redefining results

REDEFINE INCOME FUND

Redefine Income Fund Limited
("Redefine" or "the Company")
Registration No: 1999/018591/06 • Share code: RDF • ISIN Code: ZAE000023503

AUDITED RESULTS FOR THE YEAR ENDED 31 AUGUST 2005

- Distributions up 15% to 36.80 cents per linked unit
- NAV per linked unit up 60% to R4,43
- Total assets up 39% to R4,0 billion
- Gearing down to 39% from 52%

CONSOLIDATED INCOME STATEMENT

	Audited 31 Aug 2005 R000	Audited 31 Aug 2004 R000
Revenue		
Property portfolio	290 616	259 840
Contractual rental income	262 757	238 953
Straight-line rental income adjustment	27 859	20 887
Listed security portfolio	147 983	181 705
	438 599	441 545
Operating costs – property portfolio	61 320	78 342
Administration costs	22 827	18 069
Operating profit	354 452	345 134
Net capital gain on non-current assets	833 935	192 936
Provision against straight-lining of rental income	(27 859)	(20 887)
Interest rate swap termination costs	(97 784)	–
Profit from operations	1 062 744	517 183
Interest received	4 693	3 572
Profit before finance charges	1 067 437	520 755
Finance charges	150 197	181 983
Profit before taxation	917 240	338 772
Taxation	28 357	–
Profit attributable to linked unitholders	945 597	338 772

HEADLINE EARNINGS AND DISTRIBUTIONS

	31 Aug 2005	31 Aug 2004
Profit attributable to linked unitholders	945 597	338 772
Net capital gain on non-current assets	(833 935)	(192 936)
Headline earnings	111 662	145 836
Interest rate swap termination costs	69 427	–
• Gross	97 784	–
• Taxation	(28 357)	–
Total distributions	181 089	145 836
• First quarter	39 173	32 068
• Second quarter	44 050	36 622
• Third quarter	46 317	38 227
• Fourth quarter	51 549	38 919
Actual number of linked units in issue (000)	500 719 *	474 705 *
Weighted number of linked units in issue (000)	489 274 *	455 262 *
Earnings per linked unit (cents)	193.27	74.41
Headline earnings per linked unit (cents)	22.82	32.03
Distribution per linked unit (cents)	36.80	32.00

* Excludes 5 866 500 treasury units

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Audited 31 Aug 2005 R000	Audited 31 Aug 2004 R000
Balance at beginning of period	1 314 901	994 503
Net issue of linked units	76 545	155 700
Issue expenses written-off	(1 125)	(542)
Revaluation of interest rate swap	(34 620)	(27 696)
Deferred interest rates hedging loss removed from equity and reported in net profit	97 784	-
Profit attributable to linked unitholders	945 597	338 772
Distributions to linked unitholders	(181 089)	(145 836)
	2 217 993	1 314 901

CONSOLIDATED BALANCE SHEET

	Audited 31 Aug 2005 R000	Audited 31 Aug 2004 R000
ASSETS		
Non-current assets	3 938 569	2 694 514
Property portfolio at valuation	2 035 961	1 345 043
Property under development at cost	53 872	-
Straight-line rental income adjustment	-	-
Straight-lining of rental income	42 378	15 817
Provision against straight-lining of rental income	(42 378)	(15 817)
Listed security portfolio	1 848 736	1 349 471
Current assets	67 432	196 936
Trading securities	492	492
Straight-line rental income adjustment	-	-
Straight-lining of rental income	29 156	27 859
Provision against straight-lining of rental income	(29 156)	(27 859)
Receivables	31 844	128 470
Cash and cash equivalents	35 096	67 974
Total assets	4 006 001	2 891 450
EQUITY AND LIABILITIES		
Capital and reserves	2 217 993	1 314 901
Linked unit capital	1 114 056	1 038 636
Non-distributable reserve	1 103 937	339 429
Deferred interest rate hedging loss	–	(63 164)
Non-current liabilities	1 685 563	1 508 084
Interest-bearing liabilities	1 554 875	1 410 477
Interest rate swaps	–	63 164
Deferred capital gains tax	130 688	34 443
Current liabilities	102 445	68 465
Interest-bearing liabilities	–	5 587
Payables	50 896	23 959
Linked unitholders for distribution	51 549	38 919
Total equity and liabilities	4 006 001	2 891 450
Net asset value per linked unit (cents)	442.96	276.99

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Audited 31 Aug 2005 R000	Audited 31 Aug 2004 R000
Cash effects from operating activities	53 739	43 315
Cash generated from operations	367 702	355 370
Net financing costs	(145 504)	(178 411)
Linked unit distributions paid	(168 459)	(133 644)
Cash effects of investing activities	(203 064)	(93 732)
Net property acquisitions	(416 627)	(181 234)
Net listed security disposals	213 563	87 502
Cash effects from financing activities	116 447	121 532
Linked units issued	75 420	155 158
Net movement in borrowings	41 027	(33 626)
Net movement in cash and cash equivalents	(32 878)	71 115
Opening cash and cash equivalents	67 974	(3 141)
Closing cash and cash equivalents	35 096	67 974

Audit opinion
The independent auditors PKF (Jhb) Inc. have audited the financial statements from which these results have been extracted. Their unqualified report is available for inspection at the company's registered office.

Basis of preparation
The financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice and accounting policies consistent with those applied in the annual financial statements of the previous year except for recognition of rental income. In line with the latest interpretation of AC 105 - Leases, property revenue reflects income recognised on a straight-line basis. Provision has been made against the resultant asset as the value of the asset is effectively included in the fair value of the property portfolio. The change in accounting policy does not have a material effect on the financial statements.

REDEFINE INCOME FUND LIMITED

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COMMENTS

Financial results
Redefine made interest distributions totalling 26.5 cents per linked unit for the three quarters ended 31 May 2005.

The Board has approved an interest distribution of 10.3 cents per linked unit for the quarter ended 31 August 2005.

Total interest distributions of 36.8 cents per linked unit for the year exceed distributions for the previous year by 15%.

Non-current assets at 31 August 2005 have increased by 46.17% to R3,9 billion.

The Net Asset Value (NAV) per linked unit is R4,43 (2004: R2.77)

Valuation of property portfolio
The property portfolio was revalued by independent external valuers. The value of the portfolio increased by R745 million over the year.

Deferred capital gains taxation of R177 million has been provided in respect of the revaluation surplus.

Property acquisitions
During the year under review the following were acquired:

Property	Location/s	GLA (m²)	Purchase Price R000	Yield (%)
Collins Portfolio (9)	Gauteng/ KwaZulu-Natal	59 729	255 489	10.7
90 Rivonia Road	Sandton	14 270	113 319	10.6
Rosebank Arena	Rosebank	12 163	39 541	12.0
Riverside Value Mart	Nelspruit	9 390	37 705	12.3
90 Grayston Drive	Sandton	4 400	34 720	11.1
			480 774	
Southcoast Mall (50% undivided share)	Shelly Beach	29 249	54 708 *	n/a
			535 482	

* Cost of acquisition and development costs

Property Disposals
During the year under review the following were disposed of:

Property	Location/s	GLA (m²)	Net Proceeds R000	Carrying value R000
Old Town Square	Cape Town	10 353	24 458	25 000
Western Cape Portfolio (4)	Cape Town	12 782	34 798	35 000
Corporate Park Shopping Centre	Midrand	3 894	14 894	14 955
Fountain Place	Cape Town	5 603	9 027	2 235
Trimtech	Pretoria	6 669	5 698	10 500
12 Rivonia Road	Sandton	1 845	12 105	12 500
Lyons House	Benmore	1 644	12 731	12 941
Saambou	Randburg	1 143	2 637	2 800
Sandown Motors	Midrand	4 133	14 194	12 214
Boumat	Bryanston	595	3 948	3 540
Bernie Street (vacant land)	Kya Sands	-	800	745
			135 290	132 430

Property portfolio
The property portfolio comprises 53.06% (2004: 49.92%) of Redefine's total non-current assets.

The net effect of acquisitions and sales during the year reduced the number of properties to 72.

Sectoral spread by revenue comprises 56% commercial, 24% retail and 20% industrial.

32 161 m² of vacant space was leased and existing leases in respect of 37 524 m² were renewed during the year under review.

The lease expiry profile has continued to improve and outperform the sector average with 57% of leases expiring in 2009 and beyond.

At 31 August 2005, 97.2% of the property portfolio was leased (2004: 94.7%).

Listed securities portfolio
Redefine's listed securities portfolio increased by R499,3 million (37%) to R1,85 billion after acquisitions of R241,3 million, disposals of R272,1 million and an increase in value of R530,1 million

Borrowings
In accordance with the strategy to reduce gearing to below 45% Redefine's borrowings of R1,55 billion represents a gearing ratio of 39.48%, a substantial reduction from 52.35% in August 2004.

R64,6 million cash, surplus to Redefine's immediate requirements, has been deposited temporarily into an access facility.

Prior to 1 July 2005 Redefine hedged its interest rate exposure by means of interest rate swaps. These swaps were terminated as of 30 June 2005 at a cost of R97,8 million and Redefine entered into fixed rate loan agreements. The hedging loss previously deferred in equity was removed from equity and reported in net profit on termination of the swaps. This expense was adjusted in determining distributions. The breakage cost was financed by an increase in borrowings.

Redefine's average all-in interest rate is 10.05% and 83.61% of borrowings are fixed for periods of three, five, seven and ten years.

Post balance sheet events
Agreements have been concluded for the sale of 18 Hurlingham Road, 22 Hurlingham Road, 24 Hurlingham Road, 44 Wierda Road, Alcom House, ERP.Com, Stand 36 Kyalami Park and Woodmead 4 & 5 for a total consideration of R57,3 million (valuation R55,4 million). Transfer of the properties is expected to be registered by end October 2005.

Redefine has acquired an additional 1,5 million units in Martprop Property Fund for R4,8 million.

Redefine supported a transaction in terms of which Hyprop Investments Limited made an offer to acquire SA Retail Properties Limited linked units from unit holders holding SA Retail units. Hyprop issued 1 Hyprop linked unit for every 2,7 SA Retail linked units arising from which Redefine obtained an additional 20,7 million Hyprop linked units.

Redefine has supported a transaction between ApexHi Properties Limited and Prima Property Trust in terms of which holders of Prima units will receive 5.9 ApexHi "A" and 5.9 ApexHi "B" units for every 100 Prima units held. As a result Redefine will receive an additional 12,3 million ApexHi "A" and 12,3 million ApexHi "B" units.

Liquidity
Redefine is one of the most liquid counters in the listed property sector with 56% of its total linked units traded during the year under review.

Prospects
The Board anticipates that interest distributions per linked unit for the year ending 31 August 2006 will increase by at least 10% compared with the year ended 31 August 2005. This forecast has not been reviewed or reported on by Redefine's auditors.

Interest distribution
Unitholders are advised that interest distribution No. 22 in respect of the period 1 June 2005 to 31 August 2005 of 10.3 cents per linked unit has been declared.

• The last date to trade cum interest	Friday, 21 October 2005
• Linked units will trade ex interest	Monday, 24 October 2005
• Record Date	Friday, 28 October 2005
• Payment of interest distribution No. 22	Monday, 31 October 2005

Unitholders may not dematerialise or re-materialise their linked units between Monday, 24 October 2005 and Friday, 28 October 2005, both days inclusive.

Wolf Cesman, Chairman — Brian Azizollahoff, Chief Executive Officer

Johannesburg

10 October 2005.