

Redefine

PROPERTIES

INTERIM RESULTS

for the six months ended
28 February 2010

- Quarterly distribution of 16.75 cents per linked unit
- Total tangible assets R27.3 billion
- Market capitalisation R20.1 billion
- Corporate action to gain control of Hyprop
- Internalisation of property management

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	UNAUDITED	REVIEWED	AUDITED
	Six months 28 February 2010 R'000	Six months 28 February 2009 R'000	Year 31 August 2009 R'000
REVENUE			
Property portfolio	1 223 277	316 000	770 139
Contractual rental income	1 184 996	303 070	741 620
Straight-line rental income accrual	38 281	12 930	28 519
Listed security portfolio	122 178	169 380	308 203
Trading income	18 340	3 186	39 089
Fee income	116 999	–	14 328
Total revenue	1 480 794	488 566	1 131 759
Operating costs	(277 368)	(65 913)	(130 413)
Administration costs	(58 004)	(30 941)	(92 863)
Net operating income	1 145 422	391 712	908 483
Changes in fair values of properties, listed securities and intangibles	1 059 827	(600 196)	(389 841)
Interest in associates	(25 024)	(8 016)	(3 938)
Income/(loss) from operations	2 180 225	(216 500)	514 704
Interest paid	(292 886)	(170 469)	(350 129)
Interest received	58 305	33 762	71 835
Foreign exchange gain/(loss)	49 600	(682)	7 244
Income before debenture interest	1 995 244	(353 889)	243 654
Debenture interest	(891 595)	(239 367)	(711 354)
Profit/(loss) before taxation	1 103 649	(593 256)	(467 700)
Taxation	(157 854)	98 974	176 949
Profit/(loss) for the period	945 795	(494 282)	(290 751)
Other comprehensive income			
Exchange differences on translating foreign operations	(49 486)	–	(807)
Deferred profit on residential property realised	(9 488)	–	–
Revaluation of property, plant and equipment, net of deferred taxation	–	–	549
Other comprehensive income for the period	(58 974)	–	(258)
Total comprehensive income for the period	886 821	(494 282)	(291 009)
Profit/(loss) attributable to: Redefine shareholders	936 762	(494 282)	(288 104)
Non controlling interests	9 033	–	(2 647)
	945 795	(494 282)	(290 751)
Total comprehensive income attributable to: Redefine shareholders	877 788	(494 282)	(288 362)
Non controlling interests	9 033	–	(2 647)
	886 821	(494 282)	(291 009)
Reconciliation of earnings, headline earnings and distributable earnings			
Profit/(loss) attributable to Redefine shareholders	936 762	(494 282)	(288 104)
Changes in fair values of properties, net of deferred taxation	(133 049)	179 813	205 028
Changes in fair value of properties	(194 593)	221 530	380 619
Deferred taxation	61 544	(41 717)	(175 591)
Headline profit/(loss) to shareholders	803 713	(314 469)	(83 076)
Debenture interest	891 595	239 367	711 354
Headline earnings/(loss) attributable to linked unitholders	1 695 308	(75 102)	628 278
Changes in fair values of listed securities and financial securities, net of deferred taxation	(768 938)	321 409	7 864
Changes in fair values of listed securities and financial instruments	(865 234)	378 666	9 222
Deferred taxation	96 296	(57 257)	(1 358)
Adjustment of consolidated foreign earnings to anticipated dividends	5 532	–	1 429
Straight-line rental income accrual	(38 281)	(12 930)	(28 519)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	UNAUDITED	REVIEWED	AUDITED
	Six months 28 February 2010 R'000	Six months 28 February 2009 R'000	Year 31 August 2009 R'000
Balance at beginning of the period	13 200 268	4 404 397	4 404 397
Issue of shares	–	–	9 514 815
Issue expenses written off	(239)	–	(923)
Total comprehensive income for the period	886 821	(494 282)	(291 009)
Effect of acquiring controlling interest in ApexHi	–	–	(427 054)
Non controlling interests on acquisition of subsidiaries	676 567	–	42
Total share capital and reserves	14 763 417	3 910 115	13 200 268

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

	UNAUDITED	REVIEWED	AUDITED
	Six months 28 February 2010 R'000	Six months 28 February 2009 R'000	Year 31 August 2009 R'000
Net cash outflow from operating activities			
Cash generated from operations	1 102 949	375 357	1 034 422
Net financing costs	(234 581)	(140 108)	(271 050)
Linked unit distributions paid	(311 218)	(254 819)	(1 002 916)
Payments to non-controlling interests	(899)	–	(280)
Net cash movement from operating activities	556 251	(19 570)	(239 824)
Net cash movement from investing activities	(763 277)	50 024	480 928
Net cash movement from financing activities	435 942	(200 019)	(288 145)
Net movement in cash and cash equivalents	228 916	(169 565)	(47 041)
Opening cash and cash equivalents	111 154	158 195	158 195
Closing cash and cash equivalents	340 070	(11 370)	111 154

SEGMENTAL ANALYSIS

	Office R'000	Retail R'000	Industrial R'000	Ciref R'000	Total R'000
Six months ended 28 February 2010					
Revenue (excluding straight-line rental income accrual)	531 231	474 357	166 382	13 026	1 184 996
Straight-line rental accrual	3 257	25 001	10 023	–	38 281
Revenue	534 488	499 358	176 405	13 026	1 223 277
Operating costs	(130 595)	(112 432)	(31 935)	(2 406)	(277 368)
Net property income [†]	403 893	386 926	144 470	10 620	945 909
Non-current assets					
– Investment property	7 861 492	7 982 115	2 964 075	2 225 789	21 033 471
Year ended 31 August 2009					
Revenue (excluding straight-line rental income accrual)	363 556	222 502	155 562	–	741 620
Straight-line rental accrual	8 051	30 163	(9 695)	–	28 519
Revenue	371 607	252 665	145 867	–	770 139
Operating costs	(68 054)	(38 465)	(23 894)	–	(130 413)
Net property income [*]	303 553	214 200	121 973	–	639 726
Non-current assets					
– Investment property	8 066 451	7 535 407	2 632 918	–	18 234 776

[†] Includes Ciref net property income for February 2010 only.^{*} Includes ApexHi net property income for August 2009 only.

COMMENTARY

Introduction

Redefine is one of the largest listed property funds in South Africa, with a diversified portfolio of 400 properties valued at R18.9 billion and R4.1 billion of South African and international listed investments, including a 70.7% interest in Ciref Plc ("Ciref") which has been consolidated in the group results.

Land for development and trading

At 28 February 2010, Redefine held land valued at R177.7 million for future development, a small trading portfolio of commercial sectional title space and a 50% joint venture interest in Oasis Retirement Village.

Listed securities portfolio

The listed securities portfolio of Redefine valued at R4.1 billion constituted 17.8% of Redefine's investment in property and listed securities at 28 February 2010. The portfolio comprises:

Fund	Value R'000	Holding %
Hyprop	2 765 645	33.3
Ciref [*]	1 019 252	70.7
Sycom	133 226	3.1
Oryx	138 411	26.4
	4 056 534	

^{*} Consolidated by Redefine. On consolidation, this investment has been eliminated and Ciref's 13% holding in Cromwell, valued at R509.9 million, is reflected as a listed security of the group.

Hyprop

Redefine has entered into an agreement to acquire an additional 19 686 558 Hyprop units for R984 million, equating to R50 per Hyprop unit. The acquisition is conditional on the approval by 31 August 2010, of the Competition Authorities and, to the extent necessary, of the Redefine linked unitholders. If the transaction is approved, the acquisition will increase Redefine's stake in Hyprop from 33.3% to 45.2% and will trigger a mandatory offer by Redefine to all Hyprop unitholders at a price of R50 per unit.

Ciref

During the period, Redefine increased its interest in Ciref, the vehicle earmarked for Redefine's international expansion, from 28.6% to 70.7% by the exchange of its 19.2% interest in Wichford Plc ("Wichford") and by increasing its interest in Ciref pursuant to a placement of shares by Ciref. The cost of the additional interest acquired was R636.9 million and the market value of the Wichford interest exchanged was R248.5 million.

The interest in Ciref has been acquired utilising foreign investment capacity of South African institutions (asset swap).

The interest in Ciref has been consolidated with effect from 1 February 2010. As it is Redefine's policy to distribute its share of Ciref income to the extent of dividends received, an adjustment has been made to Redefine's distributable income.

Corovest

Redefine's interest in Corovest was increased during the period from 34.0% to 75.9% at a cost of R178 million. The investment in Corovest, which was previously equity accounted, has been consolidated. As it is Redefine's policy to only distribute its share of Corovest income to the extent of dividends received, an adjustment has been made to Redefine's distributable income.

Business Combinations

On 1 October 2009, the group acquired an additional 41.9% interest in Corovest and with effect 1 February 2010, Redefine increased its interest in Ciref by 42.1%.

The acquired businesses contributed revenues of R54.9 million and net profit after tax of R40.4 million, including the effect of fair value adjustments, to the group for the period under review. These amounts have been calculated using the group's accounting policies together with consequential tax effects.

If the acquisition had occurred on 1 September 2009, the contribution to group revenue and net profit after taxation would have been R113.8 million and R92.8 million respectively.

Details of the net assets acquired and goodwill are as follows:

	Ciref R'000	Corovest R'000	Total R'000
Purchase consideration:			
Cash paid	636 876	178 014	814 890
The carrying amounts of the assets and liabilities, on the dates acquired, were as follows:			
Investment properties	2 253 680	–	2 253 680
Listed securities portfolio	499 495	–	499 495
Intangible assets	88 431	544 023	632 454
Investment in associates and joint ventures	298 083	–	298 083
Loans receivable	481 247	136 096	617 343
Property, plant and equipment	–	658	658
Other financial assets	17 940	–	17 940
Trade and other receivables	125 371	33 635	159 006
Cash and cash equivalents	562 772	2 352	565 124
Minority shareholders	(573 484)	(102 369)	(675 853)
Interest-bearing borrowings	(2 702 126)	(252 132)	(2 954 258)
Interest rate swaps	(57 873)	–	(57 873)
Trade and other payables	(157 790)	(39 867)	(197 657)
Acquirees' carrying amount at acquisition	835 746	322 396	1 170 002
Goodwill	650 369	–	638 509
	1 486 115	322 396	1 808 511

financial instruments	(865 234)	378 666	9 222
Deferred taxation	96 296	(57 257)	(1 358)
Adjustment of consolidated foreign earnings to anticipated dividends	5 532	–	1 429
Straight-line rental income accrual	(38 281)	(12 930)	(28 519)
Foreign exchange (gain)/loss	(49 520)	682	(7 244)
Fair value adjustment of associates and minorities	35 705	5 308	(10 610)
Capital write offs included in administration costs	2 593	–	14 930
Pre-acquisition income on Hyprop units acquired in 2009	9 196	–	105 226
Distributable earnings	891 595	239 367	711 354
Quarter ended 30 November	443 651	116 111	116 111
Quarter ended 28 February	447 944	123 256	123 256
Four months ended 30 June	–	–	160 769
Two months ended 31 August	–	–	311 218
Total distributions	891 595	239 367	711 354
Actual number of linked units in issue ('000)	2 674 295 *	893 161 *	2 648 662
Weighted number of linked units in issue ('000)	2 648 662 *	893 161 *	1 042 258
Earnings per linked unit (cents)	69.03	(28.54)	40.61
Headline earnings per linked unit (cents)	64.01	(8.41)	60.28
Distribution per linked unit (cents)	33.50	26.80	56.55

*Excludes 5 876 770 treasury units.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	UNAUDITED	REVIEWED	AUDITED
	Six months 28 February 2010 R'000	Six months 28 February 2009 R'000	Year 31 August 2009 R'000
ASSETS			
Non-current assets	31 018 683	9 523 392	25 129 646
Investment property	21 033 471	5 854 953	18 234 776
Fair value of property portfolio for accounting purposes	20 448 715	5 431 273	17 555 250
Straight-line rental income accrual	584 756	239 096	546 475
Property under development	–	184 584	133 051
Listed securities portfolio	3 547 159	3 398 496	2 807 448
Goodwill and intangibles	4 754 428	–	3 258 326
Interest in associates and joint ventures	428 849	143 726	201 387
Loans receivable	1 182 222	75 931	560 600
Guarantees fee receivable	40 408	19 865	36 040
Property, plant and equipment	32 146	30 421	31 069
Current assets	978 919	423 596	640 129
Properties held for trading	163 207	124 498	186 908
Listed securities held for trading	–	102 378	9 316
Trade and other receivables	353 238	81 315	211 996
Guarantees fee receivable	20 127	–	20 127
Listed security income	102 277	109 705	100 628
Cash and cash equivalents	340 070	5 700	111 154
Non-current assets held for sale	96 700	–	173 200
Total assets	32 094 302	9 946 988	25 942 975
EQUITY AND LIABILITIES			
Share capital and reserves	14 763 417	3 910 115	13 200 268
Share capital and premium	11 602 596	2 088 943	11 602 835
Reserves	2 472 072	1 815 466	1 594 332
Non controlling interests	688 749	5 706	3 101
Non-current liabilities	15 869 033	5 790 303	12 036 910
Debenture capital	4 767 591	1 607 689	4 767 591
Interest-bearing liabilities	8 824 894	3 480 928	5 460 099
Interest rate swaps	95 219	28 735	46 210
Financial guarantee contract	6 323	12 373	9 838
Deferred taxation	2 175 006	660 578	1 753 172
Current liabilities	1 461 852	246 570	705 797
Trade and other payables	541 107	106 244	374 271
Interest-bearing liabilities	17 319	–	20 308
Bank overdraft	11 831	17 070	–
Linked unitholders for distribution	891 595	123 256	311 218
Total equity and liabilities	32 094 302	9 946 988	25 942 975
Net asset value per linked unit (excluding deferred taxation) (cents)	785.90	691.74	744.57
The group's share in associate's post-acquisition reserves	(12 267)	8 679	12 757

COMMENTARY

Introduction

Redefine is one of the largest listed property funds in South Africa, with a diversified portfolio of 400 properties valued at R18.9 billion and R4.1 billion of South African and international listed investments, including a 70.7% interest in Ciref Plc ("Ciref") which has been consolidated in the group results.

The results for the six months ended 28 February 2010 represent the consolidated earnings for the full period of Redefine, incorporating ApexHi Properties Limited ("ApexHi") and Madison Property Fund Managers Limited ("Madison") for the full period, and Ciref with effect from 1 February 2010. The results of Corovest Fund Managers Limited ("Corovest"), the asset management company of Ciref, have been consolidated for the five months from 1 October 2009.

Financial results

Redefine has declared a distribution of 16.75 cents per linked unit for the three months ended 28 February 2010 which together with the distribution of 16.75 cents for the three months to 30 November 2009, results in a total distribution of 33.50 cents per linked unit for the period under review.

Included in distributable income is a R9.2 million distribution received on Hyprop Investments Limited ("Hyprop") units acquired by Redefine at the end of the 2009 financial year. In terms of accounting practice, this income has been accounted for as a reduction to the cost of the investment in Hyprop and has not been included as revenue in the statement of comprehensive income.

Contractual rental income comprises 82.1% of total revenue, income from listed securities 8.5% and trading and fee income 9.4%. Fee income includes asset management and consulting fees, guarantee fees, transaction fees and commissions. Operating costs are 20.9% of rental income, excluding the amortisation of tenant installations and lease commissions.

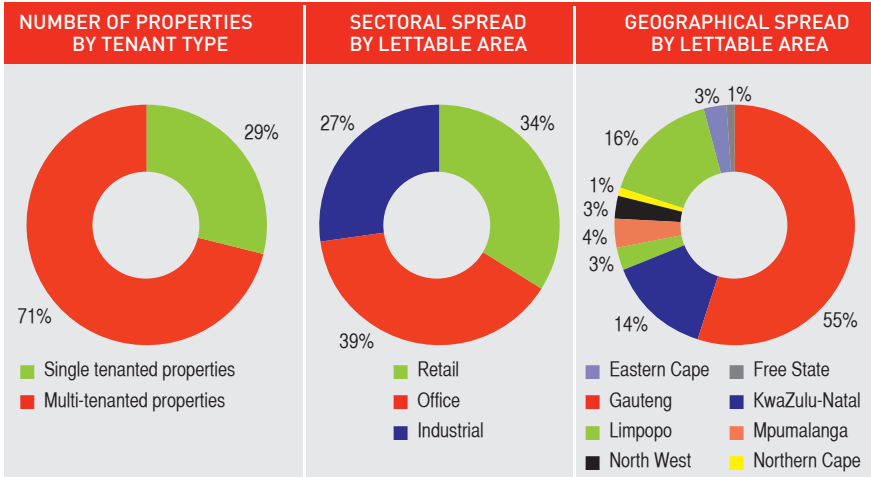
Changes in fair values

The property portfolio was internally valued at 28 February 2010 resulting in an increase in value of R156.2 million, which includes an increase in value of properties owned by Ciref of R29.0 million.

The South African listed portfolio increased in value by R973.2 million during the period under review. Ciref's 13% interest in Cromwell Group ("Cromwell"), a listed Australian property trust, decreased in value by R23.4 million at 28 February 2010. Amortisation of intangibles and interest rate swaps amount to R46.2 million.

South African property portfolio

At 28 February 2010, the property portfolio comprised 400 properties with a total gross lettable area ("GLA") of 3.6 million m² valued at R18.9 billion.



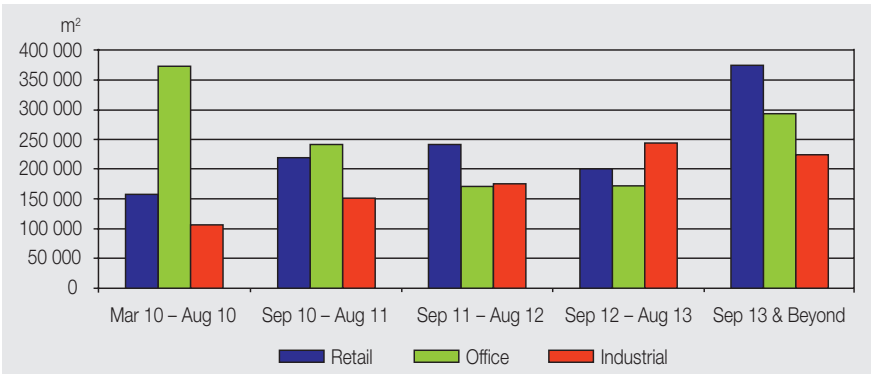
At 28 February 2010, 9.0% of the GLA was vacant, comprising office 12.0%, industrial 8.6% and retail 6.0%.

Arrears at 28 February 2010 amounted to R24.3 million (August 2009: R36.2 million) against which a provision for doubtful debts of R9.1 million (August 2009: R7.0 million) has been raised.

Property acquisitions and disposals

During the period under review, Redefine took transfer of two properties with a GLA of 40 671m² for an aggregate purchase price of R205.0 million at an average yield of 10.8% and disposed of five properties with a GLA of 35 285m² for an aggregate price of R81.3 million at an average yield of 5.2%.

Lease expiry profile



Directors: D Gihwala (*Chairman*), W E Cesman* (*Joint CEO*), M Wainer* (*Joint CEO*),

B Azizollahoff*, J A Finn*, M N Flax*, G J Heron, G G L Leissner, H K Mehta, M K Khumalo,

B Nackan, D Pertont*, D H Rice** *Executive *British

Website: www.redefine.co.za

interest rate swaps	(37 873)	–	(37 873)
Trade and other payables	(157 790)	(39 867)	(185 797)
Acquirees' carrying amount at acquisition	835 746	322 396	1 170 002
Goodwill	650 369	–	638 509
	1 486 115	322 396	1 808 511
Value of interest already owned by Redefine	(600 756)	(144 382)	(745 138)
Value of shares in Wichford swapped for Ciref shares	(248 483)	–	(248 483)
Purchase consideration settled in cash	636 876	178 014	814 890

The business combinations have been accounted for using provisional figures in terms of IFRS 3 – "Business Combinations". The excess of the purchase price over Ciref's net assets has been reflected as goodwill. A detailed assessment of the assets, liabilities and contingent liabilities acquired will be completed by the 2010 financial year-end and the required adjustments will be processed.

Prior year acquisition

In 2009, Redefine acquired all of the ApexHi A, B and C linked units it did not already own and all of the linked units in Madison. The excess of the purchase price over the net assets acquired was reflected as goodwill in Redefine's annual financial statements at 31 August 2009. In the current period, the purchase price allocation has been completed. This has resulted in the recognition of an intangible asset, "the right to manage property", as follows:

	28 February 2010 R'000
Right to manage property	942 835
Deferred taxation thereon	(263 994)
Net asset recognised	678 841
Goodwill initially recognised in 2009	3 248 835
Net goodwill after purchase price allocation	2 569 994

The intangible asset will be amortised over a period of 15 years.

Interest in associates and joint ventures

This includes Ciref's 19.2% interest in Wichford, valued at R255.1 million, together with its interest in joint venture property investments valued at R30.3 million. It further includes Redefine's 49% interest in two Enterprise Development Initiatives, Dipula Property Investment Trust and Mergence Africa Property Investment Trust, valued at R143.4 million.

Borrowings

As at 28 February 2010, borrowings of the group amounted to R8.8 billion, including Ciref and Corovest borrowings of R2.7 billion. Excluding the assets and borrowings of Ciref and Corovest, which are ring-fenced, Redefine's borrowings represent 26.6% of the value of its property and listed securities portfolios. Redefine's current all inclusive interest rate is 9.31% and the interest rates are fixed on 58% of borrowings for an average period of 6 years.

Linked units and liquidity

During the six months under review, 529.2 million linked units traded for R3.8 billion, equivalent to 20% of the weighted number of linked units in issue.

Property management

A decision has been taken to internalise Redefine's South African property management function in anticipation of the termination of the agreement with Broll Property Group. A general manager and financial manager have been appointed from internal resources to set up the business and recruit the necessary management and staff. In addition to creating the potential for significant annual savings in the future, the strategy is intended to increase service delivery and streamline business processes and efficiency.

Prospects

The forecast distributions per linked unit for the six months ending 31 August 2010 have been based on distributable earnings for the six months ended 28 February 2010, allowing for contractual growth in income reduced to take account of the failure of Queensgate which was due to take occupation of a newly developed hotel in Cape Town, lower than expected dividends from Ciref and reduced fee income. As a result, distributions for the year ending 31 August 2010 are expected to be between 65.5 cents and 67.5 cents per linked unit. This forecast has not been reviewed or reported on by the auditors.

Debenture interest distribution

Unitholders are advised that interest distribution number 40 of 16.75 cents per linked unit has been declared for the three months ended 28 February 2010. The distribution will be payable to Redefine linked unitholders in accordance with the abbreviated timetable set out below:

	May 2010
Last day to trade "cum" interest distribution	Friday, 21
Linked units "ex" interest distribution	Monday, 24
Record date	Friday, 28
Payment date	Monday, 31

There may be no dematerialisation or rematerialisation of linked units between Monday, 24 May 2010 and Friday, 28 May 2010, both days inclusive.

Basis of preparation

The results for the six months ended 28 February 2010 have not been reviewed or audited by the company's auditors. These results have been prepared in accordance with International Financial Reporting Standards (IFRS), the JSE Limited Listings Requirements and the requirements of the South African Companies Act, 1973. This report has been prepared in terms of IAS 34 – "Interim Financial Reporting". The accounting policies used are consistent with those applied in the annual financial statements for the year ended 31 August 2009.

On behalf of the Board

D Gihwala
Chairman

W E Cesman
Joint CEO

5 May 2010

Transfer secretaries: Computershare Investor Services (Proprietary) Limited

Sponsor: Java Capital (Proprietary) Limited

Company secretary: Probity Business Services (Proprietary) Limited



REDEFINE PROPERTIES LIMITED ("Redefine" or "the company" or "the group")
(Formerly Redefine Income Fund Limited)
Registration number 1999/018591/06 • JSE share code: RDF • ISIN: ZAE000023503

Registered office: 3rd Floor, Redefine Place, 2 Arnold Road, Rosebank, 2196
(PO Box 1731, Parklands, 2121)