

Industrial portfolio showcase

July 2018



AN INVESTMENT IN INDUSTRY

 **ReDefine**
PROPERTIES

We're not landlords. We're people.

Our conversation

Section **01** SECTOR TRENDS

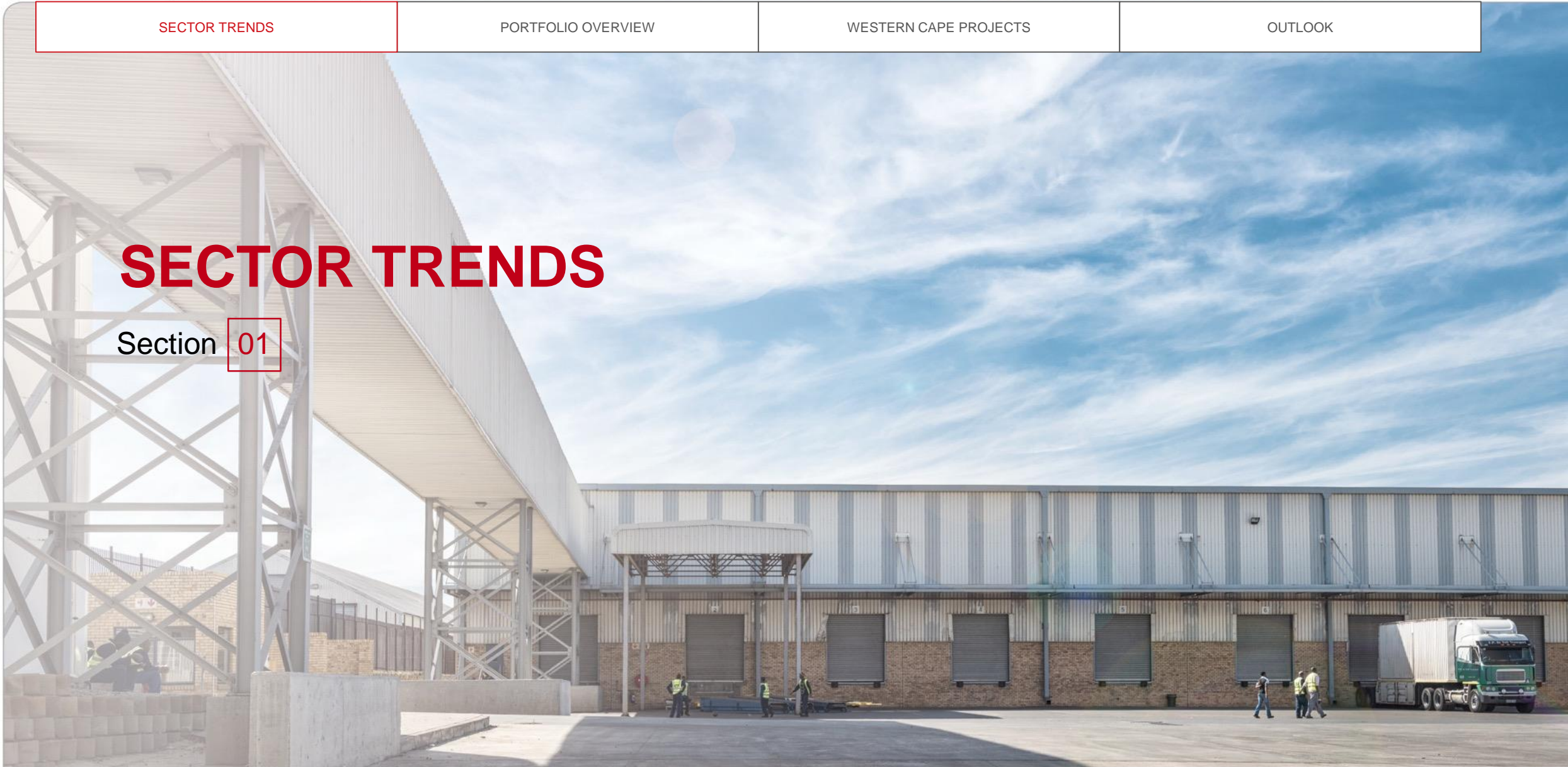
Section **02** PORTFOLIO OVERVIEW

Section **03** WESTERN CAPE PROJECTS

Section **04** OUTLOOK

SECTOR TRENDS

Section 01



National trends

Tenant needs driven by broader macro trends

- Two **primary drivers of potential growth** are:
 - Capital investments into **automotive and mining-related industries**
 - South Africa's ability to **develop its infrastructure as a transit hub** to serve the Southern African Development Community region
- Transnet **investing approximately R380 billion** over ten years to improve access to and the capacity of its ports and rail infrastructure
- **Manufacturing industries continue to face headwinds** with decreased demand and policy uncertainty
- **Retailers** continue to **drive demand** for warehousing and logistics space
- **Tenants seek to consolidate and relocate** in response to cost and volume pressures, as well as, market changes

Western Cape trends

Headwinds and infrastructure developments influence tenant needs

- **Prolonged drought** had a negative impact on local industries reliant on water as a resource
- Following the R4.2 billion upgrade, the Cape Town Container Terminal projected increased capacity by 40%, causing **port-centred warehouse facilities** to **decentralise** to new industrial nodes that offer relative proximity to the port e.g., SA Fruit Terminals relocating to Atlantic Hills
- **Fresh produce** continues to **drive demand for cold storage facilities** and its supplementary services e.g., GEA establishing new facility at Brackengate 2 Business Park

Demand for space

Understanding tenant needs

- **Owner-occupier** outweighs lease-driven demand, particularly by international operators setting up supply chain operations in South Africa
- Third-party logistics companies require **flexibility** through shorter lease periods, with an emphasis on lower square meter lease rates, resulting in stunted rental revenue growth
- **Pressure on development yields** due to an increase in land prices, higher infrastructure and holding costs, combined with rising development costs due to adverse currency movements, as well as, competitive market rentals
- **Increasing demand for power** as tenants are combining fabrication, assembly and distribution into centralised facilities

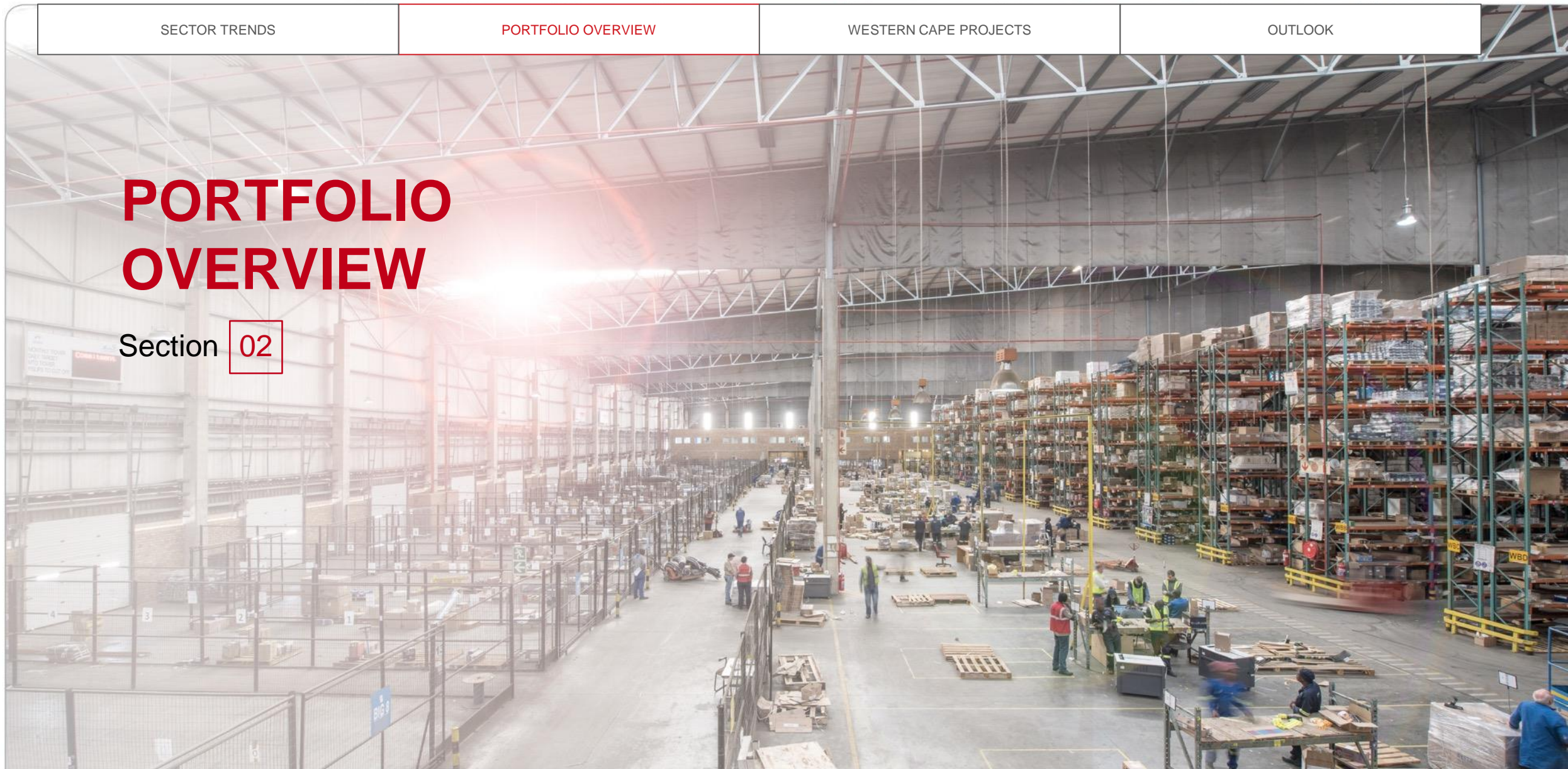
Shift in focus

How we're responding

- To take advantage of the trend towards owner-occupancy, Redefine has entered into **joint venture agreements** on certain developments e.g., Bidvest Properties at Brackengate 2 Business Park
- **Refurbishments and improvements** undertaken on existing well-located warehousing, to unlock incremental income growth and retain tenants
- **Green elements** incorporated into designs, including LED lighting, greywater harvesting and durable landscaping
- **Non-GLA income** growth through solar PV initiatives, third-party advertising contracts, fibre and data site rentals

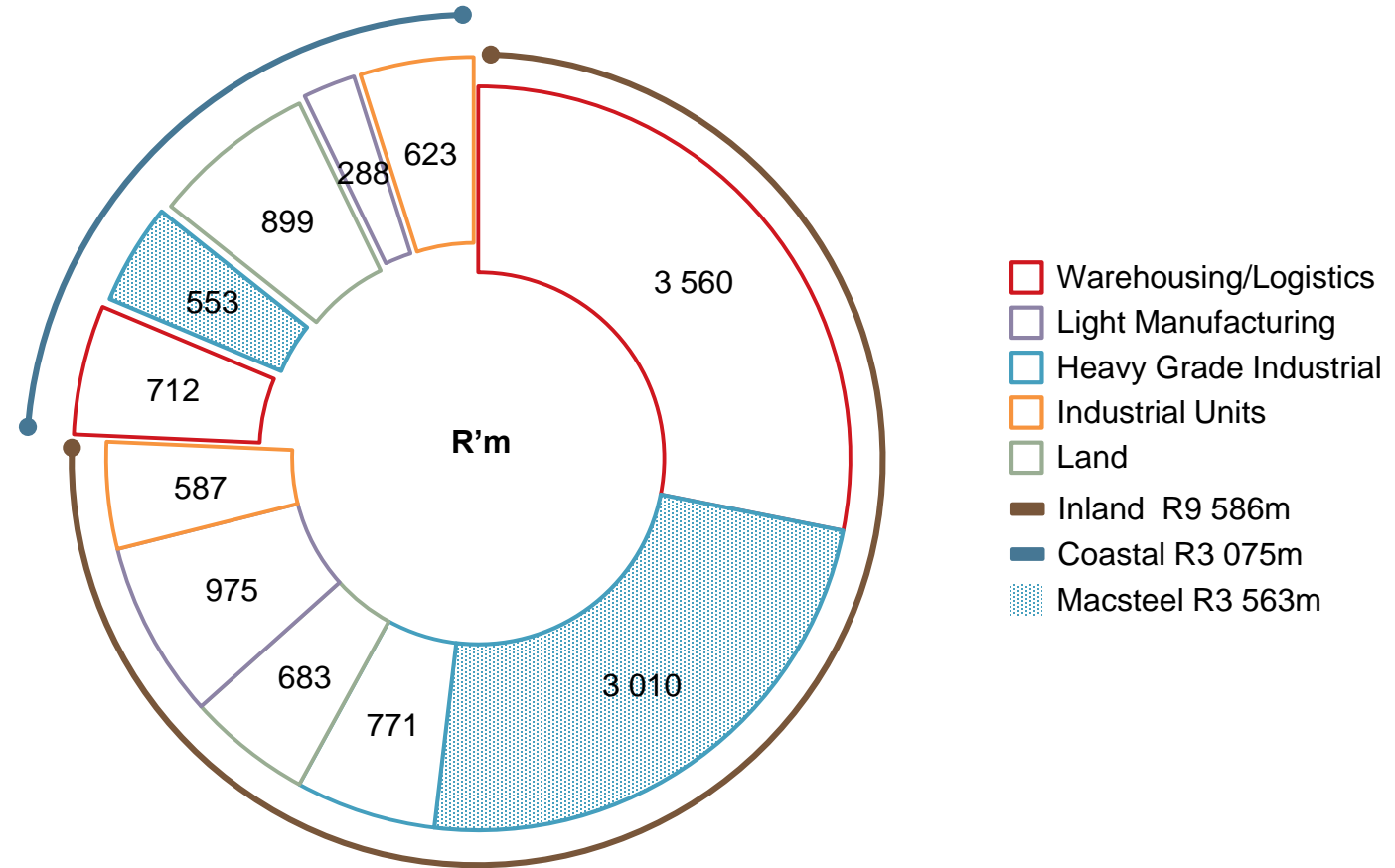
PORTFOLIO OVERVIEW

Section 02



Industrial portfolio

Total asset value R12.7 billion



WESTERN CAPE PROJECTS

Section **03**



Atlantic Hills

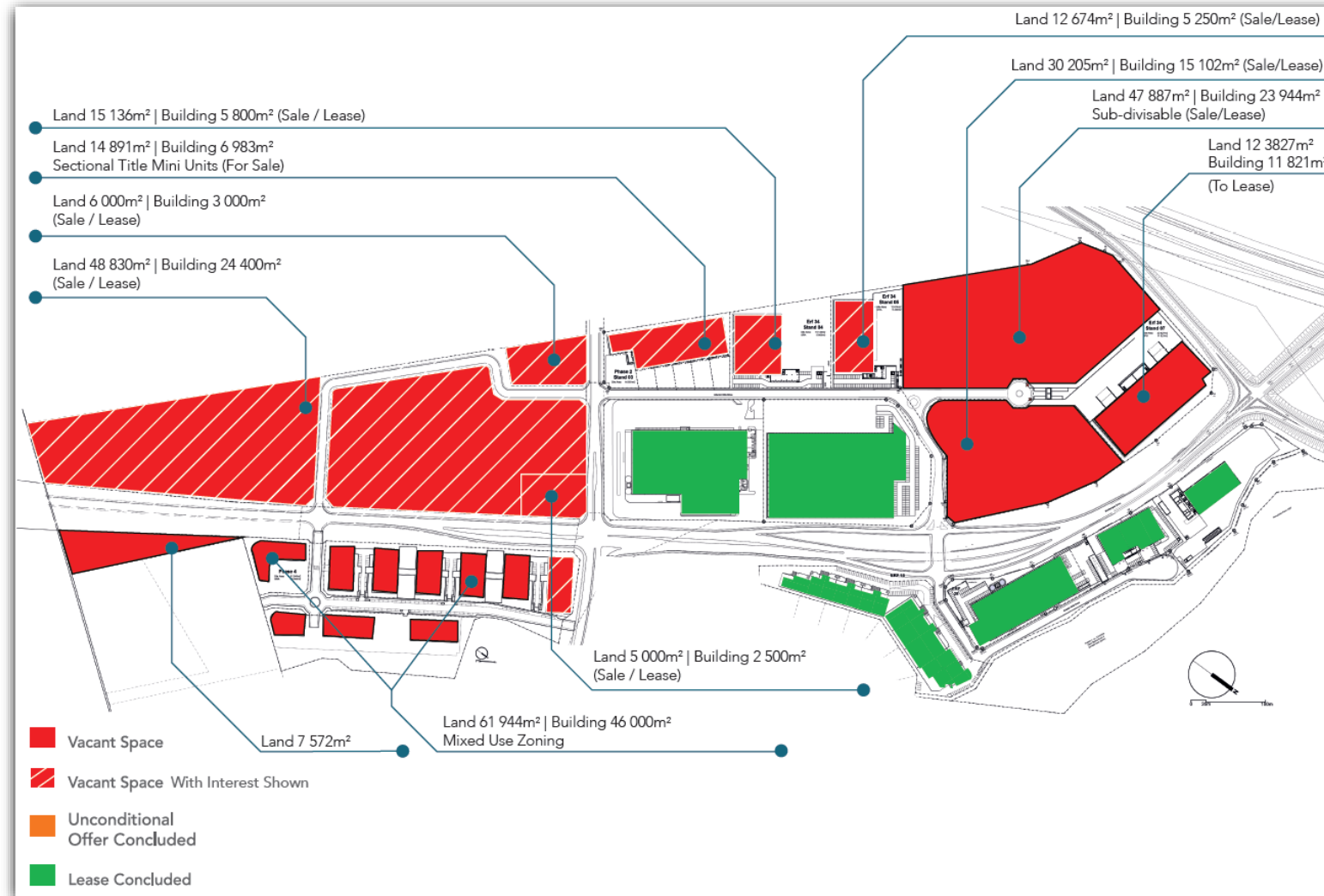
Overview

- Acquired as part of Pivotal acquisition (55% ownership)
- Free-hold, zoned industrial land for small and big box development suitable to light industrial and logistics operators
- N7 serves as the West coast highway, gateway into Namibia
- Close proximity to Cape Town Container Terminal and Epping 1 & 2
- New M12 extension linking N7 with Stellenbosch arterial, improving access to the N1
- Cost of land R98 million (RDF portion)
- Total land parcel acquired 795 836sqm
- Net developable / saleable 444 433sqm



Atlantic Hills

Site plan



Brackengate 2 Business Park

Overview

- 50.1% ownership
- Rezoned farm land
- Stabilise the Kuilsriver river embankments passing through the Stikland land parcel
- Improvements to Cilmor Road bridges across R300 and Kuilsriver
- Cost of land R108.2 million (RDF portion)
- Total land 910 410sqm
- Divided into three usable parcels
 - Triangle 47 997sqm (sold)
 - Stikland 165 697sqm (85% sold)
 - Mainland 495 300sqm
- Net developable / saleable 708 994sqm



Brackengate 2 Business Park

Features

- Improved accessibility to and from N1 via R300 and Bottelary Road
- Adjacent to major electricity sub-station presents access to additional power
- Adjacent to Shoprite Cilmor DC offering synergy to logistics operations
- Relatively close to Epping 1 & 2, Cape Town International Airport and Airport Industria

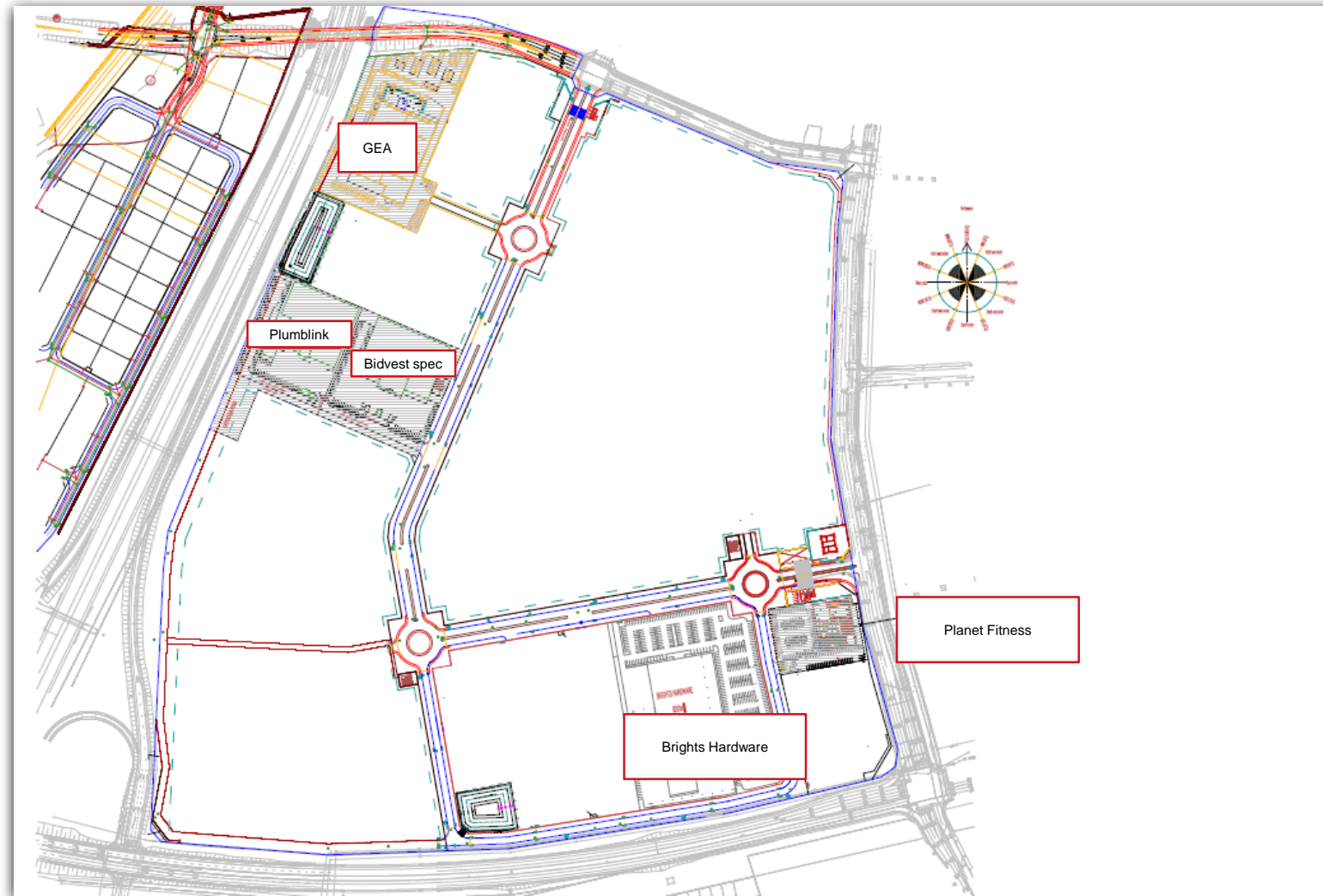
Completed developments

Tenant	GLA	Completion	Lease commences	Category	Anticipated Y1 yield
GEA	8 973	May 2018	May 2018	Warehousing/Logistics	8.25%
Plumblink	6 791	Apr 2018	May 2018	Warehousing/Logistics	9.00%
Bidvest spec	5 642	May 2018	July 2018	Warehousing/Logistics	8.75%
In progress					
Planet Fitness	3 344	Oct 2018	Nov 2018	Retail – Gym	10.00%
Brights Hardware	8 167	Apr 2019	May 2019	Retail – Hardware	9.25%



Brackengate 2 Business Park

Site plan



Golf Air Park II

Overview

- Vacant land acquired next to Golf Air Park Dec 2004
- Close proximity to Cape Town International Airport and air freight terminals, Parow Industria and Epping 1 & 2
- Accessibility to Vanguard Drive (N7), N2 and R300 (linking up with N1)
- Developed three sub divisible high tech warehousing units with manned guard house
- 14m clear height to eaves for the two units facing onto the larger yard area to accommodate logistics operators
- Land size 28 065sqm
- Completed Dec 2017



GLA	12 807
Vacancy	0%
Weighted average lease period to expiry	3.3 years
Weighted average gross monthly rent	R64/sqm

CTX Business Park

Overview

- Acquired Dec 2006 with a 45 year leasehold agreement with ACSA for 40 581sqm of land adjacent to Cape Town International Airport terminals
- Secure Midi unit industrial park catered towards air freight courier and industrial services
- Close proximity to Cape Town International Airport and air freight terminals, Parow Industria and Epping 1 & 2
- Accessibility to Vanguard Drive (N7), N2 and R300 (linking up with N1)
- Phase 1 : 8 983sqm
- Phase 2 : 5 473sqm
- Phase 3 : 4 029sqm



GLA	18 484
Vacancy	0%
Weighted average lease period to expiry	1.9 years
Weighted average gross monthly rent	R64/sqm

OUTLOOK

Section **04**



OUTLOOK

- **Increase market share in prime industrial nodes** through acquisition and development
- **Dispose of secondary properties** where capital growth is not suitable
- Long term **redevelopment** of assets in key nodes
- **Refining procurement processes** to leverage economies of scale