

REDEFINE PROPERTIES LIMITED

CONDENSED UNAUDITED GROUP RESULTS

FOR THE SIX MONTHS ENDED 28 FEBRUARY 2017



We're not landlords. We're people.

HIGHLIGHTS

**OPERATING
MARGIN IMPROVED**
to
82.6%

**PROPERTY
ASSETS**
expanded by
R11,4 billion

Broadened funding sources
and **LTV**
maintained at **39.8%**

TRANSFORMATION
being accelerated

BRAND VALUED
at
R6,3 billion

Leon Kok (CA(SA)), Redefine’s financial director, was responsible for supervising the preparation of these condensed unaudited consolidated financial statements.

PROFILE

Redefine is a leading South African-based Real Estate Investment Trust (REIT), with a diverse, internally managed, R84,1 billion (FY2016: R72,7 billion) property asset platform, of office, retail and industrial investments, anchored domestically and complemented by substantial real estate investments in the United Kingdom, Poland and Australia.

Redefine's primary mission is to achieve growing cash flows which will deliver quality earnings, sustained growth in distributions, and long-term growth in total returns for shareholders.

Redefine is listed on the Johannesburg Stock Exchange (JSE) with a market capitalisation of R60,5 billion (FY2016: R58,1 billion) and is included in the JSE Top 40 index. Redefine's shares, by volume, are among the most actively traded on the JSE, making it a highly liquid single entry point for investors to gain exposure to domestic and multiple international real estate markets.

At 28 February 2017, Redefine's diversified local property portfolio was valued at R67,7 billion (FY2016: R54,7 billion). The group's international real estate investments, valued at R16,4 billion (FY2016: R18,0 billion) represented 19.5% (FY2016: 24.8%) of total property assets, providing geographic diversification into the UK, Polish and Australian markets.

Redefine has a 29.8% (FY2016: 30.1%) equity interest, valued at R4,3 billion (FY2016: R5,0 billion), in Redefine International PLC (RI PLC) which is listed on both the London Stock Exchange (LSE) and the JSE. Redefine also has a R6,0 billion (FY2016: R6,3 billion) presence in the Australian property market through a direct 50.0% (FY2016: 50.0%) interest in North Sydney's landmark tower, Northpoint, as well as a holding of 25.4% (FY2016: 25.5%) in Cromwell Property Group (Cromwell), one of the leading property groups listed on the Australian Stock Exchange (ASX). Redefine has a 39.5% (FY2016: 44.9%) share in Echo Polska Properties N.V. (EPP), valued at R3,6 billion (FY2016: R3,9 billion). EPP is dual listed on the Luxembourg Stock Exchange (LuxSE) and the JSE and owns a portfolio of prime retail and office real estate assets throughout Poland.

Redefine acquired an 11.8% share in Mara Delta Property Holdings Limited (Mara Delta) which is dual listed on the JSE and Mauritian Stock Exchange, as well as a 37.1% interest in Nigerian-based Oando Wings Development Limited (Oando) through the acquisition of the Pivotal Fund Limited (Pivotal).

FINANCIAL RESULTS

Redefine's Board has declared a distribution of 44,82 (HY2016: 41,70) cents per share for the six months ended 28 February 2017, an increase of 7.5% (HY2016: 6.9%) on the comparable period of the previous year, which is in line with market guidance. Gross distributable income for the period increased by 24.8% (HY2016: 29.3%), benefiting from a number of substantial quality acquisitions made.

Property portfolio revenue for the period contributed 99.6% (HY2016: 98.7%) of total revenue, whilst income from listed securities represented 0.4% (HY2016: 1.3%).

Operating costs were 33.9% (HY2016: 34.4%) of contractual rental income - the improvement is driven by utility recoveries. Net of electricity and utility recoveries, operating costs were 17.4% (HY2016: 17.6%) of contractual rental income. The group's domestic investments contributed 77.3% (HY2016: 78.8%) of distributable income and the international investments contributed 22.7% (HY2016: 21.2%).

CHANGES IN FAIR VALUES

The group's property portfolio was internally valued by the directors at 28 February 2017 resulting in a net increase in value of R156,2 million (HY2016: decrease of R605,9 million). In terms of IAS 40 and IFRS 13, Redefine's investment properties are measured at fair value through profit or loss using valuation inputs which are categorised as level 3 on the fair value hierarchy. There were no transfers between levels 1, 2 and 3 during the period.

Redefine issued exchangeable bonds during September 2016 and raised EUR150,0 million. These exchangeable bonds are measured at fair value through profit and loss. The fair value is determined with reference to the quoted price on the Frankfurt Stock Exchange and has been classified as level 1. The exchangeable bonds were fair valued at 28 February 2017 which resulted in a R433,5 million decrease in the liability. The fair value of the investment in listed securities' increased by R152,1 million (HY2016: decrease of R166,6 million) during the period. The balance of the fair value movements of R53,6 million (HY2016: R230,9 million) relates mainly to the decrease (HY2016: increase) in the mark-to-market of the group's derivatives, which protect the group against adverse movements in interest and foreign exchange rates and which were valued using the swap curve and forward pricing methods respectively. In terms of IAS 39 and IFRS 13, Redefine's listed securities and derivatives are measured at fair value through profit or loss and are categorised as level 1 and level 2 respectively.

PROPERTY PORTFOLIO

The portfolio vacancy rate increased marginally during the period by 0.6% (FY2016:0.3%) to 5.5% (FY2016: 4.9%).

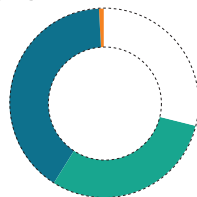
Leases covering 171 208m² (HY2016: 282 070m²) were renewed during the period at an average rental increase of 3.1% (HY2016: 4.1%) with the tenant retention rate a pleasing 86.0% (HY2016: 83.0%). A further 205 213m² (HY2016: 171 832m²) was let across the portfolio.

Net arrears increased to R73,3 million (FY2016: R39,8 million), representing 9.4% (FY2016: 6.3%) of gross monthly rentals. The increase in arrears is attributable principally to the Pivotal acquisition.

MULTI AND SINGLE TENANTED PROPERTIES BY GLA



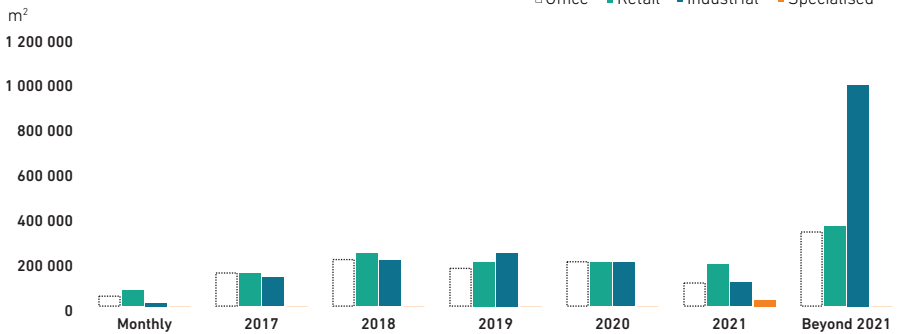
SECTORAL SPREAD BY GLA



GEOGRAPHIC SPREAD BY GLA



LEASE EXPIRY PROFILE BY GLA



SECTORAL VACANCY BY GLA

	28 February 2017 vacancy before strategic vacancy [%]	Strategic vacancy* [%]	28 February 2017 [%]	31 August 2016 [%]
Office	15.0	6.5	8.5	8.7
Retail	4.9	0.5	4.4	3.6
Industrial	4.5	0.3	4.2	3.4
Specialised	–	–	–	–
	7.6	2.1	5.5	4.9

* Strategic vacancies comprise properties held-for-sale and properties under development.

	28 February 2017 %	29 February 2016 %
Property cost-to-income ratios		
Gross cost-to-income ratio	33.9	34.4
Net cost-to-income ratio	17.4	17.6
Total cost-to-income ratios		
Gross cost-to-income ratio	36.5	36.6
Net cost-to-income ratio	20.7	20.6

The above cost-to-income ratios are calculated in accordance with the SA REIT Association's best practice recommendations.

REDEFINE'S PORTFOLIO STRATEGY

Redefine continues to advance its strategy of diversifying, growing and improving the quality of its property portfolio. During the period, management's primary domestic portfolio focus was on protecting, expanding and improving existing well-located properties.

Pivotal: On 9 January 2017, Redefine acquired 100% of the Pivotal shares in issue. Redefine issued 459 999 805 new shares to the Pivotal shareholders in settlement of the purchase consideration. The Pivotal acquisition is in line with Redefine's strategy of diversifying, growing and improving the quality of its portfolio.

Redefine acquired 32 Pivotal properties valued at R10,4 billion (including developments in progress and land holdings for future development). The portfolio consists of 17 office, 10 retail and five industrial properties with a total GLA of 436 912m², which includes the recently completed Alice Lane Phase 3 office building. Developments in progress include the Loftus mixed-use development (Pivotal share: 50.0%) and the Kyalami Corner Shopping Centre (Pivotal share: 80.0%) with a total project cost of R1,2 billion, which will add a further 89 123m² of GLA. The major land holdings acquired are two industrial sites, Atlantic Hills (Pivotal share: 55%) and S&J Industrial (Pivotal share: 45%).

Other acquisitions: Redefine acquired one industrial property, with a GLA of 10 129m², during the period, for a consideration of R85,0 million, at an initial yield of 9.5%. In addition, two industrial development sites were acquired for a consideration of R238,8 million. The developable area is 495 993m² (Redefine's share: 271 443m²).

Student accommodation: During the period Redefine acquired a 90% equity investment of R337,9 million in Journal Student Accommodation Fund which is based in Australia and which has received development approval for 804 beds at a well-located site in Melbourne. It is estimated that the total project cost will be AUD125,0 million (R1,2 billion). Development of the site is anticipated to commence during June 2017.

Developments (including Pivotal): Redevelopment projects in progress in the existing portfolio have an approved value of R785,8 million at an average yield of 6.8%. New development projects covering 265 027m² of GLA with an approved value of R4,7 billion at an average yield of 9.4%, are presently in progress. In addition, industrial infrastructure projects totalling R606,4 million for the S&J, Brackengate and Atlantic Hills sites are currently underway. Two new future projects with a value of R1,0 billion which will add a further 60 438m² of GLA at a yield of 10.4% have also been approved. Projects totalling R1,1 billion were completed during the period.

Disposals: Eleven properties (six retail and five office) with a GLA of 88 126m², which did not meet Redefine's investment strategy, were disposed of to various buyers for an aggregate consideration of R514,8 million, at an average yield of 8.1%. In addition, agreements, subject to the usual conditions precedent, were concluded for the disposal of 12 (six retail, four office and two industrial) properties for an aggregate consideration of R1,0 billion, with a GLA of 197 168m² at an average yield of 8.5%. During December 2016, Redefine disposed of its investment in Castellana Properties SOCIMI in Spain for a consideration of R193,0 million.

Sustainability: As part of Redefine's focus on sustainability and cost-efficiency, various energy efficient and sustainable building technologies are being implemented in new developments, as well as in existing buildings, including the installation of solar PV (photo voltaic) panels and smart metering of electricity and water.

LISTED SECURITIES

During the period Redefine disposed of its investments in Emira Property Fund Limited and Arrowhead Properties Limited for aggregate proceeds of R1,0 billion. Redefine acquired 13 187 535 Mara Delta shares with a fair value of R274,0 million at 28 February 2017 as part of the Pivotal acquisition.

INTEREST IN ASSOCIATES AND JOINT VENTURES

Redefine currently holds the following equity-accounted investments:

	28 February 2017			31 August 2016	
	Stock exchange	Carrying value R'000	(%) held	Carrying value R'000	(%) held
Cromwell Property Group	ASX	5 178 603	25.4	5 511 449	25.5
Redefine International P.L.C.	LSE and JSE	4 301 728	29.8	4 972 179	30.1
Echo Polska Properties N.V.	LuxSE and JSE	3 594 502	39.5	3 918 640	44.9
Delta Property Fund Limited	JSE	1 629 497	22.8	1 597 967	22.8
International Hotel Properties Limited	LuxSE and JSE	258 369	27.5	332 767	27.5
Cromwell Partners Trust	Not listed	829 462	50.0	822 646	50.0
Oando Wings Development Limited	Not listed	783 626	37.1	–	–
Leopard Holdings	Not listed	–	–	798 737	50.0
		16 575 787		17 954 385	

EPP: During April 2017, Redefine participated in an EPP capital raise and as a result acquired 46 994 595 additional shares for a total consideration of R869,4 million. Redefine's shareholding in EPP remains unchanged at 39.5% post the capital raise.

Leopard Holdings: Redefine agreed to dispose of its share in German Leopard Holdings to RI PLC for an aggregate selling price of EUR49,4 million (R679,7 million). The transaction was approved by RI PLC shareholders (other than Redefine) on 25 April 2017. This investment was included in non-current assets held-for-sale at 28 February 2017.

Oando: As part of the Pivotal acquisition, Redefine acquired a 37.1% investment in Oando. Oando owns the Wings Office Complex in Lagos Nigeria, consisting of two towers with a total GLA of 26 942m².

FUNDING AND EQUITY RAISES

Redefine's interest-bearing borrowings (net of cash and cash equivalents) represented 39.8% (FY2016: 38.5%) of the value of its property assets at 28 February 2017. The average cost of Rand-denominated funding is 9.2% (FY2016: 8.8%) – interest rates are hedged on 90.1% (FY2016: 83.7%) of local borrowings for an average period of 2.4 years (FY2016: 2.2 years). Including foreign currency debt and derivatives, the average cost of debt is 7.6% (FY2016: 7.7%) – interest rates are hedged on 83.3% (FY2016: 79.7%) of total borrowings for an average period of 2.6 years (FY2016: 2.2 years). The interest cover ratio (which includes equity-accounted profits and listed security income) is 4.4x (FY2016: 4.3x).

During the period, Redefine successfully placed secured bonds with a principal amount of EUR150,0 million (R1,9 billion) bearing a coupon rate of 1.5%, exchangeable in five years into ordinary shares of RI PLC currently owned by Redefine. The proceeds of the bond issue were used to partially refinance the JP Morgan bridge facility raised for the EPP transaction during 2016. The balance of the bridge facility has been refinanced through a combination of secured offshore bank funding and local bonds with cross currency swaps.

Redefine had unutilised committed bank facilities of R4,6 billion (FY2016: R3,4 billion) at 28 February 2017 which provides assurance that the group will be able to meet its short-term commitments. The majority of the short-term portion of interest-bearing borrowings are being refinanced.

Redefine conserved R527,1 million in cash through the issue of 50,2 million shares under the November 2016 dividend re-investment alternative, which was accepted by shareholders holding 47% of the share capital. On 9 January 2017, Redefine issued 460 million shares pursuant to the Pivotal acquisition.

Moody's credit rating: The rating was last refreshed during July 2016 and remains unchanged as follows:

Global long-term Baa3	Global short-term P-3
National long-term Aa2.za	National short-term P-1.za

During November 2016, Moody's assigned a Baa3 long-term global rating to the EUR150,0 million senior secured exchangeable bonds issued by Redefine. The outlook on the rating is stable.

COMMITMENTS

Capital development commitments outstanding amount to R3,2 billion (FY2016: R2,4 billion) and committed property acquisitions total R60,0 million (FY2016: R250,5 million). Future commitments will be funded by undrawn banking facilities and the proceeds of capital recycling activities.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT

Redefine has maintained a level 3 B-BBEE contributor rating.

PROSPECTS

Political and fiscal stability go to the heart of restoring the domestic economy to a sustainable growth path. The direction of politics in the coming weeks and months will dictate the direction of the economy. To arrest the path South Africa is currently on, significant policy reform is required in the areas of labour, empowerment, property rights and education. Structural issues hindering growth, such as policy uncertainty, corruption and bureaucracy also need to be collectively addressed – at present, the political will or ability is not evident and we will unfortunately have to adapt our approach to operating in a subdued growth and volatile environment for the foreseeable future.

On the international front, low interest rates, volatile exchange rate movements and tepid growth are set to continue.

Redefine's diversified asset platform has been structured to continue the process of creating value at low risk, and this, combined with a motivated and aligned management team focused on disciplined execution of what matters most, reinforces the determination to realise Redefine's vision of being the best South African REIT.

Prospects for 2017 are subject to numerous factors which remain uncertain, including volatile financial markets, and the continuing possibility of further sovereign credit downgrades. Growth in distributable income per share for 2017 is anticipated to range between 7% and 8%. This forecast is predicated on the assumption that current trading conditions will largely prevail. Forecast rental income is based on contractual terms and anticipated market-related renewals. The forecast has not been reviewed or reported on by the group's independent external auditors.

Redefine's use of distribution per share as a relevant measure of financial performance remains unchanged from prior years.

DECLARATION OF A CASH DIVIDEND WITH THE ELECTION TO REINVEST THE CASH DIVIDEND IN RETURN FOR REDEFINE SHARES

The directors of Redefine have declared an interim cash dividend of 44,82000 cents per share, for the six months ended 28 February 2017, from the company's distributable income (the cash dividend).

Shareholders will be entitled, in respect of all or part of their shareholdings, to elect to reinvest the cash dividend in return for Redefine shares (the share reinvestment alternative), failing which they will receive the cash dividend of 44,82000 cents per share that will be paid to those shareholders not electing to participate in the share reinvestment alternative.

A circular providing further information in respect of the cash dividend and the share reinvestment alternative will be posted to Redefine shareholders on 12 May 2017.

Shareholders who have dematerialised their shares through a Central Securities Depository Participant (CSDP) or broker should instruct their CSDP or broker with regard to their election in terms of the custody agreement entered into between them and their CSDP or broker.

	2017
Circular and form of election posted to shareholders	Friday, 12 May
Finalisation information including the share ratio and price per share published on SENS	Tuesday, 23 May
Last day to trade in order to participate in the election to receive shares in terms of the share reinvestment alternative or to receive a cash dividend (LDT)	Tuesday, 30 May
Shares trade ex-dividend	Wednesday, 31 May
Listing of maximum possible number of shares under the share reinvestment alternative	Friday, 2 June
Last day to elect to receive shares in terms of the share reinvestment alternative or to receive a cash dividend (no late forms of election will be accepted) at 12:00 (SA time)	Friday, 2 June
Record date for the election to receive shares in terms of the share reinvestment alternative or to receive a cash dividend (record date)	Friday, 2 June
Announcement of results of cash dividend and the share reinvestment alternative released on SENS	Monday, 5 June
Cash dividend paid to certification shareholders on or about	Monday, 5 June
Accounts credited by CSDP or broker to dematerialised shareholders with the cash dividend payment	Monday, 5 June
Share certificates posted to certificated shareholders on or about	Wednesday, 7 June
Accounts updated with the new shares (if applicable) by CSDP or broker to dematerialised shareholders	Wednesday, 7 June
Adjustment to shares listed on or about	Friday, 9 June

Notes:

Shareholders electing the share reinvestment alternative are alerted to the fact that the new shares will be listed on LDT + 3 and that these new shares can only be traded on LDT + 3, due to the fact that settlement of the shares will be three days after the record date, which differs from the conventional one day after record date settlement process.

Shares may not be dematerialised or rematerialised between Wednesday, 31 May 2017 and Friday, 2 June 2017, both days inclusive. The above dates and times are subject to change. Any changes will be released on SENS.

TAX IMPLICATIONS

Redefine was granted REIT status by the JSE with effect from 1 September 2013 in line with the REIT structure as provided for in the Income Tax Act, 58 of 1962, as amended (the Income Tax Act) and section 13 of the JSE Listings Requirements. The REIT structure is a tax regime that allows a REIT to deduct qualifying distributions paid to investors, in determining its taxable income. The cash dividend of 44,82000 cents per share meets the requirements of a qualifying distribution for the purposes of section 25BB of the Income Tax Act (a qualifying distribution) with the result that:

- Qualifying distributions received by resident Redefine shareholders must be included in the gross income of such shareholders (as a non-exempt dividend in terms of section 10(1)(k)(aa) of the Income Tax Act), with the effect that the qualifying distribution is taxable as income in the hands of the Redefine shareholder. These qualifying distributions are, however, exempt from dividends withholding tax, provided that the South African resident shareholders provided the following forms to their CSDP or broker, as the case may be, in respect of uncertificated shares, or the company, in respect of certificated shares:
 - a declaration that the dividends are exempt from dividends tax; and
 - a written undertaking to inform the CSDP, broker or the company, as the case may be, should the circumstances affecting the exemption change or the beneficial owner cease to be the beneficial owner, both in the form prescribed by the Commissioner for the South African Revenue Service.

Shareholders are advised to contact their CSDP, broker or the company, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the distribution, if such documents have not already been submitted.

- Qualifying distributions received by non-resident Redefine shareholders will not be taxable as income and instead will be treated as ordinary dividends, but which are exempt in terms of the usual dividend exemptions per section 10(1)(k) of the Income Tax Act. On 22 February 2017, the dividends withholding tax rate was increased from 15% to 20% and accordingly, any qualifying distribution will be subject to dividends withholding tax at 20%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation (DTA) between South Africa and the country of residence of the shareholder. Assuming dividends withholding tax will be withheld at a rate of 20%, the net dividend amount due to non-resident shareholders is 35,8560 cents per share. A reduced dividend withholding rate in terms of the applicable DTA, may only be relied upon if the non-resident shareholder has provided the following forms to their CSDP or broker, as the case may be, in respect of uncertificated shares, or the company, in respect of certificated shares:
 - a declaration that the dividend is subject to a reduced rate as a result of the application of a DTA; and
 - a written undertaking to inform their CSDP, broker or the company, as the case may be, should the circumstances affecting the reduced rate change or the beneficial owner cease to be the beneficial owner both in the form prescribed by the Commissioner for the South African Revenue Service.

Non-resident shareholders are advised to contact their CSDP, broker or the company, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the dividend if such documents have not already been submitted, if applicable.

Shareholders are advised that in electing to participate in the share reinvestment alternative, pre-taxation funds are utilised for the reinvestment purposes and that taxation will be due on the total cash dividend amount of 44,82000 cents per share.

OTHER INFORMATION

- The ordinary issued share capital of Redefine is 5 572 378 410 ordinary shares of no par value before any election to reinvest the cash dividend.
- Income tax reference number of Redefine: 917/852/484/0.

The cash dividend or the share reinvestment alternative may have tax implications for resident as well as non-resident shareholders. Shareholders are therefore encouraged to consult their professional advisers should they be in any doubt as to the appropriate action to take.

DIVIDEND DECLARATION AFTER REPORTING DATE

In line with IAS 10 Events after the Reporting Period, the declaration of the dividend occurred after the end of the reporting period, resulting in a non-adjusting event which is not recognised in these financial statements.

RESTATEMENTS

The results for the six months ended 29 February 2016 have been restated in accordance with the restatements in the 31 August 2016 audited group annual financial statements. Refer to page 26 for further details of the prior period restatements and reclassifications.

CHANGES IN DIRECTORATE

The following Board changes took effect on 9 February 2017:

- Bridgitte Mathews was appointed as an independent non-executive director.
- Independent non-executive director, Günter Steffens and non-executive director, Mike Watters did not stand for re-election at the annual general meeting. Redefine thanks them for their valuable contributions during their term of office.
- Executive directors David Rice and Mike Ruttell have stepped down from the Board but remain members of the company's senior executive management team and standing invitees to meetings of the Board.

BASIS OF PREPARATION

The condensed unaudited consolidated interim financial statements are prepared in accordance with International Financial Reporting Standard, IAS 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa and the JSE Listings Requirements. The accounting policies applied in the preparation of these interim financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in the previous financial statements. Leon Kok CA(SA), Redefine's financial director, was responsible for supervising the preparation of these condensed consolidated interim financial statements. These condensed consolidated interim financial statements have not been reviewed or audited by Redefine's independent external auditors.

By order of the Board

Redefine Properties Limited

8 May 2017

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Figures in R'000s	Unaudited 28 February 2017	Restated* Unaudited 29 February 2016	Audited 31 August 2016
Continuing operations			
Revenue			
Property portfolio revenue	3 572 621	3 265 079	6 548 293
– Contractual rental income	3 423 486	3 266 801	6 510 127
– Straight-line rental income accrual	149 135	(1 722)	38 166
Investment income	15 557	42 834	98 355
Total revenue	3 588 178	3 307 913	6 646 648
Costs			
Operating costs	(1 162 053)	(1 123 576)	(2 241 032)
Administration costs	(92 596)	(86 287)	(210 241)
Net operating profit	2 333 529	2 098 050	4 195 375
Other gains	27 237	65 703	80 036
– Trading income	–	294	294
– Fee income	23 441	65 409	62 927
– Sundry income	3 796	–	16 815
Changes in fair values of properties, listed securities and financial instruments	688 328	(541 549)	168 471
Amortisation of intangible assets	(31 428)	(31 428)	(62 856)
Impairment of financial assets	–	(111 095)	(13 886)
Profit on dilution of ownership interest in associates	107 507	–	–
Equity-accounted profit (net of taxation)	825 246	577 028	1 405 932
Profit before finance costs and taxation	3 950 419	2 056 709	5 773 072
Net finance costs	(824 883)	(647 053)	(1 389 672)
– Interest income	284 895	299 062	596 418
– Interest expense	(1 109 778)	(946 115)	(1 986 090)
Foreign exchange gain/(loss)	613 700	(471 988)	309 941
Profit before taxation	3 739 236	937 668	4 693 341
Taxation	(197 016)	67 700	(88 298)
Profit from continuing operations	3 542 220	1 005 368	4 605 043
Discontinued operations			
(Loss)/profit from discontinued operations (net of taxation)	(13 864)	–	5 923
Profit for the period/year	3 528 356	1 005 368	4 610 966
Attributable to:			
– Redefine Properties Limited shareholders	3 490 986	973 843	4 565 617
– Non-controlling interest	37 370	31 525	45 349
Other comprehensive (loss)/income	(1 896 624)	1 541 328	74 829
<i>Items that may not be reclassified subsequently to profit or loss</i>			
Share of revaluation of property, plant and equipment of an associate	3 167	–	1 177
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations:			
– Subsidiaries	(287)	93 223	(12 687)
– Associates	(1 899 504)	1 448 105	86 339
Total comprehensive income for the period/year	1 631 732	2 546 696	4 685 795
Attributable to:			
– Redefine Properties Limited shareholders	1 596 312	2 515 171	4 640 446
– Non-controlling interest	35 420	31 525	45 349
Earnings and diluted earnings per share from continuing operations (cents)	72,19	21,93	101,32

* Refer to prior period restatements and reclassifications on page 26.

STATEMENT OF FINANCIAL POSITION

REDEFINE PROPERTIES
CONDENSED UNAUDITED
GROUP RESULTS

Figures in R'000s	Unaudited 28 February 2017	Restated* Unaudited 29 February 2016	Audited 31 August 2016
Non-current assets	87 930 036	70 629 440	77 029 317
Investment properties	63 649 927	49 646 148	51 728 681
– Fair value of investment properties	57 296 818	46 011 097	48 223 712
– Straight-line rental income accrual	1 983 794	1 435 040	1 474 928
– Properties under development	4 369 315	2 200 011	2 030 041
Listed securities	274 007	1 336 848	974 620
Goodwill and intangible assets	5 652 321	5 335 620	5 304 191
Interest in associates and joint ventures	16 575 787	13 192 453	17 954 385
Derivative assets	144 896	340 315	172 296
Loans receivable	1 606 740	749 012	838 692
Other financial assets	5 658	–	36 391
Property, plant and equipment	20 700	29 044	20 061
Current assets	2 124 330	1 971 576	1 612 719
Trade and other receivables	827 361	729 863	577 560
Loans receivable	238 705	767 738	20 799
Other financial assets	252 925	252 830	675 078
Derivative assets	117 784	9 648	73 286
Listed security income receivable	–	46 062	57 630
Taxation receivable	3 904	–	–
Cash and cash equivalents	683 651	165 435	208 366
Non-current assets held-for-sale	1 735 694	1 503 210	1 170 172
Total assets	91 790 060	74 104 226	79 812 208
EQUITY AND LIABILITIES			
Equity	54 927 804	46 959 730	49 641 362
Shareholders' interest	54 604 305	46 822 851	49 360 062
Stated capital	42 256 217	34 188 040	36 526 352
Reserves	12 348 088	12 634 811	12 833 710
Non-controlling interest	323 499	136 879	281 300
Non-current liabilities	29 483 328	25 257 506	21 453 096
Interest-bearing borrowings	26 746 401	25 054 170	21 148 712
Interest-bearing borrowings at fair value	1 962 679	–	–
Derivative liabilities	141 530	27 105	35 066
Deferred taxation	632 718	176 231	269 318
Current liabilities	7 378 928	1 886 990	8 532 556
Trade and other payables	1 190 582	1 013 173	922 864
Interest-bearing borrowings	5 542 351	320 873	7 041 390
Interest accrual on interest-bearing borrowings	377 129	263 039	307 881
Derivative liabilities	5 846	9 322	2 978
Other financial liabilities	252 925	252 830	253 016
Taxation payable	10 095	27 753	4 427
Non-current liabilities held-for-sale	–	–	185 194
Total equity and liabilities	91 790 060	74 104 226	79 812 208
Number of shares in issue^ ('000)	5 210 982	4 489 092	4 700 911
Net asset value per share (excluding deferred tax and NCI) (cents)	1 060,01	1 046,96	1 055,74
Net tangible asset value per share (excluding deferred tax, NCI, and goodwill and intangible assets) (cents)	951,54	928,10	942,91

* Refer to prior period restatements and reclassifications on page 26.

^Net of 361 396 896 (FY2016: 361 396 896) treasury shares.

STATEMENT OF CHANGES IN EQUITY

Figures in R'000s	Stated capital	Accumulated profit	Foreign currency translation reserve	Share-based payment reserve	Share of associates' reserves	Shareholders' interest	Non-controlling interests	Total equity
Unaudited 28 February 2017								
Balance at 31 August 2016	36 526 352	12 231 282	640 820	39 825	(78 217)	49 360 062	281 300	49 641 362
<i>Total comprehensive income for the period</i>	-	3 490 986	(1 897 841)	-	3 167	1 596 312	35 420	1 631 732
Profit for the period	-	3 490 986	-	-	-	3 490 986	37 370	3 528 356
Other comprehensive loss for the period	-	-	(1 897 841)	-	3 167	(1 894 674)	(1 950)	(1 896 624)
<i>Transactions with owners (contributions and distributions)</i>	5 729 865	(2 082 504)	-	(5 538)	6 108	3 647 931	-	3 647 931
Issue of ordinary shares	5 733 373	-	-	-	-	5 733 373	-	5 733 373
Dividends	-	(2 082 504)	-	-	-	(2 082 504)	-	(2 082 504)
Recognition of share-based payments	(3 508)	-	-	(5 538)	-	(9 046)	-	(9 046)
Share of post-acquisition change in net assets of associates	-	-	-	-	6 108	6 108	-	6 108
<i>Transactions with owners (changes in ownership interests)</i>	-	-	-	-	-	-	6 779	6 779
Acquisition of subsidiary with NCI	-	-	-	-	-	-	37 541	37 541
Disposal of subsidiary with NCI	-	-	-	-	-	-	(30 762)	(30 762)
Balance at 28 February 2017	42 256 217	13 639 764	(1 257 021)	34 287	(68 942)	54 604 305	323 499	54 927 804
Restated unaudited 29 February 2016								
Balance as at 31 August 2015	33 209 605	11 338 789	567 168	21 710	-	45 137 272	-	45 137 272
<i>Total comprehensive income for the period</i>	-	973 843	1 541 328	-	-	2 515 171	31 525	2 546 696
Profit for the period	-	973 843	-	-	-	973 843	31 525	1 005 368
Other comprehensive income for the period	-	-	1 541 328	-	-	1 541 328	-	1 541 328
<i>Transactions with owners (contributions and distributions)</i>	978 435	(1 801 172)	-	(6 855)	-	(829 592)	-	(829 592)
Issue of ordinary shares	978 435	-	-	-	-	978 435	-	978 435
Dividends	-	(1 801 172)	-	-	-	(1 801 172)	-	(1 801 172)
Recognition of share-based payments	-	-	-	(6 855)	-	(6 855)	-	(6 855)
<i>Transactions with owners (changes in ownership interests)</i>	-	-	-	-	-	-	105 354	105 354
Transactions with non-controlling interests	-	-	-	-	-	-	105 354	105 354
Balance as at 29 February 2016	34 188 040	10 511 460	2 108 496	14 855	-	46 822 851	136 879	46 959 730
Audited 31 August 2016								
Balance as at 31 August 2015	33 209 605	11 338 789	567 168	21 710	-	45 137 272	-	45 137 272
<i>Total comprehensive income for the year</i>	-	4 565 617	73 652	-	1 177	4 640 446	45 349	4 685 795
Profit for the year	-	4 565 617	-	-	-	4 565 617	45 349	4 610 966
Other comprehensive income for the year	-	-	73 652	-	1 177	74 829	-	74 829
<i>Transactions with owners (contributions and distributions)</i>	3 316 747	(3 673 124)	-	18 115	(79 394)	(417 656)	(12 814)	(430 470)
Issue of ordinary shares	3 318 016	-	-	-	-	3 318 016	-	3 318 016
Dividends	-	(3 673 124)	-	-	-	(3 673 124)	(12 814)	(3 685 938)
Recognition of share-based payments	(1 269)	-	-	18 115	-	16 846	-	16 846
Share of post-acquisition change in net assets of associate	-	-	-	-	(79 394)	(79 394)	-	(79 394)
<i>Transactions with owners (changes in ownership interests)</i>	-	-	-	-	-	-	248 765	248 765
Acquisition of subsidiary with NCI	-	-	-	-	-	-	248 765	248 765
Balance as at 31 August 2016	36 526 352	12 231 282	640 820	39 825	(78 217)	49 360 062	281 300	49 641 362
	Unaudited 28 February 2017	Unaudited 29 February 2016	Audited 31 August 2016					
Dividend per share (cents)	44,82	41,70	86,00					
Interim	44,82	41,70	41,70					
Final	-	-	44,30					

STATEMENT OF CASH FLOWS

Figures in R'000s	Unaudited 28 February 2017	Restated* Unaudited 29 February 2016	Audited 31 August 2016
Cash generated from operations	2 579 154	2 193 799	4 494 762
Interest received	276 196	306 467	596 418
Interest paid	(1 064 363)	(882 908)	(2 125 060)
Taxation paid	(33 650)	–	(111 864)
Net cash inflow from operating activities	1 757 337	1 617 358	2 854 256
Acquisition and development of investment properties	(2 072 569)	(1 837 773)	(3 479 654)
Acquisition of property, plant and equipment	(4 792)	(3 029)	(9 075)
Acquisition of subsidiaries with the exclusive view to resell	–	–	(210 433)
Investments in associates and joint ventures	(107 121)	(827 608)	(5 429 648)
Proceeds on disposal of investment properties	696 017	721 460	1 207 521
Proceeds on disposal of listed securities	1 047 748	–	–
Proceeds on the disposal of property, plant and equipment	–	1 732	2 833
Proceeds on decrease in investments in associates and joint ventures	54 324	–	–
Acquisition of other financial assets	–	–	(508 081)
Proceeds on disposal of other financial assets	452 795	–	–
Loan to joint venture repaid	7 828	–	38 299
Loan receivables repaid	631 485	–	348 602
Loan receivables advanced	(120 181)	(314 891)	–
Dividends and interest received from associates and joint ventures	536 144	367 758	680 745
Cash acquired on acquisition of subsidiaries	103 740	–	–
Net cash inflow/(outflow) from investing activities	1 225 418	(1 892 351)	(7 358 891)
Shares issued	522 667	978 435	3 318 016
Dividends paid	(2 082 504)	(1 801 172)	(3 673 124)
Shares issued to non-controlling interests	–	105 355	248 765
Dividends paid to non-controlling interests	–	–	(12 814)
Interest-bearing borrowings raised	5 971 539	2 071 608	7 020 456
Interest-bearing borrowings repaid	(6 950 240)	(1 061 770)	(2 163 873)
Net cash (outflow)/inflow from financing activities	(2 538 538)	292 456	4 737 426
Net movement in cash and cash equivalents	444 217	17 463	232 791
Cash and cash equivalents at beginning of year	208 366	129 924	129 924
Translation effects on cash and cash equivalents	31 068	18 048	(154 349)
Cash and cash equivalents at end of period/year	683 651	165 435	208 366

* Refer to prior period restatements and reclassifications on page 26.

DISTRIBUTABLE INCOME ANALYSIS

REDEFINE PROPERTIES
CONDENSED UNAUDITED
GROUP RESULTS

Figures in R'000s	South Africa	International	Total
Contractual rental income	3 423 486	–	3 423 486
Investment income	5 076	10 481	15 557
Total revenue	3 428 562	10 481	3 439 043
Operating costs	(1 162 053)	–	(1 162 053)
Administration costs	(88 665)	(3 931)	(92 596)
Net operating profit	2 177 844	6 550	2 184 394
Other gains	6 730	20 507	27 237
Distributable income from equity-accounted investments	83 153	632 127	715 280
Net distributable profit before finance costs and taxation	2 267 727	659 184	2 926 911
Net finance costs	(713 889)	(110 994)	(824 883)
– Interest income	253 222	31 673	284 895
– Interest expense	(967 111)	(142 667)	(1 109 778)
Distributable foreign exchange loss	–	(2 763)	(2 763)
Net distributable profit before taxation	1 553 838	545 427	2 099 265
Current taxation and withholding taxation	(11)	(30 109)	(30 120)
Net income from continuing operations	1 553 827	515 318	2 069 145
Distributable profit from discontinued operations	–	10 680	10 680
Net income from operations before non-controlling interest share	1 553 827	525 998	2 079 825
Non-controlling interest share of distributable income	(8 294)	–	(8 294)
Net income before distributable adjustments	1 545 533	525 998	2 071 531
<i>Below the line distributable income adjustments:</i>			
– Antecedent distribution	11 159	–	11 159
– Pivotal pre-acquisition distribution	189 037	–	189 037
– Accrual for listed security income	40 065	3 394	43 459
– Transaction costs relating to business acquisitions	7 131	–	7 131
– Other distributable income	13 246	–	13 246
Distributable income	1 806 171	529 392	2 335 563

RECONCILIATION OF HEADLINE AND DISTRIBUTABLE EARNINGS

Figures in R'000s	Unaudited 28 February 2017	Restated* Unaudited 29 February 2016	Audited 31 August 2016
Profit for the year attributable to Redefine shareholders	3 490 986	973 843	4 565 617
Changes in fair value of properties (including fair value adjustments of associates)	(198 681)	760 549	(827 689)
Bargain purchase on acquisition of associate	–	–	(288 548)
Profit on dilution of ownership interest in an associate	(107 507)	–	(11 610)
Impairment of interest in an associate	–	–	4 639
Loss on sale of subsidiary	13 864	–	–
Non-controlling interest portion of changes in fair value of investment properties	29 076	28 848	28 848
Headline earnings	3 227 738	1 763 240	3 471 257
Straight-line rental income accrual	(149 135)	1 722	(38 166)
Accrual for listed security income (REIT distributable income declared post-year-end)	43 459	11 055	3 250
Changes in fair values of listed securities and financial instruments	(356 431)	(145 404)	162 488
Amortisation of intangible assets (net of deferred taxation)	22 628	13 828	45 256
Impairment of loan to joint venture	–	111 095	9 247
Fair value adjustments and other non-distributable items of associates and NCI (other than investment property)	(67 486)	(404 333)	421 465
Non-distributable foreign exchange (gain)/loss	(616 463)	462 629	(243 326)
Antecedent distribution	11 159	20 014	83 088
Pre-acquisition dividend received	–	22 778	–
Pivotal pre-acquisition distribution	189 037	–	–
Transaction costs relating to business acquisitions	7 131	3 298	4 187
Distributable profit from discontinued operations	10 680	–	–
Other distributable income	13 246	12 029	35 709
Distributable income	2 335 563	1 871 951	3 954 455
Six months ended February	2 335 563	1 871 951	1 871 951
Six months ended August	–	–	2 082 504
Total dividends	2 335 563	1 871 951	3 954 455
Number of shares in issue [^] ('000)	5 210 982	4 489 092	4 700 911
Weighted average number of shares in issue* ('000)	4 855 398	4 440 570	4 500 281
Diluted weighted average number of shares in issue* ('000)	4 855 398	4 440 570	4 500 281
Basic and diluted earnings per share (cents)	71,90	21,93	101,45
– Continuing operations	72,19	21,93	101,32
– Discontinued operations	(0,29)	–	0,13
Headline and diluted headline earnings per share (cents)	66,48	39,71	77,13
– Continuing operations	66,48	39,71	77,00
– Discontinued operations	–	–	0,13
Dividend per share (cents)	44,82	41,70	86,00

* Refer to prior period restatements and reclassifications on page 26.

[^] Net of 361 396 896 (FY2016: 361 396 896) treasury shares.

[#] There were no dilutive shares in issue.

SEGMENTAL ANALYSIS

REDEFINE PROPERTIES
CONDENSED UNAUDITED
GROUP RESULTS

Figures in R'000s	Office	Retail	Industrial	Specialised	Total
Six months ended 28 February 2017					
Contractual rental income	1 231 850	1 493 094	611 571	86 971	3 423 486
Operating costs	(400 997)	(579 888)	(154 520)	(26 648)	(1 162 053)
Net property income	830 853	913 206	457 051	60 323	2 261 433
Investment properties*	22 176 345	25 781 785	10 772 428	1 613 246	60 343 804
Six months ended 29 February 2016					
Contractual rental income	1 251 006	1 372 182	588 821	54 792	3 266 801
Operating costs	(404 374)	(533 582)	(166 708)	(18 912)	(1 123 576)
Net property income	846 632	838 600	422 113	35 880	2 143 225
Investment properties*	18 383 199	20 409 300	9 261 752	895 096	48 949 347
Year ended 31 August 2016					
Contractual rental income	2 449 801	2 751 315	1 170 058	138 953	6 510 127
Operating costs	(783 123)	(1 075 576)	(341 362)	(40 971)	(2 241 032)
Net property income	1 666 678	1 675 739	828 696	97 982	4 269 095
Investment properties*	18 033 797	21 344 930	10 163 302	1 326 783	50 868 812

* Excluding properties under development and including non-current assets (properties) held for sale. The investment in Leopard Holdings of R672,0 million classified as held-for-sale as at 28 February 2017 is excluded.

The Pivotal Fund Limited

On 9 January 2017, the group acquired 100% of the shares and voting rights in The Pivotal Fund Limited ("Pivotal") and obtained control of Pivotal. The shares were acquired for a consideration of R5,2 billion, settled in Redefine shares. Pivotal was a JSE-listed property developer and capital growth fund.

The business combination is in line with Redefine's strategy to diversify, grow and improve the quality of its portfolio and recycle its capital through disposing of non-core assets and replacing them with prime assets. The acquisition of Pivotal positions Redefine even more competitively in the commercial property sector in line with its strategic intent to become the landlord of choice in A-grade office space in sought-after areas in South Africa. This has given rise to the goodwill recognised below.

For the two months since acquisition, Pivotal contributed total revenue of R168,2 million and net profit after taxation of R51,9 million to the group's results.

If the businesses had been acquired on 1 September 2016, management estimates that consolidated revenue and net profit after taxation for the Redefine group would have been R4,0 billion and R2,4 billion respectively. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 September 2016.

The group incurred acquisition-related costs of R7,1 million to 28 February 2017. This is disclosed as part of administration costs in the statement of profit or loss and other comprehensive income.

The table below summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition. Provisional amounts have been used for the purpose of consolidation as the business combination occurred shortly before Redefine's half year reporting period. If new information is obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition which identifies adjustments to the below amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

Assets and liabilities arising from the acquisition

Figures in R'000s	31 December 2016*
Assets	
Investment properties	10 363 483
Listed securities	299 782
Interest in associate	783 627
Loans receivable	1 488 559
Derivative assets	12 703
Property, plant and equipment	928
Trade and other receivables	142 025
Other financial assets	1 546
Cash and cash equivalents	103 740
Liabilities	
Interest-bearing borrowings	(7 837 319)
Derivative liabilities	(51 374)
Deferred taxation	(196 504)
Trade and other payables	(266 626)
Interest accrual on interest-bearing borrowings	(11 632)
Taxation payable	(5 298)
Fair value of net assets	4 827 640
Goodwill arising from the acquisition	379 558
Purchase consideration	5 207 198
Settled in 459 999 805 Redefine shares [#]	5 207 198
Cash and cash equivalents acquired	103 740
Net cash inflow on acquisition of Pivotal	103 740

*The effective date used for accounting for the business combination in terms of IFRS 3 was 31 December 2016.

[#]The fair value of the Redefine shares issued was based on the listed closing share price on 9 January 2017, being the date that the Redefine shares were transferred to the previous shareholders of Pivotal.

Loans receivable are carried at amortised cost, interest is market-related, therefore the amortised cost approximates the fair value. The gross contractual amount receivable for loans receivable is as disclosed above.

Trade and other receivables are carried at amortised cost. Due to the short-term nature, amortised cost approximates the fair value. Trade and other receivables comprise gross contractual amounts due of R146,3 million, net of a provision for doubtful debts of R4,3 million, which is the best estimate at the acquisition date of the contractual cash flows not expected to be collected.

FINANCIAL INSTRUMENT FAIR VALUE DISCLOSURE

Categories of financial instruments

Figures in R'000s	Unaudited 28 February 2017			Unaudited 29 February 2016			Audited 31 August 2016		
	Loans and receivables	At fair value through profit or loss	Total	Loans and receivables	At fair value through profit or loss	Total	Loans and receivables	At fair value through profit or loss	Total
Financial assets									
Listed securities	–	274 007	274 007	–	1 336 848	1 336 848	–	974 620	974 620
Derivative assets [#]	–	262 680	262 680	–	349 963	349 963	–	245 582	245 582
Loans receivable	1 845 445	–	1 845 445	1 516 750	–	1 516 750	859 491	–	859 491
Other financial assets	258 583	–	258 583	252 830	–	252 830	455 895	255 574	711 469
Trade and other receivables	611 261	–	611 261	576 599	–	576 599	478 071	–	478 071
Listed security income receivable	–	–	–	46 062	–	46 062	57 630	–	57 630
Cash and cash equivalents	683 651	–	683 651	165 435	–	165 435	208 366	–	208 366
	3 398 940	536 687	3 935 627	2 557 676	1 686 811	4 244 487	2 059 453	1 475 776	3 535 229
Figures in R'000s	Other financial liabilities	At fair value through profit or loss	Total	Other financial liabilities	At fair value through profit or loss	Total	Other financial liabilities	At fair value through profit or loss	Total
Financial liabilities									
Interest-bearing borrowings	32 288 752	–	32 288 752	25 375 043	–	25 375 043	28 190 102	–	28 190 102
Interest-bearing borrowings at fair value*	–	1 962 679	1 962 679	–	–	–	–	–	–
Interest accrual on interest-bearing borrowings	377 129	–	377 129	263 039	–	263 039	307 881	–	307 881
Derivative liabilities [#]	–	147 376	147 376	–	36 427	36 427	–	38 044	38 044
Other financial liabilities	252 925	–	252 925	252 830	–	252 830	253 016	–	253 016
Trade and other payables	1 017 978	–	1 017 978	845 459	–	845 459	750 341	–	750 341
	33 936 784	2 110 055	36 046 839	26 736 371	36 427	26 772 798	29 501 340	38 044	29 539 384

For all financial instruments carried at amortised cost, interest is market-related therefore the amortised cost approximates the fair value.

[#] The derivatives are classified as held-for-trading in terms of IAS 39.

* The exchangeable bonds issued in September 2016 are designated as at fair value through profit or loss.

Fair value hierarchy for financial instruments and investment property

IFRS 13 requires that an entity discloses for each class of financial instruments and investment property measured at fair value, the level in the fair value hierarchy into which the fair value measurements are categorised in their entirety.

The fair value hierarchy reflects the significance of the inputs used in making fair value measurements.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The table below analyses financial instruments and investment property carried at fair value.

The fair value hierarchy has the following levels:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

FINANCIAL INSTRUMENT FAIR VALUE DISCLOSURE

 continued

Figures in R'000s	Unaudited 28 February 2017				Unaudited 29 February 2016				Audited 31 August 2016			
	Fair value	Level 1	Level 2	Level 3	Fair value	Level 1	Level 2	Level 3	Fair value	Level 1	Level 2	Level 3
Assets												
Investment properties	64 713 119	–	–	64 713 119	51 149 358	–	–	51 149 358	52 898 853	–	–	52 898 853
Listed securities	274 007	274 007	–	–	1 336 848	1 336 848	–	–	974 620	974 620	–	–
Derivative assets	262 680	–	262 680	–	349 963	–	349 963	–	245 582	–	245 582	–
	65 249 806	274 007	262 680	64 713 119	52 836 169	1 336 848	349 963	51 149 358	54 119 055	974 620	245 582	52 898 853
Liabilities												
Interest-bearing borrowings at fair value	1 962 679	1 962 679	–	–	–	–	–	–	–	–	–	–
Derivative liabilities	147 376	–	147 376	–	36 427	–	36 427	–	38 044	–	38 044	–
	2 110 055	1 962 679	147 376	–	36 427	–	36 427	–	38 044	–	38 044	–

Transfers between level 1, level 2 and level 3

There have been no transfers between level 1, level 2 and level 3 during the period under review.

Level 3 reconciliation

Figures in R'000s	Unaudited 28 February 2017				Unaudited 29 February 2016				Audited 31 August 2016			
	Balance at beginning of year	Gain/(loss) in profit or loss for the period	Acquisitions/(disposals)	Balance at end of period	Balance at beginning of year	Gain/(loss) in profit or loss for the period	Acquisitions/(disposals)	Balance at end of period	Balance at beginning of year	Gain/(loss) in profit or loss for the year	Acquisitions/(disposals)	Balance at end of year
Investment properties	49 698 640	421 280	9 160 692	59 280 612	48 026 479	(505 809)	(74 533)	47 446 137	48 026 479	663 044	1 009 117	49 698 640
Properties under development	2 030 041	(128 910)	2 468 184	4 369 315	1 872 390	(124 058)	451 679	2 200 011	1 872 390	(374 773)	532 424	2 030 041
Investment properties held-for-sale	1 170 172	–	(106 980)	1 063 192	1 289 612	(9 317)	222 915	1 503 210	1 289 612	(6 843)	(112 597)	1 170 172
	52 898 853	292 370	11 521 896	64 713 119	51 188 481	(639 184)	600 061	51 149 358	51 188 481	281 428	1 428 944	52 898 853

The fair value gains and losses are included in the fair value adjustment line in profit or loss.

Details of valuation techniques

The valuation techniques used in measuring fair values at 28 February 2017 for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used is disclosed below. There have been no significant changes in valuation techniques and inputs since 31 August 2016.

Listed securities

Closing market price on the relevant exchange.

FINANCIAL INSTRUMENT FAIR VALUE DISCLOSURE continued

Derivative assets and liabilities

Foreign exchange options

The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.

Interest rate swaps

The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the group and of the counterparty. This is calculated based on credit spreads derived from current credit default swap or bond prices.

Cross-currency interest rate swaps

Valued by discounting the future cash flows using the swap curve of the respective currencies at the dates when the cash flows will take place.

Interest-bearing borrowings at fair value

The exchangeable bonds fair value is determined with reference to the quoted price on the Frankfurt Stock Exchange.

Investment properties

The valuation policy adopted by management is to revalue investment property at each reporting period, valued internally for the interim financial statements and externally for the annual financial statements. The changes in fair value from the previous reporting period is analysed by management.

Current market-related assumptions were applied to the risks in rental streams of properties. Discount rates in the respective sectors are disclosed below.

At the reporting date, the key assumptions used by the group in determining fair value were in the following ranges for the group's portfolio of properties:

	Unaudited 28 February 2017	Audited 31 August 2016
Unobservable inputs (% unless otherwise stated)		
Expected market rental growth	4.00 – 8.00	4.00 – 8.00
Expected expense growth (estimated)	7.00 – 10.00	7.00 – 10.00
Occupancy rate	93,3	93,4
Vacancy periods	0 – 12 months	0 – 12 months
Rent-free periods	0 – 3 months	0 – 3 months
Office sector		
Discount rate	12.50 – 18.00	12.50 – 18.00
Exit capitalisation rate	7.25 – 13.00	7.75 – 13.00
Retail sector		
Discount rate	12.25 – 19.25	12.25 – 19.25
Exit capitalisation rate	7.00 – 12.50	7.00 – 12.50
Industrial sector		
Discount rate	13.00 – 18.50	13.00 – 18.50
Exit capitalisation rate	8.00 – 14.00	8.00 – 14.00
Specialised sector		
Discount rate	15.00	15.00
Exit capitalisation rate	9.00	9.00

Measurement of fair value

Valuation techniques

All valuations were completed using the discounted cash flow method of valuation.

Discounted cash flow method:

The valuation model generates a net present value for each property by discounting forecasted future cash flows and a residual value at the end of the cash flow projection period by the discount rate of each property. The residual value is calculated by capitalising the net income forecasted for the 12-month period immediately following the final year of the cash flow at the exit/reversionary capitalisation rate. The discount rate applied by each valuator is determined by adding a growth rate per property, based on forecasted market-related rental increases, to the determined capitalisation rate per property. The discount rate is then tested for reasonableness by benchmarking the rate against recent comparable sales and surveys prepared by Investment Property Databank/South African Property Owners Association (IPD/SAPOA). The capitalisation rate is dependent on a number of factors, such as location, the condition of the improvements, current market conditions, the lease covenants and the risk inherent in the property and is also tested for reasonableness by benchmarking against recent comparable sales and surveys prepared by IPD/SAPOA.

Inter-relationship between key unobservable inputs and fair value measurements

The estimated fair value would increase/(decrease) if:

- Expected market rental growth was higher/(lower)
- Expected expense growth was lower/(higher)
- Vacant periods were shorter/(longer)
- Occupancy rate was higher/(lower)
- Rent-free periods were shorter/(longer)
- Discount rate was lower/(higher)
- Reversionary capitalisation rate was lower/(higher)
- Capitalisation rate was lower/(higher)

PRIOR PERIOD RESTATEMENTS AND RECLASSIFICATIONS

RESTATEMENTS

Loans receivables – Ma Afrika Tikkun Endowment Trust

In the financial year ended 31 August 2013, Redefine granted Ma Afrika Tikkun Endowment Trust (Ma Afrika) a loan to acquire Redefine shares. The loan is secured by 55 520 130 Redefine shares and will be repaid using the dividends on the shares and the proceeds generated by the future sale of shares. As the loan only has recourse to the shares and no other assets, the issue of the shares on loan account should have, for accounting purposes, been treated as an option grant which vested on the date when the loan was granted. In prior years, Redefine accounted for the shares as issued and recognised a loan receivable. The comparatives for the 29 February 2016 results have been restated to account for the issue of a share option, instead of the issue of Redefine shares and related loan. The guarantee fee receivable related to this loan has also been derecognised and is included in the valuation of the option.

Dipula BEE Trust

In 2012, Redefine sold 50 million Dipula Income Fund Limited B shares (Dipula B shares) to the Dipula BEE Trust for a consideration of R270 million and a 33.3% beneficiary interest in the Dipula BEE Trust. The Dipula BEE Trust obtained bank funding for the purchase of the shares. Redefine in turn provided a guarantee of R180 million and agreed to a put option of R90 million (minimum) as security for the bank loan. The Dipula BEE Trust cannot dispose of the 50 million Dipula B shares without Redefine's approval. Redefine has assessed that it neither retained nor transferred substantially all the risks and rewards of ownership of the 50 million Dipula B shares and Redefine retained control of the 50 million Dipula B shares. Therefore, Redefine should have continued to recognise the 50 million Dipula B shares to the extent of its continuing involvement. Redefine should also have recognised an associated liability for the amount it could be required to pay in terms of the guarantee and put option. In 2012, Redefine derecognised the 50 million Dipula B shares and recognised a financial guarantee receivable and disclosed the related financial guarantee liability. Accordingly, this transaction has been restated retrospectively to reflect Redefine's continuing involvement in the 50 million Dipula B shares and associated liability.

RECLASSIFICATIONS

Derivative assets and liabilities

In the prior periods, the interest rate swaps presented as derivative assets and liabilities were offset. Accordingly, the derivative assets/liabilities have been reclassified with the change applied retrospectively. The change is of a non-cash flow nature and has no effect on the distributable income or profit or loss.

Interest accrual on interest-bearing borrowings

In the prior periods, the interest accrual on interest-bearing borrowings was presented together with trade and other payables. The interest accrual on interest-bearing borrowings has been reclassified to a separate line on the statement of financial position with the change applied retrospectively. The change is of a non-cash flow nature and has no effect on the distributable income or profit or loss. There is no impact on the group's basic or diluted earnings per share and no impact on the total operating, investing or financing cash flows for the six months ended 29 February 2016.

Cash flow – dividends paid

In the prior periods, the dividends paid and dividends paid to non-controlling interests were presented as cash flows from operating activities. Dividends paid and dividends paid to non-controlling interests have been reclassified to cash flows from financing activities with the change applied retrospectively to be in line with the manner in which Redefine manages its cash.

The results for the half year ended 29 February 2016 were restated in accordance with the restatements in the 31 August 2016 audited group annual financial statements.

Figures in R'000s

Impact of restatements and reclassifications

Statement of financial position	As previously reported	Adjustment	As restated
Non-current assets			
Loans receivable	1 319 517	(570 505)	749 012
Guarantee fees receivable	97 760	(97 760)	–
Current assets			
Trade and other receivables	726 402	3 461	729 863
Other financial assets	–	252 830	252 830
Total assets	74 516 200	(411 974)	74 104 226
Stated capital	34 716 446	(528 405)	34 188 041
Reserves	12 738 176	(103 366)	12 634 810
Equity	47 591 501	(631 771)	46 959 730
Non-current liabilities			
Other financial liabilities	33 033	(33 033)	–
Current liabilities			
Trade and other payables	1 276 212	(263 039)	1 013 173
Interest accrual on interest-bearing borrowings	–	263 039	263 039
Other financial liabilities	–	252 830	252 830
Total equity and liabilities	74 516 200	(411 974)	74 104 226
Number of shares in issue ('000)	4 544 612	(55 520)	4 489 092
Net asset value per share (excluding deferred tax and NCI) [cents]	1 048,07	(1,11)	1 046,96
Net tangible asset value per share (excluding deferred tax, NCI and goodwill and intangible assets) [cents]	930,67	(2,57)	928,10
Statement of profit or loss and other comprehensive income			
Other gains			
– Fee income	70 423	(5 014)	65 409
Net interest costs			
– Interest income	329 230	(30 168)	299 062
Profit for the period	1 040 550	(35 182)	1 005 368
Earnings and diluted earnings per share from continuing operations [cents]	22,44	(0,51)	21,93
Statement of cash flows			
Cash generated from operations	2 257 006	(63 207)	2 193 799
Interest received	329 230	(22 763)	306 467
Interest paid	(946 115)	63 207	(882 908)
Dividends paid	(1 823 935)	1 823 935	–
Net cash inflow from operating activities	(183 814)	1 801 172	1 617 358
Dividends paid	–	(1 801 172)	(1 801 172)
Net cash (outflow)/inflow from financing activities	2 093 628	(1 801 172)	292 456

REDEFINE PROPERTIES LIMITED

(Incorporated in the Republic of South Africa)

Registration number: 1999/018591/06

JSE share code: RDF ISIN: ZAE000190252

("Redefine" or "the company" or "the group")

(Approved as a REIT by the JSE)

Executive directors:

M Wainer (Executive Chairman)

A J König (CEO)

L C Kok (FD)

Independent non-executive directors:

M Barkhuysen

N B Langa-Royds

P Langeni

B Mathews

H K Mehta

B Nackan (lead independent)

D A Nathan

Registered office:

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www.redefine.co.za

Transfer secretaries:

Computershare Investor Services Proprietary Limited

Sponsor:

Java Capital

Company secretary:

B Baker

Independent auditors:

KPMG Inc

