

MEDIA RELEASE FROM REDEFINE PROPERTIES

31 October 2013

Redefine delivers full year results ahead of market guidance and further strengthens its portfolio

Redefine Properties today reported distribution growth of 7.3% to investors for the year ended 31 August 2013, outperforming expectations. Redefine's net asset value increased by 8.6%.

Marc Wainer, CEO of Redefine, attributes this solid performance to the continued success of Redefine's strategy which has expanded its local property portfolio through the acquisition of prime quality assets, and rigorous cost control, which have combined to produce strong income growth.

"Redefine's primary objective is to achieve sustained income growth for investors and we have delivered, and surpassed, our market guidance for the 2013 financial year. We're pleased to report a positive set of results that shows a transformed and strengthened balance sheet for Redefine," says Wainer.

Wainer notes Redefine's restructured property portfolio is well positioned to show continued improvement. "Despite the challenges facing the sector – a subdued trading environment, disproportionate increases in rates and taxes, and continued financial market volatility – we anticipate that Redefine's distributable income will grow at a similar rate in the coming year," says Wainer.

Redefine began trading as an SA REIT (Real Estate Investment Trust) on the JSE on 1 September 2013. It manages a R41 billion portfolio of diversified property assets. The company's local investment assets comprise 251 properties valued at R24 billion and a R6 billion portfolio of strategic listed property securities, while Fountainhead Property Trust, in which Redefine recently raised its interest to 61,9%, has an R11 billion property portfolio.

Redefine is internationally diversified through its 32,3% direct interest in Redefine International PLC, which is now listed on both the London and Johannesburg Stock Exchanges. Redefine also has a direct holding of 12.4% in ASX-listed Cromwell Property Group, as well as a further 13.7% indirect holding through Redefine International.

Benefiting from strict cost controls and the internalisation of its electricity cost recoveries during the year, Redefine's operating cost ratio reduced to 20% of total revenue, from 23.7% in the prior year.

"We continued to improve the quality of the core property portfolio during the year. Redefine's average value per property is now approaching R100 million, compared to R80 million a year ago," says Wainer.

Redefine achieved this with R1.3 billion of quality acquisitions at an average yield of 7.2%, approved developments in progress of R2,6 billion at an average yield of 8% and redevelopments underway of R619 million at an average yield of 9%. It also concluded tactical disposals of R366 million with a yield of 10,8%.

"Besides increasing the average value of our properties, we've also created a portfolio of younger buildings, reducing maintenance and repairs costs," says Wainer.

Redefine's strengthened portfolio also helped improve vacancies in lettable space from 5,8% to 5,3%. Redefine achieved an 80% tenant retention rate and a positive rental reversion of 6%.

Wainer confirms that Redefine will substantially complete the refinement of its portfolio of property assets in the coming year. Redefine is well advanced in disposing 26 government-tenanted office properties valued at R2,2 billion through a new listing and subsequent to the year end has concluded agreements, subject to the usual conditions precedent, to acquire properties for an aggregate consideration of R3.4 billion.

In line with the property sector BEE scorecard, Redefine will also seek to improve its rating in the coming year. It also aims to continue embracing technology for communication internally and with all external stakeholders. Moreover, it intends to simplify its linked unit capital structure to ensure compliance with REIT legislation.

On the funding front, Redefine plans to reduce its already conservative loan-to-value ratio of just below 40%. Displaying solid credit metrics, Redefine Moody's rating was unchanged and it continues to broaden its funding sources across the bond, debt and equity markets. After year end, Redefine became the first South African listed property company to launch an American Depositary Receipt Programme.

"Redefine will continue to pursue revenue enhancing opportunities and seek new and innovative ways to secure the potential for long-term capital appreciation for our investors," says Wainer.

~ ends ~

Released by:
Marc Wainer,
Chief Executive Officer
Redefine Properties
Tel: +27 11 283 0000 Cell: +27 83 260 7646

Andrew Konig,
Financial Director
Redefine Properties
Tel: +27 11 283 0000

By: Jaclyn Lovell
Marketing Concepts
Tel: + 27 11 783 0700