



2008

REVIEWED INTERIM RESULTS FOR THE SIX MONTHS ENDED 29 FEBRUARY

CONSOLIDATED INCOME STATEMENT

	Reviewed Feb 2008 R000	Reviewed Feb 2007 R000	Audited Aug 2007 R000
Revenue			
Property portfolio	264 585	206 414	488 799
Contractual rental income	257 628	190 247	429 948
Straight-line rental income accrual	6 957	16 167	58 851
Listed securities portfolio	163 481	143 405	300 285
Property trading income	12 616	15 316	40 486
Total revenue	440 682	365 135	829 570
Operating costs – property portfolio	(54 679)	(39 156)	(86 655)
Administration costs	(33 280)	(27 247)	(56 401)
BEE transaction costs	(44 000)	–	–
Net operating income	308 723	298 732	686 514
Changes in fair value and net surplus on disposal of properties, listed securities and intangibles	(179 322)	704 044	1 105 548
Income from associates	3 880	783	24 107
Income from operations	133 281	1 003 559	1 816 169
Interest received	26 281	5 893	18 638
Interest paid	(144 518)	(128 419)	(269 799)
Income before debenture interest	15 044	881 033	1 565 008
Debenture interest	(231 406)	(194 234)	(415 784)
(Loss) income before taxation	(216 362)	686 799	1 149 224
Taxation	55 879	(217 376)	(364 090)
(Loss) income for the period	(160 483)	469 423	785 134
RECONCILIATION OF HEADLINE EARNINGS AND DISTRIBUTABLE EARNINGS			
(Loss) income for the period	(160 483)	469 423	785 134
Changes in fair value and net surplus on disposal of properties and intangibles (net of deferred taxation)	9 487	363 458	(180 090)
Headline (loss) earnings attributable to shareholders	(150 996)	832 881	605 044
Debenture interest	231 406	194 234	415 784
Headline earnings attributable to linked unitholders	80 410	1 027 115	1 020 828
Taxation rate change	(26 430)	–	–
Capital gains taxation	–	–	47 564
Straight-line rental income accrual	(6 957)	(16 167)	(58 851)
Changes in fair value and net surplus on disposal of listed securities (net of deferred taxation)	140 383	(850 125)	(608 931)
Spearhead pre-acquisition income	–	31 517	31 517
VAT and interest disallowed	–	1 894	1 894
Fair value adjustment in associate	–	–	(18 237)
BEE transaction costs	44 000	–	–
Distributable earnings	231 406	194 234	415 784
Debenture interest distributions			
• First quarter	108 150	95 028	95 027
• Second quarter	123 256	99 206	99 206
• Third quarter	N/A	N/A	102 458
• Fourth quarter	N/A	N/A	119 093
	231 406	194 234	415 784
Actual linked units in issue (000)	893 161 *	813 161 *	813 161 *
Weighted linked units in issue (000)	818 435 *	678 101 *	746 185 *
Earnings per linked unit (cents)	8.67	97.87	160.94
Headline earnings per linked unit (cents)	9.82	151.47	136.81
Distributions per linked unit (cents)	27.10	24.00	51.25
* Excludes 5 876 770 treasury linked units			

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Reviewed Feb 2008 R000	Reviewed Feb 2007 R000	Audited Aug 2007 R000
Cash effects of operating activities	(94 173)	(58 713)	34 122
Cash generated from operations	257 844	221 263	644 397
Interest paid	(118 237)	(122 526)	(251 161)
Taxation paid	(6 537)	–	–
Distributions paid	(227 243)	(157 450)	(359 114)
Cash effects of investing activities	(554 489)	176 929	(42 182)
Net property (acquisitions) disposals	(319 720)	46 320	(143 908)
Net listed securities (acquisitions) disposals	(197 753)	208 162	240 496
Acquisition of plant and equipment	(227)	–	–
Acquisition of business	–	(7 190)	(21 138)
Investment in associate	–	(70 363)	(99 990)
Loans advanced to related parties	(36 789)	–	(17 642)
Cash effects of financing activities	555 513	189 185	139 162
Linked units issued	590 941	217 855	217 855
Net movement in borrowings	(35 428)	(28 670)	(78 693)
Net movement in cash and cash equivalents	(93 149)	307 401	131 102
Opening cash and cash equivalents	122 629	(8 473)	(8 473)
Closing cash and cash equivalents	29 480	298 928	122 629

CONSOLIDATED BALANCE SHEET

	Reviewed Feb 2008 R000	Reviewed Feb 2007 R000	Audited Aug 2007 R000
ASSETS			
Non-current assets	9 661 806	8 838 646	9 306 257
Property portfolio at valuation	4 783 592	4 369 875	4 702 219
Fair value of property portfolio for accounting purposes	4 578 022	4 213 947	4 503 606
Straight-line rental income accrual	205 570	155 928	198 613
Property developments at cost	548 377	154 872	347 514
Listed securities portfolio	4 110 248	4 243 536	4 075 285
Other financial assets	217 583	70 363	179 460
Plant and equipment	2 006	–	1 779
Current assets	507 819	444 100	528 231
Properties for trading and development	202 767	16 640	173 927
Listed securities for trading	110 138	–	112 401
Receivables	67 383	55 952	54 071
Listed security income	96 599	72 580	58 908
Cash and cash equivalents	30 932	298 928	128 924
Total assets	10 169 625	9 282 746	9 834 488
EQUITY AND LIABILITIES			
Share capital and reserves	4 394 453	3 752 260	4 107 996
Share capital and premium	2 089 156	1 642 215	1 642 215
Accumulated loss	(31 517)	(31 517)	(31 517)
Non-distributable reserves	2 336 814	2 141 562	2 497 298
Non-current liabilities	5 510 748	5 316 807	5 440 207
Debenture capital	1 607 689	1 463 689	1 463 689
Interest-bearing liabilities	3 154 909	3 154 048	3 172 489
Deferred taxation	748 150	699 070	804 029
Current liabilities	264 424	213 679	286 285
Payables	98 689	114 473	95 485
Interest-bearing liabilities	–	–	17 848
Taxation	41 027	–	47 564
Bank overdraft	1 452	–	6 295
Linked unitholders for distribution	123 256	99 206	119 093
Total equity and liabilities	10 169 625	9 282 746	9 834 488
Net asset value ("NAV") per linked unit (cents)	755.78*	727.41*	784.07*
NAV per linked unit (cents)	672.01	614.44	685.19
*Excluding deferred taxation			

CONDENSED CONSOLIDATED STATEMENT OF CHANGES EQUITY

	Reviewed Feb 2008 R000	Reviewed Feb 2007 R000	Audited Aug 2007 R000
Balance at beginning of period	4 107 996	2 151 170	2 151 170
Issue of shares	448 000	1 132 049	1 181 169
Issue expenses written off	(1 060)	(382)	(382)
(Loss) income for the period	(160 483)	469 423	785 134
Trading profit removed from equity and reported in net profit	–	–	(9 095)
Total share capital and reserves	4 394 453	3 752 260	4 107 996

Review opinion – The independent auditors, PKF (Jhb) Inc., have reviewed these results. Their unqualified report is available for inspection at the company's registered office.

Basis of preparation – The interim financial statements have been prepared in accordance with International Financial Reporting Standards, IAS34 - Interim Financial Reporting and the requirements of the South African Companies Act. All accounting policies are consistent with those applied for the year ended 31 August 2007.

COMMENTS

Financial results

Distributable earnings have increased by 19.1%.

The loss for the period of R160.5 million resulted from the decrease in value of the listed securities portfolio by R167.9 million, the reduction in value of the property portfolio by R14.9 million and BEE transaction costs of R44.0 million. These losses were partly offset by a reduction in deferred capital gains taxation by R55.9 million, profits from the disposal of properties and listed securities of R8.7 million and a mark to market adjustment of interest rate swaps of R1.3 million.

Segmental information

	Contractual revenue 2008 (R000)	%	Net income 2008 (R000)
Property portfolio			
Commercial	134 746	52.3	110 556
Retail	82 000	31.8	57 627
Industrial	40 882	15.9	34 766
	257 628	100.0	202 949
Listed securities portfolio	163 481		163 481
Property trading	12 616		12 616
Total	433 725		379 046

- Distributions up 12.9% to 27.1 cents per linked unit
- NAV R7.56 per linked unit
- Total assets R10.2 billion
- Market capitalisation R6.4 billion
- Gearing 32%

COMMENTS (continued)

Distribution

The Board has approved an interest distribution of 13.8 cents per linked unit for the quarter ended 29 February 2008. This, together with the distribution of 13.3 cents per linked unit for the quarter ended 30 November 2007, results in interest distributions for the six months ended 29 February 2008 of 27.1 cents per linked unit, an increase of 12.9% on the distributions of 24.0 cents for the comparable period.

Property portfolio

At 29 February 2008 Redefine's property portfolio comprised 97 properties with a total gross lettable area ("GLA") of 827 748m², valued at R5.0 billion. The directors have valued the property portfolio by applying market related yields which are substantiated by independent external valuers. The property portfolio is revalued by independent external valuers at the end of each financial year.

The property portfolio constitutes 50.2% (Aug 2007: 50.5%) of Redefine's total non-current assets.

During the period under review, 45 284m² of vacant space was leased and leases in respect of 35 691m² were renewed. Vacancies at 29 February 2008 were 5.7% (Aug 2007: 2.2%) of GLA. The increased GLA of the portfolio which includes completed new developments has resulted in additional vacant space which presents a positive opportunity for Redefine.

55.1% of leases, by GLA, expire in 2011 and beyond.

During the period under review the following property developments were completed:

- A 40 000m² warehouse on erf 509 Isando at a cost of R100.8 million with an anticipated forward yield of 11.8%;
- CTX Business Park 1, comprising 9 041m² of warehousing in close proximity to Cape Town International Airport at a cost of R45.0 million;
- Platinum Park 3, an industrial mini-unit complex, located in Cape Town at a cost of R10.1 million with a GLA of 2 215m²;
- Heron Place, a 4 958m² office building in Century City at a cost of R60.6 million.

Redefine disposed of Old Oak shopping centre for R17.5 million on a forward yield of 8.7%, a surplus of R5.9 million on cost.

Developments

Redefine currently has 8 projects in various stages of development with an estimated total completed cost of R801.3 million. The average anticipated initial forward yield is 9.6%.

Trading

A joint venture ("JV"), has been established between Redefine and Madison Property Fund Managers Limited in terms of which Redefine disposed of Buchanan Square and Newmarket Junction to the JV for R90 million, a R20 million surplus on current valuations. The JV has been established to redevelop the properties into sectional title units for sale.

Listed securities portfolio

Redefine acquired an additional 9.1 million units in CIREF Limited for R206.3 million (£14.2 million). This is to be financed by a LIBOR (London Inter Bank Offered Rate) based loan from Standard Finance Isle of Man.

Redefine exchanged 18.0 million units in Sycom Property Fund for 7.2 million units in Hyprop Investments Limited.

Borrowings

Redefine's borrowings decreased by R35.4 million from August 2007. Total debt of R3.2 billion represents gearing of 32.3%, a reduction from 33.9% at August 2007.

The current average all inclusive interest rate is 10.0% (Aug 2007: 10.0%) and the interest rate is fixed on 67.6% of borrowings for an average period of five years.

Black Economic Empowerment

On 18 February 2008, Redefine issued 80 million linked units to strategic and broad-based BEE partners at R6.85 per linked unit, representing a discount of 7% to the market value on the date of issue. The proceeds from the issue of these units have been applied to floating debt which will reduce interest paid.

Post balance sheet events

Redefine acquired an industrial property of 13 400m² in City Deep, Johannesburg, for R47.0 million at a forward yield of 8.9%.

Three contiguous commercial properties in Paarden Eiland, Cape Town were acquired for R67.8 million at a 7.8% forward yield with a total GLA of 16 203m². These properties offer an attractive re-development opportunity. Transfer is expected by 31 May 2008.

Properties in Strand and Vredenburg were sold to Shoprite for R20.0 million on a forecast yield of 8.4%, a surplus of R8.5 million on cost.

Redefine has purchased an undivided share in a site for re-development with SA Reit Limited on the Foreshore in Cape Town, at a cost of R51.7 million.

Liquidity

15.4% of the weighted average number of linked units in issue traded during the six months ended February 2008.

Capital commitments and contingencies

Authorised capital expenditure on developments of R299.5 million.

Redefine has provided suretyships limited to R254.4 million relating to its BEE initiatives. The company has guaranteed liabilities of JV's up to an amount of R79.8 million.

Prospects

Letting of vacant space, renewals of expiring leases at increased rentals, completion of new developments and income growth from the listed securities portfolio will collectively contribute to distribution growth.

The Board anticipates that, subject to no further deterioration in market conditions, Redefine's distributions per linked unit for the year ending 31 August 2008 will increase by between 12% and 14% compared to 2007. This forecast has not been reviewed or reported on by the company's auditors.

Cautionary

Unitholders are referred to the cautionary announcement published on 26 March 2008 and renewed on 7 May 2008 advising that the company is considering a proposal which, if implemented, will result in the merger of ApexHi Properties Limited, Hyprop Investments Limited, Madison Property Fund Managers Limited and Redefine. Accordingly unitholders are advised to continue to exercise caution in their dealings in Redefine linked units until a further announcement is made.

Payment of debenture interest

Unitholders are advised that interest distribution no. 32 in respect of the period 1 December 2007 to 29 February 2008 of 13.8 cents per linked unit has been declared.

	2008
• The last date to trade cum interest	Friday 23 May
• Linked units will trade ex interest	Monday 26 May
• Record date	Friday 30 May
• Payment of interest distribution no. 32	Monday 2 June

Unitholders may not dematerialise or re-materialise their linked units between Monday 26 May 2008 and Friday 30 May 2008, both days inclusive.

Dines Gihwala
Chairman

Brian Azizollahoff
Chief Executive Officer

Johannesburg
9 May 2008

REDEFINE INCOME FUND LIMITED ("Redefine" or "the company")

Registration No: 1999/018591/06 • Share code: RDF • ISIN Code: ZAE000023503

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*non-executive †British #independent

Company Secretary: Probity Business Services (Proprietary) Limited.

Sponsor: Java Capital (Proprietary) Limited

Transfer Secretary: Computershare Investor Services (Proprietary) Limited

