



2009 Reviewed Interim Results

For the six months ended 28 February

- DISTRIBUTIONS 26.8 CENTS PER LINKED UNIT • NAV R6.92 PER LINKED UNIT
- TOTAL ASSETS R10.0 BILLION • MARKET CAPITALISATION R6.0 BILLION • GEARING 36.6%

CONSOLIDATED INCOME STATEMENT

	Reviewed Feb 2009 R000	Reviewed Feb 2008 R000	Audited Aug 2008 R000
Revenue			
Property portfolio	316 000	264 585	566 856
Contractual rental income	303 070	257 628	539 303
Straight-line rental income accrual	12 930	6 957	27 553
Listed securities portfolio	169 380	163 481	332 396
Property trading income	3 186	12 616	23 638
Total revenue	488 566	440 682	922 890
Operating costs	(65 913)	(54 679)	(106 324)
Administration costs	(30 941)	(33 280)	(60 283)
BEE transaction costs	–	(44 000)	(44 000)
Net operating income	391 712	308 723	712 283
Changes in fair values of properties, listed securities and financial instruments	(600 196)	(179 322)	(176 538)
Interest in associates	(8 016)	3 880	(7 407)
(Loss)/profit from operations	(216 500)	133 281	528 338
Net finance charges	(137 389)	(118 237)	(228 722)
(Loss)/profit before debenture interest	(353 889)	15 044	299 616
Debenture interest	(239 367)	(231 406)	(495 157)
Loss before taxation	(593 256)	(216 362)	(195 541)
Taxation	98 974	55 879	43 282
Loss for the period	(494 282)	(160 483)	(152 259)
Attributable to:			
Redefine shareholders	(494 282)	(160 483)	(157 864)
Minority interest	–	–	5 605
	(494 282)	(160 483)	(152 259)

RECONCILIATION OF HEADLINE LOSS AND DISTRIBUTABLE EARNINGS

Loss for the period attributable to Redefine shareholders	(494 282)	(160 483)	(157 864)
Changes in fair values of properties (net of deferred taxation)	179 813	9 487	(175 776)
Changes in fair values of properties	221 530	11 447	(228 143)
Deferred taxation	(41 717)	(1 960)	52 367
Taxation - CGT	–	–	1 197
Headline loss attributable to shareholders	(314 469)	(150 996)	(332 443)
Debenture interest	239 367	231 406	495 157
Headline (loss)/ earnings attributable to linked unitholders	(75 102)	80 410	162 714
Changes in fair values of listed securities and financial instruments (net of deferred taxation)	321 409	140 383	335 261
Changes in fair values of listed securities and financial instruments	378 666	168 872	404 681
Deferred taxation	(57 257)	(27 489)	(69 420)
Deferred taxation rate change	–	(26 430)	(27 426)
Straight-line rental income accrual	(12 930)	(6 957)	(27 553)
Fair value adjustment in associate	5 308	–	4 237
BEE transaction costs	–	44 000	44 000
Foreign exchange loss/(gain)	682	–	(1 681)
Minority interest	–	–	5 605
Distributable earnings	239 367	231 406	495 157
First quarter	116 111	108 150	108 150
Second quarter	123 256	123 256	123 256
Third quarter	N/A	N/A	125 043
Fourth quarter	N/A	N/A	138 708
Distributions	239 367	231 406	495 157
Actual linked units in issue (000)	893 161 *	893 161 *	893 161 *
Weighted linked units in issue (000)	893 161 *	818 435 *	856 002 *
(Loss)/ earnings per linked unit (cents)	(28.54)	8.67	39.40
Headline (loss)/ earnings per linked unit (cents)	(8.41)	9.82	19.01
Distributions per linked unit (cents)	26.80	27.10	56.63

* Excludes 5 876 770 treasury linked units

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Reviewed Feb 2009 R000	Reviewed Feb 2008 R000	Audited Aug 2008 R000
Cash effects of operating activities	(19 570)	(94 173)	(78 070)
Cash generated from operations	375 357	257 844	680 727
Net financing costs	(140 108)	(118 237)	(234 494)
Taxation paid	–	(6 537)	(48 761)
Linked unit distributions paid	(254 819)	(227 243)	(475 542)
Cash effects of investing activities	50 024	(554 489)	(856 072)
Net property acquisitions	(82 634)	(319 720)	(558 205)
Net listed securities disposals/ (acquisitions)	152 148	(197 753)	(228 307)
Acquisition of property, plant and equipment	–	(227)	(29 766)
Acquisition of subsidiary	–	–	(105)
Loans to associate companies	(8 807)	–	(23 542)
Loans to related parties	(10 683)	(36 789)	(16 147)
Cash effects of financing activities	(200 019)	555 513	969 708
Linked units issued	–	590 941	546 731
Net movement in borrowings	(200 019)	(35 428)	422 977
Net movement in cash and cash equivalents	(169 565)	(93 149)	35 566
Opening cash and cash equivalents	158 195	122 629	122 629
Closing cash and cash equivalents	(11 370)	29 480	158 195

CONSOLIDATED BALANCE SHEET

	Reviewed Feb 2009 R000	Reviewed Feb 2008 R000	Audited Aug 2008 R000
ASSETS			
Non-current assets	9 523 459	9 661 806	10 143 277
Investment property	5 854 953	5 331 969	5 974 522
Fair value of property portfolio for accounting purposes	5 431 273	4 578 022	5 538 362
Straight-line rental income accrual	239 096	205 570	226 166
Property under development	184 584	548 377	209 994
Listed securities portfolio	3 398 496	4 110 248	3 906 307
Interest in associates	143 726	174 050	140 227
Loans receivable	75 931	35 937	65 248
Interest rate swaps	67	7 596	6 514
Guarantee fee receivable	19 865	–	19 865
Property, plant and equipment	30 421	2 006	30 594
Current assets	423 596	507 819	574 134
Properties held for trading	124 498	202 767	137 016
Listed securities held for trading	102 378	110 138	105 385
Trade and other receivables	81 315	67 383	64 637
Listed securities income receivable	109 705	96 599	108 899
Cash and cash equivalents	5 700	30 932	158 197
Total assets	9 947 055	10 169 625	10 717 411
EQUITY AND LIABILITIES			
Share capital and reserves	3 910 115	4 394 453	4 404 397
Share capital and premium	2 088 943	2 089 156	2 088 943
Accumulated loss	(31 517)	(31 517)	(31 517)
Non-distributable reserves	1 846 983	2 336 814	2 341 265
Minority interest	5 706	–	5 706
Non-current liabilities	5 790 370	5 510 748	5 972 087
Debenture capital	1 607 689	1 607 689	1 607 689
Interest-bearing liabilities	3 480 928	3 154 909	3 572 250
Interest rate swaps	28 802	–	16 823
Financial guarantee contract	12 373	–	15 774
Deferred taxation	660 578	748 150	759 551
Current liabilities	246 570	264 424	340 927
Trade and other payables	106 244	98 689	95 773
Interest-bearing liabilities	–	–	106 444
Taxation	–	41 027	–
Bank overdraft	17 070	1 452	2
Linked unitholders for distribution	123 256	123 256	138 708
Total equity and liabilities	9 947 055	10 169 625	10 717 411
Net asset value ("NAV") per linked unit excluding deferred taxation (cents)	691.74	755.78	758.17
Share in associate's post aquisition reserves (R000)	8 679	27 987	16 700

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Reviewed Feb 2009 R000	Reviewed Feb 2008 R000	Audited Aug 2008 R000
Balance at beginning of period	4 404 397	4 107 996	4 107 996
Issue of shares	–	448 000	448 000
Issue expenses written off	–	(1 060)	(1 272)
Loss for the period	(494 282)	(160 483)	(157 864)
Revaluation of property, plant and equipment (net of deferred taxation)	–	–	1 831
Minority interest	–	–	5 706
Total share capital and reserves	3 910 115	4 394 453	4 404 397

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, JSE Listing Requirements and the requirements of the South African Companies Act. All accounting policies are consistent with those applied for the year ended 31 August 2008.

SEGMENTAL INFORMATION

	Contractual revenue 2009 (R000)	%	Net income 2009 (R000)
Property portfolio			
Commercial	156 986	51.8	122 844
Retail	84 046	27.7	65 767
Industrial	62 038	20.5	48 546
	303 070	100.0	237 157
Listed securities portfolio	169 380		169 380
Property trading	3 186		3 186
Total	475 636		409 723

COMMENTS

Financial results

Distributable earnings have increased by 3.4% from the comparable period. Growth in earnings has been adversely affected mainly by a slow down in sales of property held for trading and delays in transfers of sold units to purchasers.

The loss for the period of R494 million resulted from the decrease in value of the listed securities portfolio by R361 million, the net reduction in value of the property portfolio by R209 million, mark to market adjustment in interest rate swaps of R18 million and reduction in the value of the property portfolio held in associates of R5 million partly offset by a reduction in deferred capital gains taxation by R99 million.

Distribution

The Board has approved an interest distribution of 13.8 cents per linked unit for the quarter ended 28 February 2009. This, together with the distribution of 13.0 cents per linked unit for the quarter ended 30 November 2008, results in interest distributions for the six months ended 28 February 2009 of 26.8 cents per linked unit, a decrease of 1.0% on the distributions of 27.1 cents for the comparable period.

Redefine's next quarterly distribution is to be replaced with a distribution for the four months ended 30 June 2009 to coincide with the expected effective date of the merger of 1 July 2009. This will be followed by a distribution for the two months ended 31 August 2009 which will be the first distribution of the merged company. Thereafter, Redefine will resume its quarterly distributions.

Property portfolio

At 28 February 2009 Redefine's property portfolio comprised 97 properties with a total gross lettable area ('GLA') of 898 778m², valued at R5.4 billion. The directors have valued the property portfolio by applying market related yields which are substantiated by independent external valuers. Redefine holds a further R184.6 million property for development and R124.5 million property for trading.

The total property portfolio of R5.7 billion constitutes 58.8% (Aug 2008: 56.8%) of Redefine's total non-current assets.

During the period under review, 29 632m² of vacant space was leased and leases in respect of 38 408m² were renewed. Vacancies at 28 February 2009 were 5.9% (Aug 2008: 4.8%) of GLA. Subsequent to 28 February 2009 a further 7 662m² of vacant space has been let reducing vacancies to 5.1%. 53.7% of leases, by GLA, expire in 2012 and beyond.

During the period Redefine disposed of TBWA Benmore for R18.8 million, a surplus of R9.5 million on cost.

Developments

Redefine currently has 3 projects in various stages of development with an estimated total completed cost of R353.8 million. To date, R184.6 million has been expended.

Trading

Redefine's trading portfolio consists of Oasis, Newmarket/Buchanan and Upper East Side Phase 2.

Sales of units at Oasis have slowed significantly. To date, 25% of units in Newmarket/ Buchanan have been sold of which 47% of units sold have been transferred and recognised as property trading income. Upper East Side Phase 2 is under construction and 92% has been pre-sold.

Listed securities portfolio

Redefine acquired an additional 833 333 units in CIREF Limited for R7.1 million facilitated by means of a swap of 12.5 million units in APN European Retail Property Group which were acquired during the period. Redefine's holding in CIREF is 28.05%.

Redefine disposed of 28.1 million units in Vukile Property Fund Limited for R254.5 million, realising a minimal loss.

Borrowings

Redefine's borrowings decreased by R197.8 million from August 2008. Total debt of R3.5 billion represents gearing of 36.6% (Aug 2008: 35.2%).

The current average all inclusive interest rate is 9.9% (Aug 2008: 10.5%) and the interest rate is fixed on 88.6% of borrowings for an average period of five years.

Liquidity

20.6% of the weighted average number of linked units in issue traded during the six months ended February 2009.

Capital commitments and contingencies

Capital expenditure on developments of R173.8 million has been authorised.

Redefine has provided suretyships limited to R119.1 million relating to its BEE initiatives.

The company has guaranteed liabilities of JV's limited to R30.8 million.

Merger

At the Redefine general meetings held on 2 April, all of the special and ordinary resolutions required to implement the proposed acquisition by Redefine of Madison and ApexHi were passed by the requisite majorities of Redefine shareholders and debenture holders. The ApexHi and Madison schemes were subsequently approved by the requisite majorities of members.

The merger is conditional upon the approval of the Competition Authorities and sanctioning of the above schemes by the court.

Further announcements regarding the fulfilment of the outstanding conditions and the date on which the schemes will be implemented will be released on SENS and published in the press in due course.

Prospects

The revised listing particulars issued to linked unitholders on 11 March 2009 included a forecast distribution for the year to 31 August 2009 of 62.6 cents per linked unit not taking into account the effects of the merger with ApexHi and Madison. This forecast was prepared using actual results for the 4 months to 31 December 2008 and forecast results for the remainder of the year ending 31 August 2009.

Since the release of this forecast there has been a greater than expected deterioration in the overall economy and consequently the property market. The forecast is thus likely to be impacted by lower distributions from the listed portfolio and joint ventures and slower sales in property trading exacerbated by delays in transfer. It is difficult to predict the level of property trading sales which will be achieved as these are, by their very nature, lumpy. However, it is expected that income from the core property portfolio will be in line with the forecast.

Payment of debenture interest

Unitholders are advised that interest distribution no.36 in respect of the period 1 December 2008 to 28 February 2009 of 13.8 cents per linked unit has been declared.

2009	
The last date to trade cum interest	Friday 29 May
Linked units will trade ex interest	Monday 1 June
Record date	Friday 5 June
Payment of interest distribution no. 36	Monday 8 June
Unitholders may not dematerialise or re-materialise their linked units between Monday 1 June 2009 and Friday 5 June 2009, both days inclusive.	
Dines Gihwala Chairman	Brian Azizollahoff Chief Executive Officer
Johannesburg 8 May 2009	

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

