



Unaudited results for the six months ended 29 February 2012



Interim distribution of 31,5 cents on track to achieve full year forecast

Recurring core income up 6,6% on first half 2011

Significant progress made in improving the quality of the property portfolio

Presence established in the debt capital market

Agreement concluded to acquire Fountainhead management company

International diversification strengthened by increased group holding in Cromwell

Condensed consolidated statements of comprehensive income

	Unaudited 29 February 2012 R'000	Restated/ Unaudited 28 February 2011 R'000	Audited 31 August 2011 R'000
Revenue			
Property portfolio	1 568 778	1 443 862	2 754 905
Contractual rental income	1 659 579	1 395 238	2 763 122
Straight-line rental income accrual	(90 801)	48 624	(8 217)
Listed securities income	183 083	148 232	342 367
Fee income	40 920	83 394	205 485
Hotel income	133 750	—	157 628
Trading income	894	2 803	36 556
Total revenue	1 927 425	1 678 291	3 496 941
Operating costs	(424 647)	(318 662)	(732 648)
Administration costs	(104 370)	(137 208)	(158 787)
Net operating income	1 398 408	1 222 421	2 605 506
Changes in fair values of investment properties, listed securities and financial instruments	(340 694)	146 415	532 305
Amortisation of intangibles	(50 485)	(48 271)	(96 808)
Impairment of financial assets, property, plant and equipment, and goodwill	—	—	(848 713)
Equity accounted profits/(losses)	32 707	(76 860)	(19 988)
Income from operations	1 039 936	1 243 705	2 172 302
Net interest	(890 379)	(356 032)	(937 467)
Interest paid	(991 961)	(439 599)	(1 098 871)
Interest received	101 582	83 567	161 404
Foreign exchange (loss)/gain	(17 179)	79 238	1 649
Income before debenture interest	132 378	966 911	1 236 484
Debenture interest	(845 553)	(832 131)	(1 825 321)
(Loss)/profit before taxation	(713 175)	134 780	(588 837)
Taxation	(344 524)	65 955	25 575
(Loss)/profit for the period/year	(1 057 699)	200 735	(563 262)
Other comprehensive income			
Exchange differences on translation of foreign operations	205 920	42 157	107 598
Revaluation of PPE (net of deferred taxation)	—	—	4 644
Other comprehensive income for the period/year, net of deferred taxation	205 920	42 157	112 242
Total comprehensive (loss)/income for the period/year	(851 779)	242 892	(451 020)
(LOSS)/PROFIT ATTRIBUTABLE TO:			
— Redefine shareholders	(511 306)	170 809	(519 311)
— Non-controlling interests	(546 393)	29 926	(43 951)
(Loss)/profit for the period/year	(1 057 699)	200 735	(563 262)
TOTAL COMPREHENSIVE (LOSS)/INCOME ATTRIBUTABLE TO:			
— Redefine shareholders	(375 245)	209 477	(267 349)
— Non-controlling interests	(476 534)	33 415	(183 671)
Total comprehensive (loss)/income for the period/year	(851 779)	242 892	(451 020)

Condensed consolidated statements of financial position

	Unaudited 29 February 2012 R'000	Restated/ Unaudited 28 February 2011 R'000	Audited 31 August 2011 R'000
ASSETS			
Non-current assets	40 366 985	34 247 728	40 036 545
Investment property	28 736 351	22 531 809	28 847 983
Fair value of investment property for accounting purposes	27 661 405	21 526 646	27 775 325
Straight-line rental income accrual	603 297	750 939	694 099
Properties under development	471 649	254 224	378 559
Listed securities	4 659 369	5 086 701	4 664 346
Goodwill	2 570 534	3 225 473	2 570 534
Intangible assets	1 244 574	1 322 092	1 279 075
Interest in associates and joint ventures	1 833 513	326 950	1 236 726
Loans receivable	1 222 077	1 505 900	1 323 126
Other financial assets	6 303	4 058	12 938
Guarantee fees receivable	—	21 563	21 349
Property, plant and equipment (PPE)	94 264	223 182	80 468
Current assets	1 342 919	1 100 111	1 680 758
Properties held-for-trading	29 109	120 763	31 052
Trade and other receivables	640 868	638 440	742 665
Guarantee fees receivable	21 349	20 669	—
Loans receivable	51 822	—	51 210
Listed security income	146 931	109 459	195 683
Cash and cash equivalents	452 840	210 780	660 148
Non-current assets held-for-sale	2 066 825	788 323	2 646 183
Total assets	43 776 729	36 136 162	44 363 486
EQUITY AND LIABILITIES			
Shareholders' interest	15 523 616	16 981 090	17 056 251
Share capital	11 165 049	11 788 301	11 788 301
Reserves	2 639 154	3 446 747	2 996 726
Non-controlling interests (NCI)	1 719 413	1 746 042	2 271 224
Non-current liabilities	20 153 034	17 208 234	22 794 297
Debenture capital	4 659 443	4 831 731	4 831 731
Interest-bearing liabilities	13 465 872	10 894 911	16 166 163
Interest rate swaps	288 673	48 222	358 090
Other financial liabilities	15 170	12 439	11 516
Deferred taxation	1 723 876	1 420 931	1 426 797
Current liabilities	8 012 718	1 946 838	4 425 577
Trade and other payables	874 394	685 222	1 037 126
Interest-bearing liabilities	6 106 020	832 129	2 158 496
Interest rate swaps	134 934	—	49 074
Other financial liabilities	6 323	—	—
Taxation payable	45 494	—	187 691
Linked unitholders for distribution	845 553	429 487	993 190
Non-current liabilities held-for-sale	87 361	—	87 361
Total equity and liabilities	43 776 729	36 136 162	44 363 486
Net asset value per linked unit (excluding deferred tax and NCI) (cents)	752,06	800,50	783,95
Net tangible asset value per linked unit (excluding deferred tax and NCI) (cents)	609,93	631,08	640,54

Distributable income analysis

	South African R'000	International R'000	Total R'000
Net property income (excluding straight-line rental accrual)	933 939	300 993	1 234 932
Listed securities income	183 083	—	183 083
Trading income	894	—	894
Hotel income	—	133 750	133 750
Fee income	12 443	28 477	40 920
Total revenue	1 130 359	463 220	1 593 579
Administration costs	(50 970)	(53 400)	(104 370)
Interest in associates (excluding fair value adjustments)	5 484	70 780	76 264
Net finance costs	(325 859)	(337 069)	(662 928)
Net distributable profit before taxation	759 014	143 531	902 545
Taxation	(253)	(9 472)	(9 725)
Net profit before distributable adjustments	758 761	134 059	892 820
Non-controlling interest (excluding fair value adjustments)	356	(61 542)	(61 186)
	759 117	72 517	831 634
Distribution adjustments:	8 312	5 607	13 919
Align consolidated foreign profits with anticipated dividends	—	603	603
Fee income from offshore subsidiary	8 312	—	8 312
Non-distributable costs included in income statement	—	5 004	5 004
Distributable income	767 429	78 124	845 553

Condensed consolidated statements of cash flow

	Unaudited 29 February 2012 R'000	Restated/ Unaudited 28 February 2011 R'000	Audited 31 August 2011 R'000
Cash generated from operations	1 396 932	1 272 974	2 819 012
Net financing costs	(627 111)	(356 032)	(937 467)
Linked unit distributions paid	(993 189)	(858 974)	(1 288 461)
Payments to non-controlling interests	(45 566)	(8 432)	(47 969)
Net cash (outflow)/inflow from operating activities	(268 934)	49 536	545 115
Net cash outflow from investing activities	(1 020 000)	(1 037 534)	(2 781 932)
Net cash inflow from financing activities	1 051 618	656 566	2 284 967
Net movement in cash and cash equivalents	(237 316)	(331 432)	48 150
Cash and cash equivalents at beginning of period/year	660 148	606 980	606 980
Translation effects on cash and cash equivalents of foreign operations	30 008	(64 768)	5 018
Cash and cash equivalents at end of period/year	452 840^	210 780	660 148^

^Includes restricted cash of R159 million (31 August 2011: R88 million)

Distributable income reconciliation

	Unaudited 29 February 2012 R'000	Restated/ Unaudited 28 February 2011 R'000	Audited 31 August 2011 R'000
(Loss)/profit for the period/year attributable to Redefine shareholders	(511 306)	170 809	(519 311)
Changes in fair values of properties (net of deferred taxation)	688 578	(39 051)	(280 558)
Changes in fair value of properties	459 067	46 885	(285 141)
Deferred taxation	229 511	(85 936)	4 583
Impairment of PPE and goodwill	—	—	837 245
Capital gains tax	38 347	—	49 000
Headline earnings attributable to Redefine shareholders	215 619	131 758	86 376
Debenture interest	845 553	832 131	1 825 321
Headline earnings attributable to linked unitholders	1 061 172	963 889	1 911 697
Changes in fair values of listed securities and financial instruments (net of deferred taxation)	(51 432)	(174 851)	(311 471)
Changes in fair values of listed securities and financial instruments	(118 373)	(193 300)	(247 164)
Deferred taxation	66 941	18 449	(64 307)
Amortisation of intangibles (net of deferred taxation)	50 485	48 271	79 208
Impairment of financial assets	—	—	11 468
Alignment of consolidated foreign profits with anticipated dividends	603	19 991	2 694
Straight-line rental income accrual	90 801	(48 624)	8 217
Foreign exchange loss/(gain)	17 179	(79 238)	(1 649)
Fair value adjustment of associates, minorities and interest	(336 571)	60 439	60 915
Fee income from foreign subsidiary	8 312	—	—
Capital write offs included in administration costs	5 004	6 387	6 387
Swap option	—	—	10 000
Pre-acquisition income on Hyprop units acquired in prior period/year	—	35 867	47 855
Distributable earnings	845 553	832 131	1 825 321
Six months ended 29 February	845 553	832 131	832 131
Six months ended 31 August	—	—	993 190
Total distributions	845 553	832 131	1 825 321
Actual and weighted number of linked units in issue (000) *	2 684 295	2 684 295	2 684 295
Earnings per linked units (cents)	12,45	37,36	48,65
Headline earnings per linked units (cents)	39,53	35,91	71,22
Distribution per linked units (cents)	31,50	31,00	68,00

Redefine has no dilutionary instruments in issue

*Excludes 5 876 766 treasury units

Condensed consolidated statements of changes in equity

	Unaudited 29 February 2012 R'000	Restated/ Unaudited 28 February 2011 R'000	Audited 31 August 2011 R'000
Restated opening balance	17 056 251	15 801 448	15 801 448
Arrowhead unbundling	(623 252)	—	—
Total comprehensive (loss)/income for the period/year	(851 779)	242 892	(451 020)
Transactions with non-controlling interests	8 014	83 222	(26 308)
Effective portion of cash flow hedges	—	27 029	—
NCI on acquisition of subsidiaries	(65 618)	826 499	—
Issue of capital instrument	—	—	158 630
Shares issued to NCI	—	—	1 573 501
Total share capital and reserves	15 523 616	16 981 090	17 056 251

Condensed segmental analysis

	Office R'000	Retail R'000	Industrial R'000	International R'000	Total R'000
Six months ended 29 February 2012					
Contractual rental income (excluding straight-line rental income accrual)	612 492	456 973	169 292	420 822	1 659 579
Operating costs	(160 277)	(111 473)	(33 068)	(119 829)	(424 647)
Net property income	452 215	345 500	136 224	300 993	1 234 932
Investment property portfolio (excluding development properties)	9 351 279	6 895 041	2 659 702	9 358 680	28 264 702
Six months ended 28 February 2011					
Contractual rental income (excluding straight-line rental income accrual)	644 577	431 437	173 815	145 409	1 395 238
Operating costs	(160 192)	(101 417)	(39 483)	(17 570)	(318 662)
Net property income	484 385	330 020	134 332	127 839	1 076 576
Investment property portfolio (excluding development properties)	8 384 578	6 941 530	3 043 856	3 907 621	22 277 585
Year ended 31 August 2011					
Contractual rental income (excluding straight-line rental income accrual)	1 255 220	922 604	358 888	226 410	2 763 122
Operating costs	(330 429)	(218 184)	(62 459)	(121 576)	(732 648)
Net property income	924 791	704 420	296 429	104 834	2 030 474
Investment property portfolio (excluding development properties)	8 181 042	6 578 164	2 540 346	11 169 872	28 469 424

Commentary

PROFILE

Redefine is a property loan stock company listed on the Johannesburg Stock Exchange ("JSE") and manages a diversified portfolio of property assets valued in excess of R37 billion. The company's portfolio comprises 243 properties located in South Africa valued at R20 billion and a R5 billion portfolio of strategic listed property securities. Redefine is internationally diversified by way of 206 offshore properties valued at R12 billion, held through Redefine Properties International Limited ("RIN") and its 70% owned subsidiary Redefine International P.L.C. ("RI"), which are listed on the JSE and the London Stock Exchange respectively.

Redefine is committed to being the property owner of choice and the company's primary objective is to provide sustained and growing income for investors. Underscoring this is Redefine's pursuit of revenue enhancing opportunities that translate into increasing distributions and the prospect of long-term capital appreciation for unitholders.

FINANCIAL RESULTS

Redefine has declared a distribution of 31,50 cents per linked unit for the six months ended 29 February 2012 (28 February 2011: 31,00 cents). On a like-for-like recurring income basis, the distribution is 6,6% ahead of the comparable period, after excluding 2,0 cents from the prior period for the contribution from the properties unbundled with Arrowhead Properties Limited ("Arrowhead"), as well as eliminating non-recurring fee income from the current and prior year's distributions of 0,7 cents and 0,1 cents per linked unit respectively.

On a geographic basis, South Africa generated 91% of distributable income. Contractual rental income comprised 81% of total revenue, income from listed securities 10%, hotel income 7%, and trading and fee income 2%. Operating costs represent 25,6% (31 August 2011: 26,5%) of contractual rental income, mainly due to the full period efficiencies arising from the internalisation of property management.

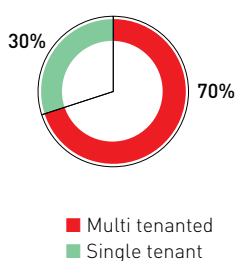
RIN along with Redefine International Fund Managers Limited, the fund manager of RI, contributed 3 cents per linked unit to the distribution for the period.

CHANGES IN FAIR VALUES

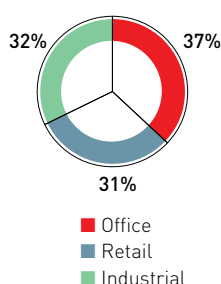
The group property portfolio was valued internally at 29 February 2012, resulting in a net reduction in value of 1,7% (R459 million). The South African portfolio valuation increased by R260 million, while the offshore portfolio valuation declined by R719 million, arising mainly from the Wichford legacy assets in RI. The investment in South African listed securities increased in value by R11 million. The balance of the changes in fair value mainly relates to the mark to market of the group's interest rate swaps.

SOUTH AFRICAN PROPERTY PROFILE

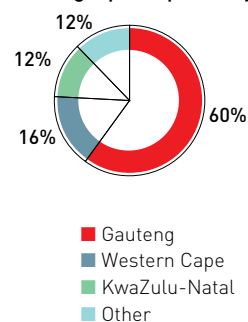
Portfolio split by tenant type



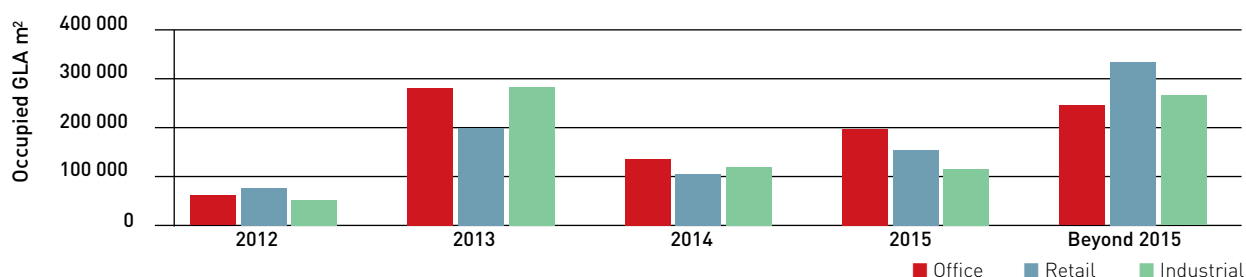
Sectoral spread by GLA



Geographic spread by GLA



SOUTH AFRICAN LEASE EXPIRY PROFILE



Commentary continued

Letting activity: During the review period, leases covering 384,436 m² were renewed at an average rental increase of 4,2%. A further 123,609 m² was let across the portfolio and together with vacancies from properties disposed of, the total vacancy level, after adjusting for unlettable space, reduced marginally by 0,3% to 6,6%. Vacancies are set out below as a percentage of gross lettable area ("GLA"):

	February 2012	August 2011
Office	7,8%	*8,9%
Retail	4,9%	4,8%
Industrial	7,0%	6,8%
Total	6,6%	*6,9%

*After adjusting for unlettable space

Arrears at the end of February 2012 amounted to R31 million (31 August 2011: R34 million) against which a provision for possible bad debts of R13 million (31 August 2011: R9 million) is held.

PROPERTY PORTFOLIO STRATEGY

At 29 February 2012, the South African directly managed property portfolio comprised 243 properties with a total GLA of 3,0 million m² valued at R18,9 billion. Redefine has continued to make significant progress in implementing its strategy of improving the quality of the core property portfolio, with the average value per property increasing from R54 million to R78 million.

Acquisitions: Five properties were acquired and transferred during the review period for an aggregate purchase price of R1,3 billion with a GLA of 110,147 m² at an initial yield of 9,1%. Guarantees totalling R585 million were in issue at the period end for properties in the process of being transferred. Agreements concluded with a number of vendors for the acquisition of properties for an aggregate consideration of R775 million, are subject to Competition Commission approval.

Disposals: During the period, excluding the Arrowhead portfolio, 15 properties with a GLA of 98,938 m² were sold to various buyers for an aggregate consideration of R520 million at an average yield of 10,5%.

Unbundling and restructuring: On 9 December 2011 Arrowhead was listed and unbundled to linked unitholders, facilitating a fast track basis to dispose of 89 properties that no longer fitted with Redefine's investment criteria. As a result, Redefine's net asset value per linked unit (excluding deferred tax and NCI) reduced by approximately 30 cents.

Fountainhead Property Trust Management Limited ("Fountainhead Manco"): On 29 March 2012 an agreement was concluded to acquire Fountainhead Manco for an aggregate consideration of R660 million. The acquisition is conditional on all required regulatory approvals, including approval from the Registrar of Collective Investment Schemes, the Competition Authorities and the South African Reserve Bank. Following the conclusion of this transaction, Redefine intends making an offer to acquire all of the assets of Fountainhead Property Trust ("Fountainhead") in return for new units in Redefine and existing Hyprop Investments Limited ("Hyprop") units held by Redefine.

The Fountainhead acquisition will be conditional on a due diligence investigation and all requisite board, trustee and Redefine and Fountainhead unitholder approvals. Redefine envisages pricing the offer at a level that, on the distribution of the consideration units, would result in a Fountainhead unitholder receiving Hyprop and Redefine units with a value at or about the current 'clean' price at which Fountainhead units are trading. The successful conclusion of this transaction will largely complete Redefine's objective to improve the quality of its property portfolio.

LISTED SECURITIES PORTFOLIO

The listed securities portfolio comprises:

	February 2012		August 2011	
	Value R'000	Interest held %	Value R'000	Interest held %
Hyprop Investments Limited	4 182 616	31,2	4 122 626	45,7
Oryx Properties Limited	293 478	26,4	155 731	26,4
Dipula Income Fund Limited	183 275	25,3	385 989	33,8
	4 659 369		4 664 346	

Dipula Income Fund Limited ("Dipula"): On 21 April 2011 it was announced that Redefine had sold its remaining interest in Dipula to a Black Economic Empowerment consortium. The transaction will take effect after payment of the distribution on the Dipula units for the income distribution period ended 29 February 2012 and is still subject to the securing of the necessary funding for the acquisition.

Distribution adjustment: It is Redefine's policy to distribute its share of income from foreign subsidiaries to the extent of dividends received. Accordingly, an adjustment has been made to the company's distributable earnings for the period to equate the consolidated results from its foreign subsidiaries for the period to the anticipated dividends.

Commentary continued

INTEREST IN ASSOCIATES AND JOINT VENTURES

This comprises Cromwell Property Group ("Cromwell"), a listed Australian property trust, together with Redefine's interest in joint venture property investments of R26 million. During the period under review, the group participated in a capital raise by Cromwell which resulted in Redefine taking a direct 3,9% interest in Cromwell and RI increasing its holding to 23,2%.

FUNDING

Excluding RI, as at 29 February 2012, Redefine's local borrowings of R8 billion represent 32,3% of the value of its local property and listed securities portfolio. Redefine's average cost of funding is 9,4% and the interest rates are fixed on 72% of borrowings for an average period of five years. RI's borrowings of R11 billion are all negotiated directly by RI and have no recourse to Redefine's South African balance sheet. RI is in the process of restructuring its maturing facilities.

On 5 September 2011, Redefine made its debut in the local bond market with an issue of R250 million 90 day Commercial Paper under its R5 billion Domestic Medium Term Note Programme. This issue has been rolled twice since the initial issue, achieving an all-in rate of 5,88% on the 2 March 2012 issue. On 27 March 2012 Redefine issued a R500 million three year bond, that was priced at an all-in rate of 7%.

Moody's credit rating:

Global long term Baa3

Global short term P-3

National long term A3.za

National short term P-2.za

CHANGE IN ACCOUNTING ESTIMATE – DEFERRED TAXATION

Redefine has accounted for Capital Gains Tax at the increased rate of 18,67%, which affects disposals after 1 September 2012. The change in tax rate caused deferred taxation to increase by R423 million.

CONTINGENCIES AND COMMITMENTS

At 29 February 2012, Redefine had guarantees and suretyships in respect of its BEE initiatives and joint ventures amounting to R209 million and R31 million respectively. Redefine has commitments outstanding in respect of developments amounting to R520 million and acquisitions (detailed above).

PROSPECTS

Despite ongoing challenging market conditions, which affect the office properties sector in particular, Redefine's core property portfolio is anticipated to achieve continued growth. The anticipated distribution for the full year of 64,0 cents per linked unit, is in line with forecast. This forecast has not been reviewed or reported on by the group's independent external auditors.

DEBENTURE INTEREST DISTRIBUTION

Unitholders are advised that interest distribution number 46 of 31,5 cents per linked unit has been declared for the six months ended 29 February 2012. The distribution will be payable to Redefine linked unitholders in accordance with the abbreviated timetable set out below:

	2012
Last day to trade "cum" interest distribution	Friday, 18 May
Linked units trade "ex" interest distribution	Monday, 21 May
Record date	Friday, 25 May
Payment date	Monday, 28 May

There may be no dematerialisation or rematerialisation of linked units between Monday, 21 May 2012 and Friday, 25 May 2012, both days inclusive. The next interest distribution will be for the six months ending 31 August 2012 payable during November 2012.

BASIS OF PREPARATION

The results for the six months ended 29 February 2012 have not been reviewed or audited by the group's independent external auditors PKF (Jhb) Inc. These results have been prepared in accordance with International Financial Reporting Standards, IAS 34 – Interim Financial Reporting, the AC500 series issued by the Accounting Practices Board, JSE Listings Requirements and the requirements of the South African Companies Act, 2008. The accounting policies adopted in the preparation of these unaudited results are consistent with those applied in the preparation of the financial statements for the year ended 31 August 2011. These financial results have been prepared under the supervision of Andrew Konig [CA]SA, the financial director of the group.

By order of the Board

Redefine Properties Limited

3 May 2012

REDEFINE PROPERTIES LIMITED

("Redefine" or "the company" or "the group") Registration number 1999/018591/06

• JSE share code: RDF • ISIN: ZAE000143178 • Bond code: RDFB01 • ISIN: ZAG00094228

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Sponsor

Java Capital

Company secretary

Probity Business Services (Proprietary) Limited



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