Azizollahoff was appointed CEO of Redefine on 27 April 2003.

Prospects

It is anticipated that distributions previously projected at no less than 31 cents per linked unit for the year ending 31 August 2004 will be achieved.

Interest distribution

Unitholders are advised that interest distribution No. 14 in respect of the period 1 June 2003 to 31 August 2003 of 6.5 cents per linked unit has been declared.

- The last date to trade cum interest Friday, 17 October 2003
- Linked units will trade ex interest Monday, 20 October 2003
- Record date Friday, 24 October 2003
- Payment of interest distribution No. 14 Monday, 27 October 2003

Unitholders may not dematerialise or re-materialise their linked units between Monday, 20 October 2003 and Friday 24 October 2003, both days inclusive.

Wolf Cesman, Chairman
29 September 2003

Brian Azizollahoff, Chief Executive Officer

REDEFINE INCOME FUND LIMITED

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