REDEFINE PROPERTIES LIMITED

Group Results

for the year ended 31 August 2018

Where **purpose** and responsibility meet

REDEFINE PROPERTIES

We're not landlords. We're people.

Our conversation

Salient features

Section 1

The essence of Redefine

To create sustained value you must do it from a place of purpose

Our purpose is to manage and create spaces in a way that **changes lives**

Our mission is to create **sustained value** for all our stakeholders

Our primary goal is to **grow and improve cash flow**

Our strategy is not about what we do – it is a matter of **being different** at what we do

Our values are what connects us

Our strategy

Operating context, risks and stakeholder needs, create an agile strategy to remain relevant

- Our strategy is aligned with long-term trends and is tweaked for opportunities and risks
- Our focus is on real estate and related investments – not a particular sector
- We are value seekers and invest where we believe the best market opportunities lie
- We will continue to build an asset platform that sustains organic growth through
    - Continuously improving, expanding and protecting our domestic portfolio
    - Recycling capital through the sale of assets at the end of their investment life cycle
    - Unlocking value from active asset management opportunities in offshore markets
    - Broadening sustainability to remain relevant
- We continue to deepen stakeholder engagement
- We drive initiatives to embrace emerging technologies and innovate solutions

Placing people at the heart of what we do

Key outcomes

Embedding integrated thinking to execute strategy

Invest strategically	NTAV growth of 7%	Property assets under management expanded by R7.2 billion to R91.3 billion	Development activity totalled R5.3 billion	Expanded into logistics sector in Poland	Acquired remaining 50% of 115 West Street for R751 million
Optimise capital	Recycling of capital realised R8.9 billion	LTV lowered to 40.0%	Cost of debt reduced by 100bps to 6.3%	Interest rates hedged on 81.2% of total debt	Updated Domestic Medium Term Note programme
Operate efficiently	Recurring income growth of 6.9%	Active portfolio operating margin improved to 82.3%	Overall occupancy improved to 95.5%	Tenant retention rate at 90.4%	497 491 m^2 at an average reversion of -1.5% renewed
Engage talent	Certified as a Top Employer 2019	151 learners completed programme since 2013	Progress made on transformation	Launched tenant experience change management programme	Launched internal mentorship and innovation challenge
Grow reputation	Broadened the board's diversity and skills base	Launched the Challenge Revolution	Leader in corporate reporting in property sector for 2017	2nd in EY excellence in Integrated Reporting 2018	Invigorated focus on ethics

Redefine's primary strategic differentiator

Fostering a values-driven, service culture that is underpinned by innovation

Our culture a key differentiator

- Employee engagement levels above benchmark
- Certified as a Top Employer
- Values-driven
- Strong alignment to brand

Investing in our people

- Reward and recognition programme to encourage performance
- Upskilling for future challenges
- Succession model reviewed
- Career development strategy in place

Transforming our people

- AIC* at senior management level improved from 7% to 22%
- Redefine workforce: 54% female and 64% AIC*
- Board gender balanced and diversity improved
- Transformation at executive and senior management remains a top priority

** African, Indian and Coloured*

Employee engagement initiatives to drive culture

Tenant Experience Programme

Environmental, Social and Governance

Embracing the mandates from our stakeholders that support sustainability

Environment	REIT with **largest solar footprint** in South Africa	Participate in **Dow Jones Sustainability Index**, Global Real Estate Sustainability benchmark, FTSE4 Good Emerging Market Index	**3 000 smart meters** being installed – all buildings in Cape Town have water metering and control devices
Social	**Level 4 BBBEE** contributor status	**First Challenge Convention** held at Maponya Mall with a participation of **262** key stakeholders	Progress on integrated **stakeholder engagement** strategies
Governance	**Improved** perceived board independence	Audit and risk oversight responsibilities **split into separate board committees**	**Independent non-executive chairman** to be appointed

Property portfolio overview

Section 2

Redefine's diversified property asset platform

Allocating capital to ensure sustained value creation

Portfolio valued at R91.3 billion

Direct local property portfolio

Property portfolio	100.0%	R68.6bn
Retail		R27.8bn
Office		R25.9bn
Industrial		R13.1bn
Specialised		R1.8bn
Loans receivable	100.0%	R2.6bn
Respublica	53.6%	R1.2bn
		R72.4bn

Direct international properties

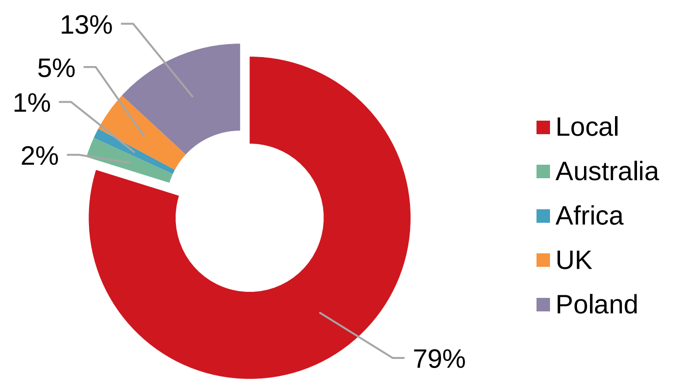
Logistic platform	95.0%	R3.9bn
Journal Student Accommodation Fund	90.0%	R1.4bn
Chariot Top Group BV	25.0%	R1.0bn
Oando Wings Development Limited	38.9%	R0.7bn
		R7.0bn

International listed securities

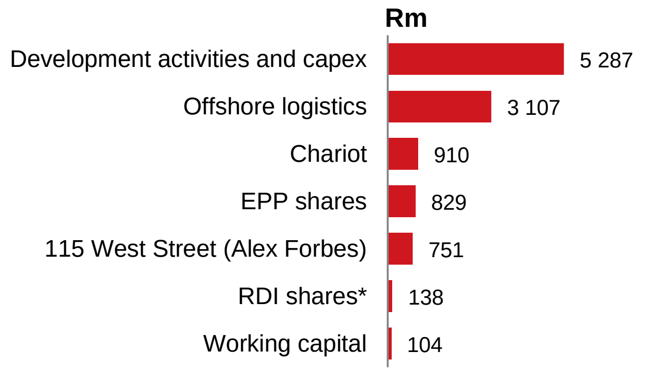
EPP N.V.	39.0%	R7.0bn
RDI REIT PLC	29.4%	R4.0bn
Cromwell Property Group	3.0%	R0.7bn
GRIT Real Estate Income Group	3.7%	R0.2bn
		R11.9bn

Carried at fair value
Equity accounted

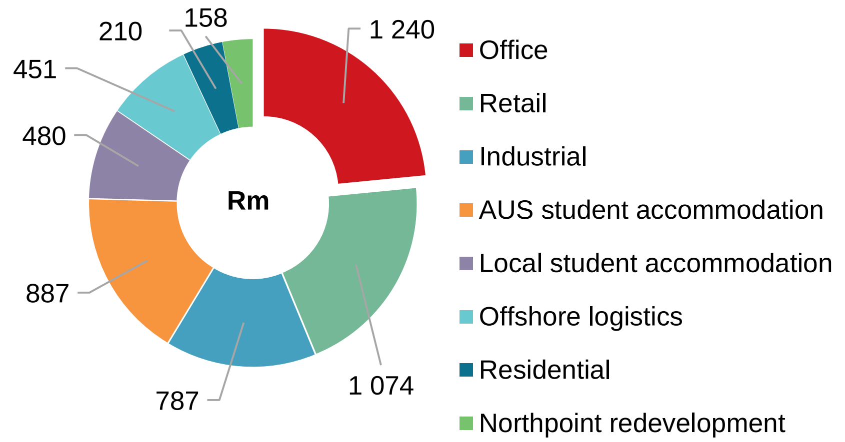
Geographic spread by value



Capital deployed of R11 billion



Capital allocated to developments and capex



** Partial settlement for IHL sale*

Local portfolio game plan

Centred on optimising risk and reward

Investment criteria

- Continued expansion across traditional sectors
- Exposure to key economic nodes
- Locations that have solid infrastructure to reduce leasing risk

Our focus

- Continue to expand and improve existing well-located properties through development
- On younger (more efficient), well-located and better quality properties with longer leases and A-Grade tenants
- To recycle non-core assets to position the portfolio for sustained organic growth
- Continued implementation of long term strategy on an asset-by-asset basis
- Selective acquisitions in under represented regions and to complement existing assets

Local portfolio profile

A well-located, high-value, high-quality and efficient portfolio

Carrying value **R72.4bn** (2017 | R68.1bn)

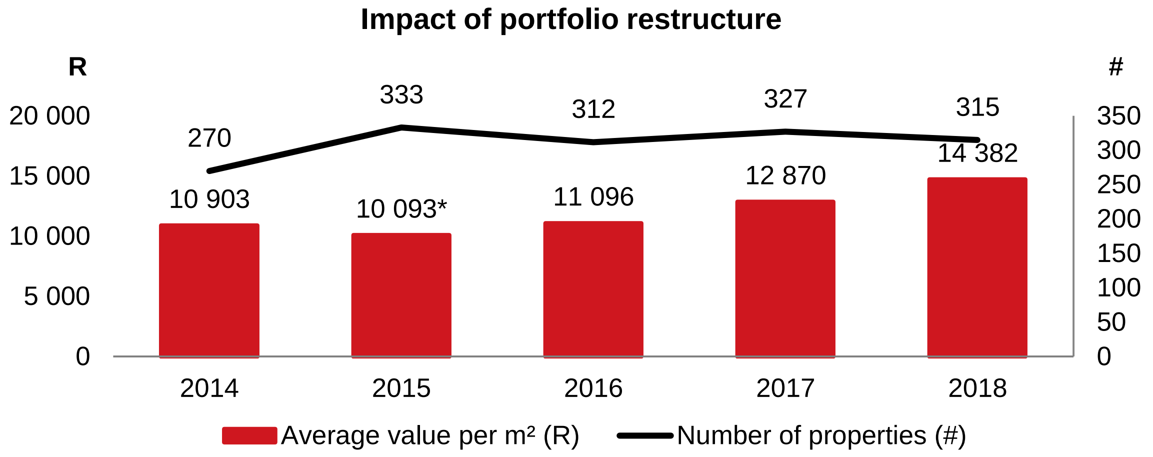
Retail **40%** (2017 | 41%)

73% located in Gauteng (2017 | 73%)

Office **37%** (2017 | 36%)

17% located in Western Cape (2017 | 18%)

Industrial **19%** (2017 | 17%)



Acquisition of Macsteel portfolio at R4 674/m²

Local portfolio highlights

A focus on organic growth

Active portfolio capital growth of **5.5%**

Average value per property of **R222m** (2017 | R182m)

Developments in progress total **R3bn** at average projected yield of **7.8%**

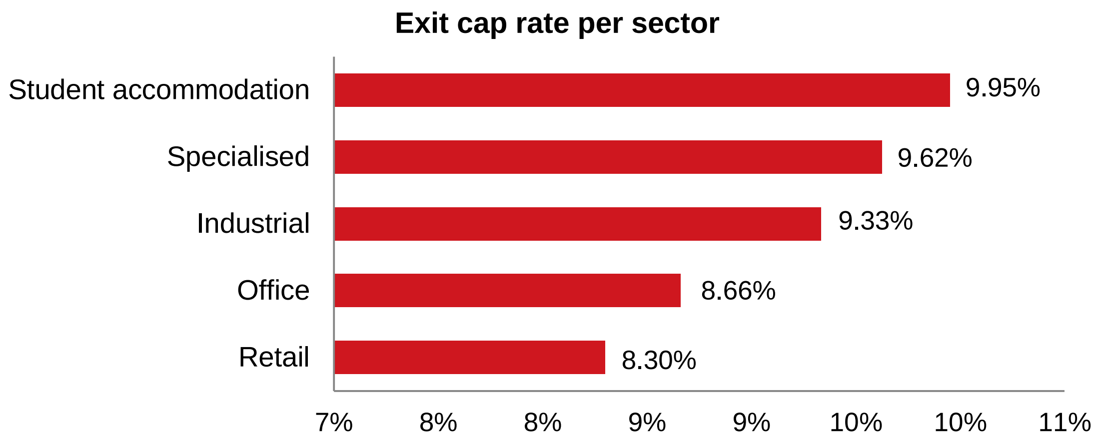
Completed developments totalling **R1.7bn** at average yield of **7.3%**

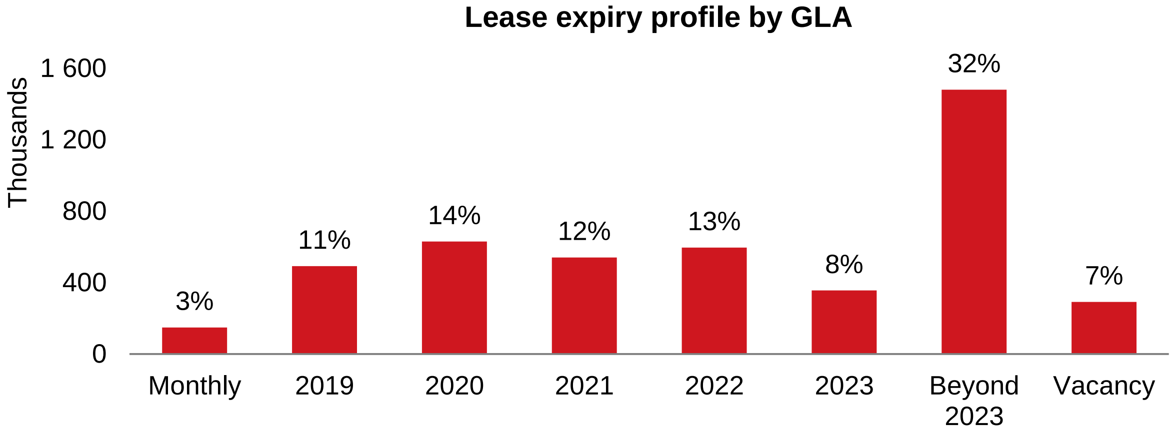
Disposals totalling **R2.7bn** yield 8.4%

Total active vacancy of **4.5%** (2017 | 4.6%)

Total letting at **942 102 m²** (2017 | 942 716 m²)

Solar PV capacity increased to **22 448kWp** from 7 807kWp





Retail portfolio

Remaining relevant to the communities in which we operate

Value	GLA	Completed redevelopments	Completed new developments	Disposals
R27.8bn (2017 | R26.4bn)	**1.4 million m²** (2017 | 1.4 million m²)	**R407m** Yield 4.8%	**R250m** Yield 8.9%	**R1.3bn** Yield 8.5%

Tenant retention by GLA	Trading density	Footfall	Rent to turnover*	Active vacancy	Renewal rental growth	Turnover growth
90.7% (2017 | 93.6%)	**3.3%** (2017 | 0.4%)	**-2.0%** (2017 | -0.1%)	**7.9%** (2017 | 7.8%)	**4.5%** (2017 | 3.3%)	**0.1%** (2017 | 2.0%)	**3.7%**

** Based on IPD metric*
Note: Figures are based on 19 centres

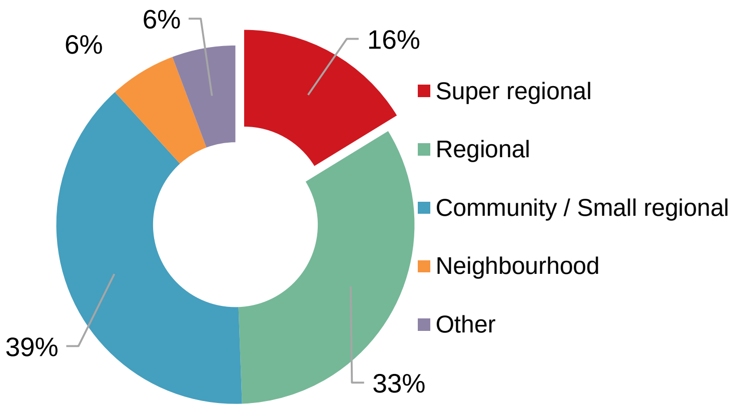
Activity 2018

→ Benmore Gardens and Leroy Merlin developments
→ Reducing Edcon exposure by 42 713m² to 80 143m² (2018/19)
→ Driving sales growth to maintain rental levels
→ Improving trading density
→ Differentiate centres through new retailers (Leroy Merlin and Decathlon)
→ Tenant performance management
→ Operating cost management (administered and labour costs)

Priorities 2019

→ Completion of Centurion Mall development
→ Shopping centre parking
→ Focused management of underperforming assets
  - Kyalami Corner, Cradlestone Mall and Matlosana Mall
→ Development opportunities
  - Maponya Mall, Centurion Lifestyle, Wonderboom
→ Vacancy management
→ Execution of asset strategies – incorporating shift to entertainment and alternate uses
→ Improving customer experience
→ Space optimisation of department stores and cinemas
→ Crime prevention
→ Marketing initiatives

By value



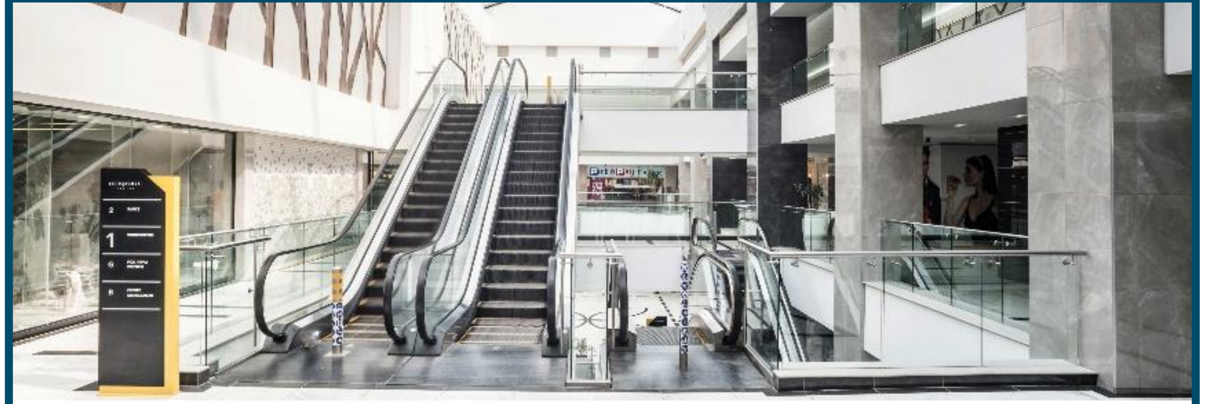
Retail developments completed

Differentiating by creating outstanding places for modern consumer lifestyles

Stoneridge Centre, Edenvale

- New tenants have changed the profile of the node and created additional demand from other retailers
- First Leroy Merlin store in South Africa opened in September 2018 16 343m² - initial yield 8.9%
- As part of the Leroy Merlin development a new "gold" standard McDonalds drive-through was built
- New 600m² Papachinos has attracted a younger family market
- Currently reviewing further development opportunities to create additional 4 500m²
- Centre sales growth of 9.6% year on year

Benmore Centre, Sandton



- Entire centre refurbished at a cost of R252 million
- Introduced new Woolworths Food of 3 352m², Exclusive Books and Motherland Coffee
- Refurbished Pick 'n Pay, Baby City and Toy Zone
- All major banks relocated to the 'banking level'
- Continuing to trade optimally in the area with a defined market positioning of corporate convenience
- Sales growth of 16% and spend per head growth of 37% year on year
- Dis-Chem turnover decreased due to new Sandton City store

Office portfolio

Moving to younger, more efficient, modern facilities enabling work life integration

Value	GLA	Completed redevelopments	Completed new developments	Acquisition 115 West Street	Disposals
R25.9bn (2017 | R23.9bn)	**1.3 million m²** (2017 | 1.4 million m²)	**R195m** Yield 6.4%	**R395m** Yield 6.3%	**R751m** Yield 9.7%	**R903m** Yield 7.7%

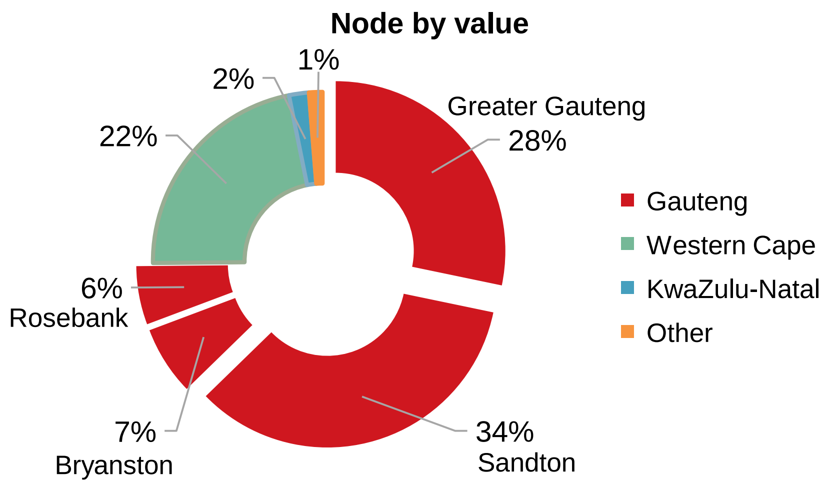
Renewal reversions	Tenant retention by GLA	Active vacancy
-3.1% (2017 | 0.1%)	**87.7%** (2017 | 87.1%)	**9.5%** (2017 | 8.1%)

Activity 2018

- Tenant retention
- Smaller asset refurbishments to enhance leasing opportunities
- Partnering with co-working businesses
- Maintaining relationships with third-party brokerages
- Disposal of non core properties (Thibault and Opera Plaza)
- Operating cost management (administered and labour costs)
- Contesting municipal valuations
- Focus on leasing

Priorities 2019

- Tenant retention
- Development leasing
- Completion and leasing of 2 Pybus (76% let), Rosebank Link (95% let), Loftus Park offices (20% let) and 155 West Street (45% let)
- Reduce exposure to certain nodes
- Dispose of government-tenanted portfolio
- WeWork partnership – expanding co-working relationships
- Extend portfolio WALE
- Increase number of Green Star rated buildings
- Analyse building design efficiencies to accommodate increased densities
- Leasing. Leasing. Leasing



Office developments completed

Remaining relevant through redevelopment and refurbishment

Loftus Park, Pretoria

- Total development of 54 644 m²
- Phase 1 - 33 950 m²
  - Offices 15 784 m² (80% vacancy)
  - Retail 11 757 m² (4% vacancy)
  - Hotel 6 409 m² (0% vacancy)
- Major retail tenants
  - Checkers; Virgin Active; Dis-Chem; Woolworths (May 2019)
- Projected initial yield of 7.7%
- Phase 2 - 13 088 m²
- Phase 3 - 7 606 m² (planned hospital)
- The development is situated next to the Loftus stadium and in close proximity to four major schools
- Redefine owns 50% of the development except for the hotel (25%)
- Current office interest is from legal and medical tenants and needs to be established as a commercial node to assist leasing

Industrial portfolio

Location and efficiency key in asset sensitive market

Value	GLA	Completed new developments	Disposals
R13.1bn (2017 | R12.6bn)	**1.8 million m²** (2017 | 2.0 million m²)	**R465m** Yield 8.5%	**R518m** Yield 10.0%

Renewal rental growth **2.9%** (2017 | 5.6%)	Tenant retention by GLA **91.8%** (2017 | 95.2%)	Active vacancy **1.0%** (2017 | 3.3%)

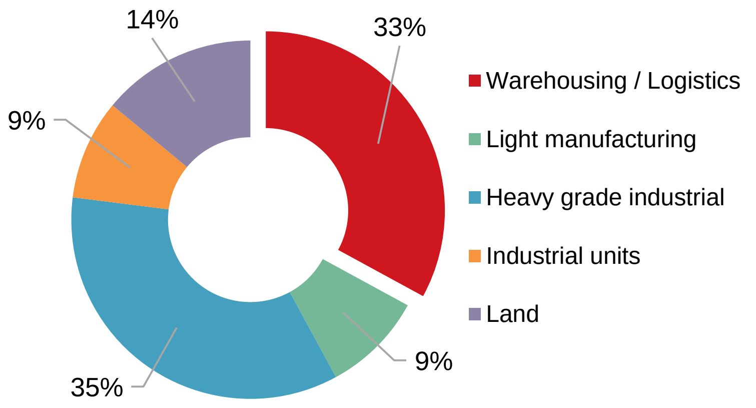
Activity 2018

- Tenant retention
- Implementation of asset management strategies
- Operating cost management (administered and labour costs)
- Maintaining relationships with third-party brokerages
- Leasing of vacancy
- Improving quality of portfolio
- Development activity
  - Hirt & Carter, Bidvest, GEA
  - Brackengate and S&J Industrial Estate infrastructure
- Sale of Stikland and Triangle land

Priorities 2019

- Tenant retention
- Managing tenant exposure
- Improve portfolio quality through acquisition
- Explore development partnerships
- Reduce exposure to land holdings
- Le Sel properties
- Maintaining low vacancy levels

By value



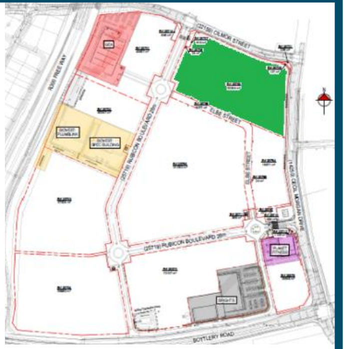
Industrial development activity

Incorporating key design elements to functionally differentiate offering

S&J Industrial Estate (90% ownership)

- Total land measures 1 599 593 m² with bulk of 954 999 m²
  - Main precinct roads opened 17 September 2018
  - 30 MVA power secured
- Phase 1 comprises of 350 000 m² bulk and is expected to be fully developed by 2023
- Jupiter Ext 9 will be proclaimed by mid-Nov 2018, and measures in extent 118 350 m²
- 53 550 m² sold at R1 000/m² to MIT Auto Parts
- Spec building being considered for 18 567 m² sub-divisible warehouse, expecting initial rental at R59/m² net, being at an initial yield of 9%
- Land value pegged at R1 250/m² (cost at R899.70/m²)
- Market interest has increased since opening of the roads
- 310 000 m² of land sales under negotiation
- 99 000 m² of lease deals under negotiation
- Calisto precinct earmarked for lease-driven developments while the balance of the precinct is available for land sales, turnkey developments and joint venture schemes

Brackengate 2 Business Park (50.1% ownership)



- Total land comprises of Triangle (47 997 m²), Stikland (165 650 m²) and Mainland (495 290 m²)
- Strategy to sell our stake in Stikland and Triangle achieved with more than 50% transferred
- Major milestone
  - Access to link R300 and Botterlary road opened during 2017
  - Proclamation of Mainland complete
  - Bridge linking Stikland to Cecil Morgan Road opened during August 2018
- Mainland completed projects
  - Bidvest, 11 922 m² (25.05%)
  - GEA, 8 588 m² (50.1%)
  - Planet Fitness, 3 403 m² (50.1%)
- Under construction
  - Brights Hardware, 8 200 m² – completion May 2019 (50.1%)
- Concluded land disposal with Amazon over 6.3 hectares at R2 200/m²
- 356 535 m² land / 213 927 m² bulk in hand for further top structure development

International game plan

Targeting 25% to 30% of total assets offshore

Investment criteria

- We have local partner representation and aligned interests
- Opportunities for scale
- Real estate market is liquid
- Free flow of currency
- Tax regime and rules of law sophisticated

Our focus

- Contained to Poland, United Kingdom and Australia
- To provide strategic and financial support to our partners in country
- Invest directly where there is potential for capital uplift through active asset management
- Support listed investments in corporate opportunities
- Actively hedge income as and when the Rand shows weakness
- Hedge balance sheet naturally through matching currency gearing
- Responsibly manage geographic concentration risk

International portfolio profile

Centred on geographic diversification and exploiting attractive yield spreads

Carrying value
R18.9bn
(2017 | R16.0bn)

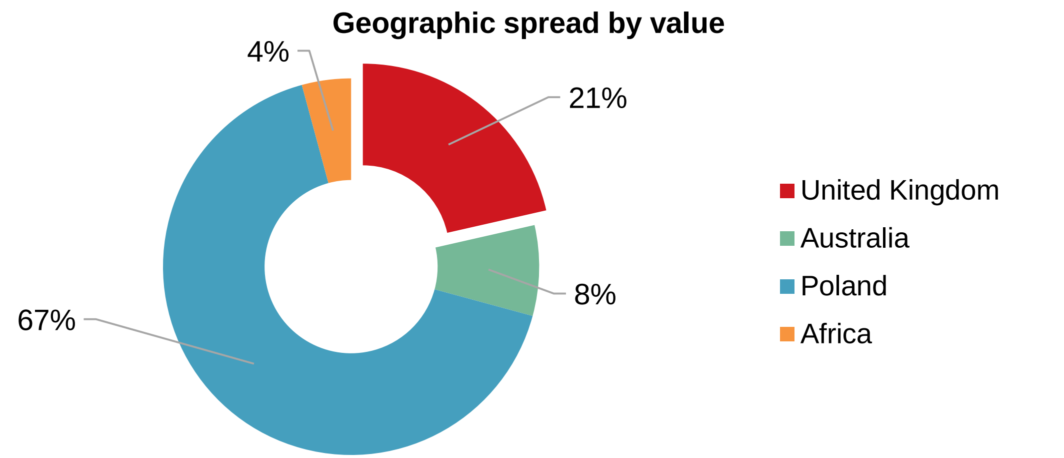
Listed securities
R11.9bn
(2017 | 14.0bn)

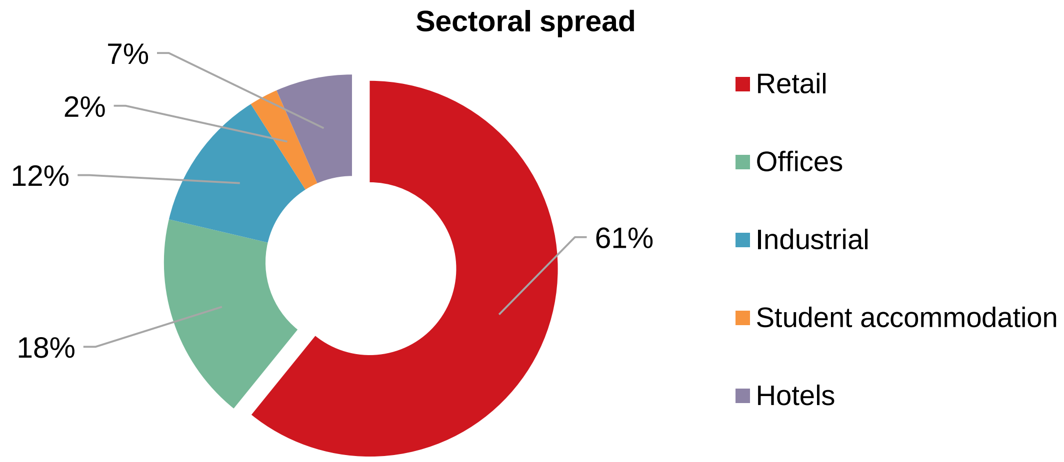
Proportional share of assets
R32.6bn
(2017 | 29.7bn)

Direct properties
R7.0bn
(2017 | 2.0bn)

Proportional share of debt*
R29.9bn
(2017 | R25.5bn)

Redefine see-through LTV**
46.1%
(2017 | 50.2%)





*Including Redefine's foreign borrowings
**Including local assets and borrowings net of cash

International portfolio highlights

Continued expansion in geographic and sectoral diversifications

Invested **R3.1bn** into Polish logistics platform

Two logistics developments totalling **170 712 m²** costing EUR91m underway

Acquired 36.4 million EPP shares for **R702m**

EPP NAV per share grown to **EUR1.37**

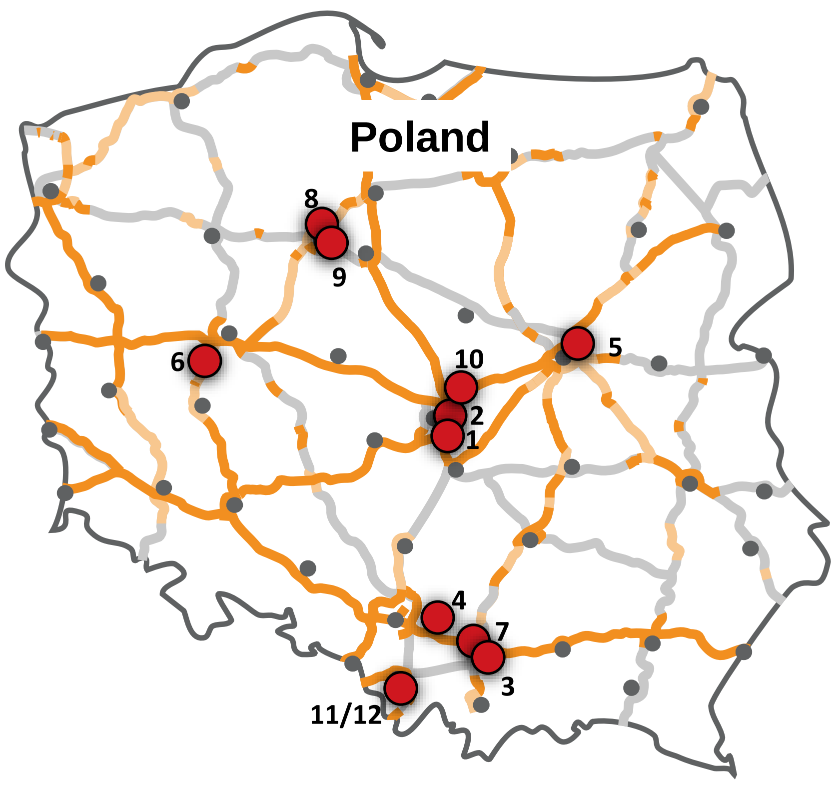
Chariot portfolio underpinned by Metro AG head lease to **2024**

Bookings at Leicester Street at **160** pre peak leasing

RDI impaired by **R754m**

EUR150m exchangeable bond for refinance a top priority for 2019

Location of Polish logistics properties



1. Łódź Business Centre II
2. Łódź Business Centre III
3. Panattoni Park Krakow II
4. Panattoni Park Sosnowiec II
5. Panattoni Park Warsaw Airport I
6. Panattoni Park Poznan IV
7. Panattoni Park Krakow III
8. Panattoni Park Bydgoszcz II
9. Panattoni Park Bydgoszcz III
10. Stryków*
11. Bielsko-Biała phase I*
12. Bielsko-Biała phase II*

** Developments in progress*

Alternative investments

Diversifying income streams

	Student accommodation	Loans	High yielding
			
Redefine's interests	→ Respublica current bed capacity at **6 543**	→ Loans of **R2.6 billion** to various third parties attracting commercial interest rates	→ Solar PV plants → Various outdoor advertising signage → Park Central residential development
Operational activity	→ Completion of Hatfield Square **- 2 200 beds** → Lincoln House (Bloemfontein) **- 469 beds** → Roscommon House (Cape Town) 582 beds ready for the 2019 intake	→ Loan to BEE consortium for Delta disposal reflected as investment in the shares valued at the lower of the loan or market value of Delta shares → Loan to Maponya Trust totalling **R474 million** repaid subsequent to year end	→ Solar PV to the value of **R280 million** rolled out - **21 plants** → Non GLA income **R63.2 million** → Park Central comprising **160 units** – spent R210 million, R409 million to complete. 44% by value sold
Redefine's strategy	→ Extend Yale Village by **332 beds** → Expand into Pietermaritzburg (Paton House) **- 576 beds** → Build capacity to **10 000 beds**	→ Provide loan funding to secure strategic partners and provide transformed opportunities	→ Solar PV projects totalling **R17 million** underway → Leverage non GLA opportunities off property base → Complete Park Central project → Africa assets a recycle opportunity

Financial performance

Section 3

Financial highlights

Delivering sustained value creation in demanding circumstances

Full year distribution up **5.5% to 97.1 cents**

Net asset value grown by **60.7 cents to R10.83**

Total distributable income has grown **8.2% to R5.2bn**

Total assets now **R98.7bn** up **R7.2bn**

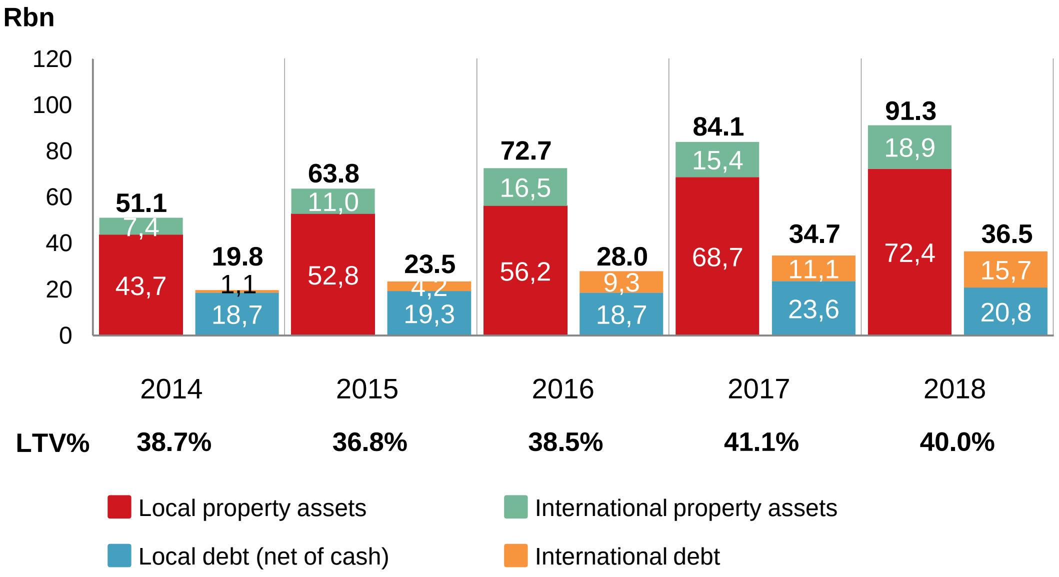
International distributable income contribution of **24.0%**

Loan-to-value ratio at **40.0%** down from 41.1%

Market capitalisation at **R56.2bn**

Extended debt maturity profile and **maintained** sound credit metrics

Analysis of property assets and debt



Simplified distributable income statement

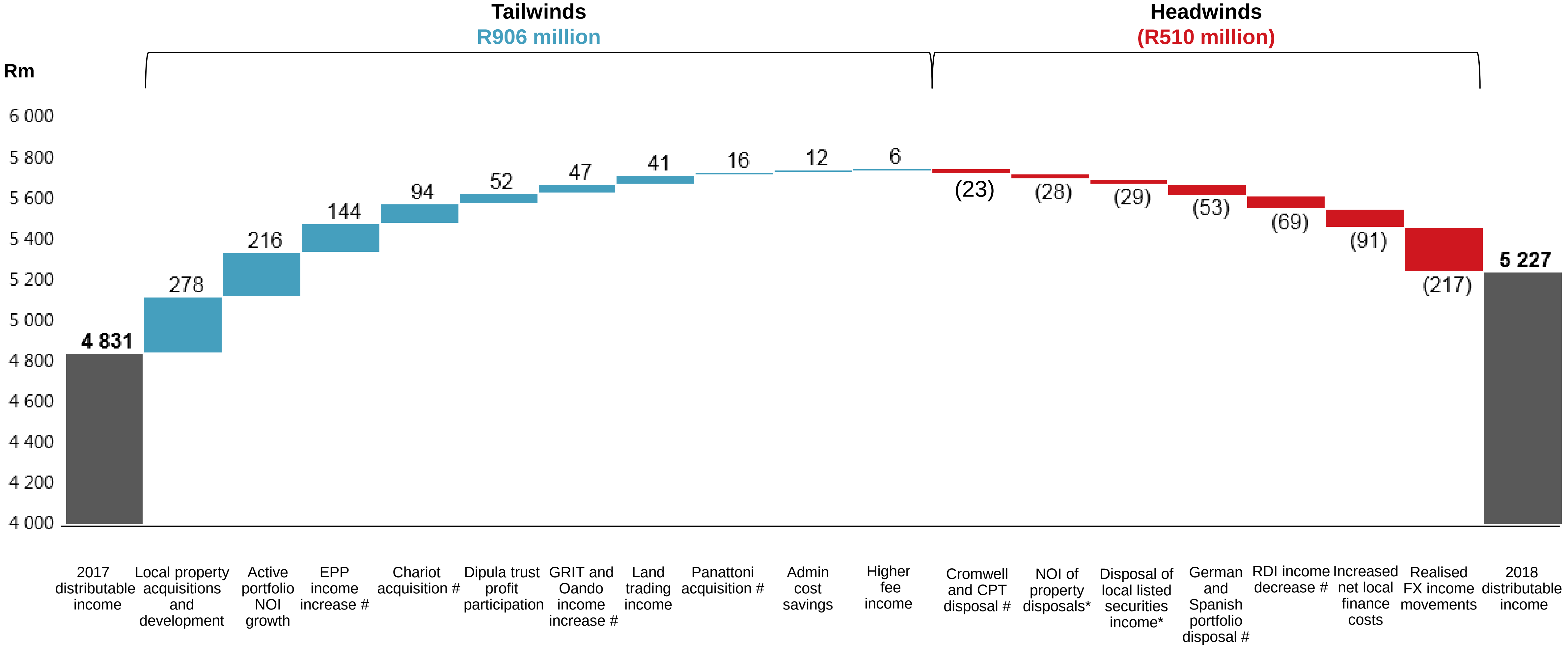
Focus on sustainable recurring income growth

	2018 Rm	2017 Rm	Vs 2017 %
Net operating income from investment properties	**5 157**	**4 951**	**4.2%**
Listed securities portfolio	-	181	(100.0%)
Sundry and trading income	114	15	660.0%
Total revenue	**5 271**	**5 147**	**2.4%**
Administration costs	(220)	(232)	(5.2%)
Net operating profit	**5 051**	**4 915**	**2.8%**
Net finance charges	(1 078)	(1 402)	(23.1%)
Taxation	-	2	(50.0%)
South African distributable income	**3 973**	**3 515**	**13.0%**
International distributable income	1 254	1 316	(4.7%)
Distributable income	**5 227**	**4 831**	**8.2%**

	Rm	Cents per Share	Y-O-Y Change %
2017 distributable income	**4 831**	**92.0**	
Less 2017 non-recurring income	(462)	(8.8)	
2017 recurring distributable income	**4 369**	**83.2**	
Less dilution arising from new shares	-	(2.0)	
Growth	420	7.8	
2018 recurring distributable income	**4 789**	**89.0**	**6.9%**
Add 2018 non-recurring distributable income	438	8.1	
2018 distributable income	**5 227**	**97.1**	**5.5%**

Contributors to growth in distributable income

A diversified portfolio delivering sustained income growth



** NOI net of interest earned on disposal proceeds*
 # Net of funding costs

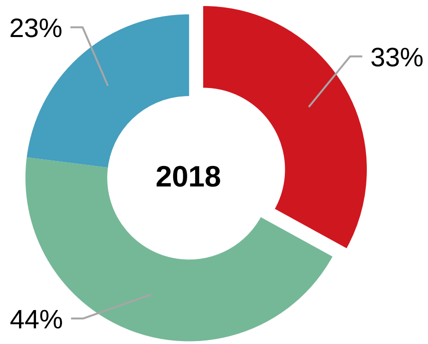
Active portfolio income analysis

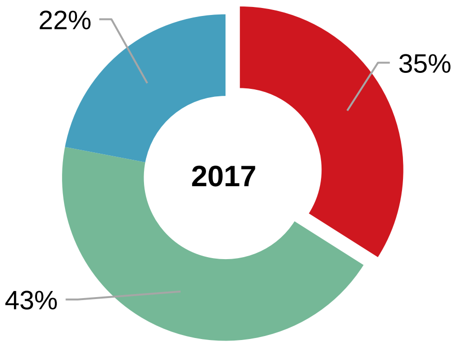
Robust active portfolio performance in a challenging operating environment

	2018 Rm	2017 Rm	Change %
Active portfolio revenue*	**4 604**	4 351	5.8%
Active portfolio costs**	**(816)**	(778)	4.9%
Net operating income from active property portfolio	**3 788**	3 573	6.0%
Net operating income from development property portfolio	**273**	195	40.0%
Net operating income from acquired property portfolio	**1 002**	799	25.4%
Net operating income from disposed properties	**94**	384	(75.5%)
Net operating income from investment properties	**5 157**	4 951	4.2%
Active portfolio margin %	**82.3%**	82.1%	

* Properties owned for 12 months in both years
** Net of recoveries

Active portfolio NOI contribution

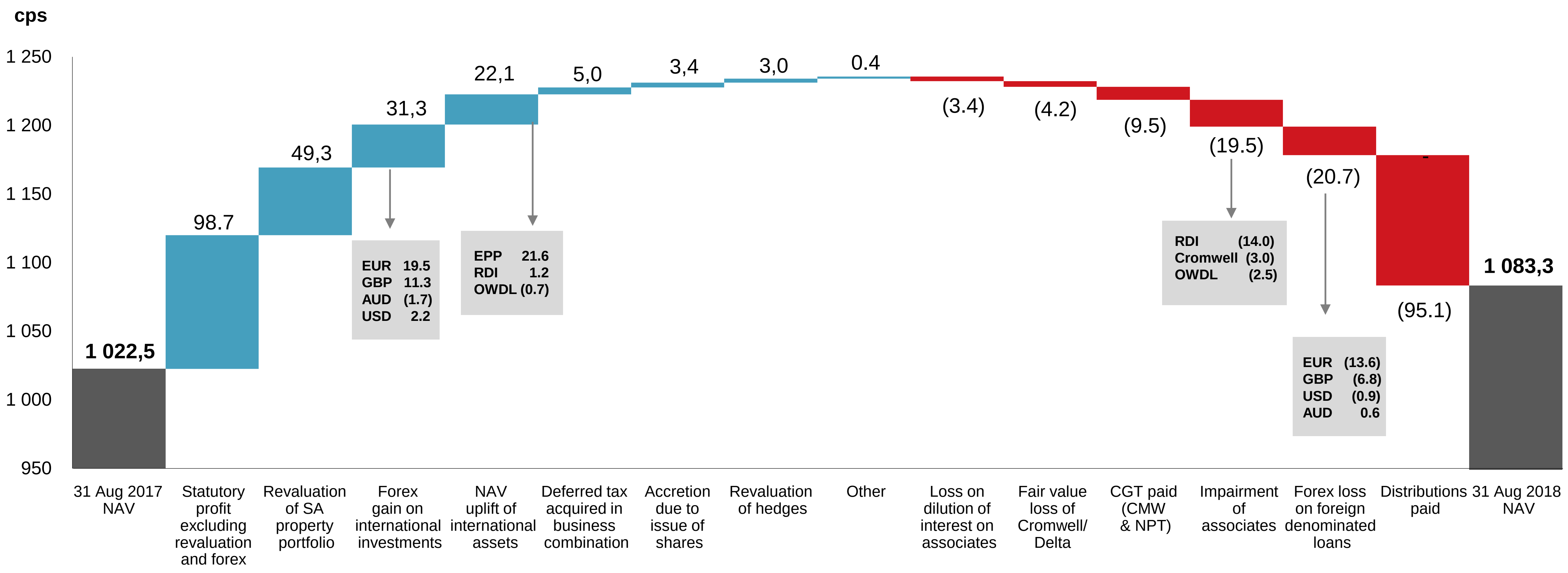




Office Retail Industrial

Key drivers of growth in net asset value per share

A diversified asset platform absorbs headwinds and provides sustained growth

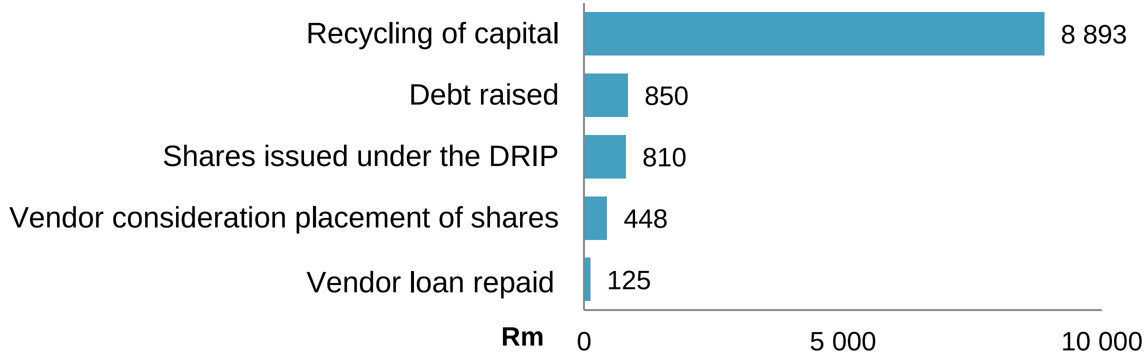


Accessing capital

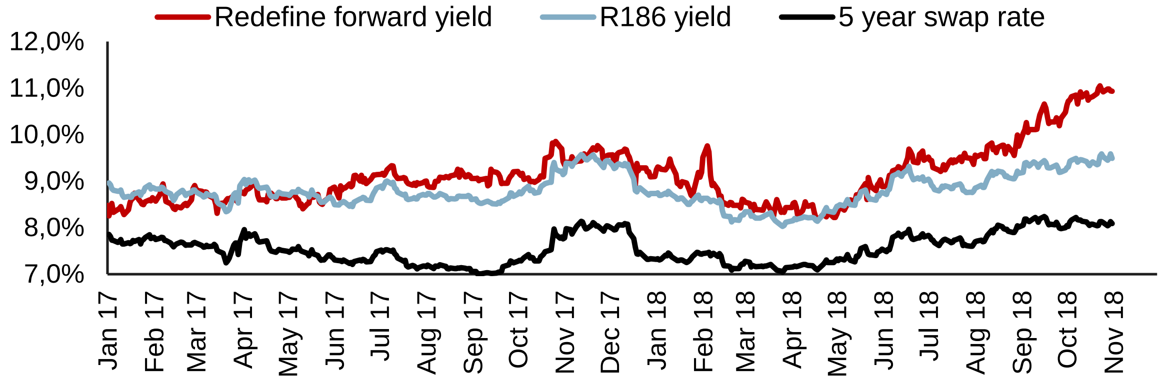
Securing capital in a costly and constrained environment

Funding snapshot	2018 Rbn	2017 Rbn
Bank borrowings	**12.4**	22.0
Listed bonds and commercial paper	**5.5**	5.4
Foreign-listed bonds	**2.5**	2.3
Unlisted bonds	**15.7**	5.0
Total debt	**36.1**	34.7
Loan-to-value ratio	**40.0%**	41.1%
Average term of debt	**3.6 years**	2.5 years
% of debt secured	**70.4%**	68.0%
% of asset secured	**66.4%**	62.6%
Weighted average cost of ZAR debt	**9.3%**	9.1%
Weighted average cost of FX debt	**2.3%**	2.7%
Weighted average cost of total debt	**6.3%**	7.3%
% of ZAR debt hedged	**81.9%**	93.0%
% of FX debt hedged	**79.8%**	78.7%
% of total debt hedged	**81.2%**	88.7%
Average term of hedges	**2.8 years**	2.7 years
Undrawn committed facilities (Rbn)	**3.8**	3.0
Interest cover ratio	**4.3x**	3.6x

Sources of capital of R11 billion



Drivers of the cost of capital



Moody's credit rating was upgraded to stable during March 2018. Global scale rating Baa3 and national scale rating Aa1.za

Currency analysis of property assets and borrowings

Conservative local LTV to counterbalance aggressive offshore LTV

	2018				2017			
Currency	Property assets Rbn	Debt Rbn	LTV %	Weighted average cost %	Property assets Rbn	Debt Rbn	LTV %	Weighted average cost %
Net ZAR*	**72.4**	**20.8**	**28.8%**	**9.3%**	68.1	23.5	34.5%	9.1%
AUD	**2.1**	**1.4**	**67.7%**	**4.1%**	6.2	2.8	45.2%	4.2%
EUR	**11.9**	**9.4**	**79.3%**	**1.6%**	4.8	4.7	97.9%	1.6%
GBP**	**4.0**	**4.2**	**105.1%**	**3.0%**	4.2	3.1	73.8%	2.8%
USD	**0.9**	**0.6**	**63.9%**	**4.1%**	0.8	0.5	62.5%	3.8%
Total	**91.3**	**36.5**	**40.0%**	**6.3%**	84.1	34.6	41.1%	7.3%

** Net of cash and cash deposits on cross currency swaps*
*** The over exposure to GBP debt is due to the impairment incurred on the RDI investment.*
The debt has no recourse to the GBP assets, therefore it does not create liquidity risk but only NAV risk

Wrap up

Section 4

Redefine's vision

A vision without a strategy remains an illusion

TO BE THE BEST SA REIT

This means being

- A source of sustained growth in total returns for **investors and funders**
- Employer of choice for **employees**
- Provider of relevant space for **tenants**
- Preferred business partner for **brokers and suppliers**
- Responsible community participant for **communities**

Top priorities for 2019

Without strategy execution is aimless, without execution strategy is useless

Strategic matter	Strategic challenge	Strategic response	Anticipated outcome
Invest strategically	Creating **sustained value** for all our stakeholders	**Considered deployment of capital** to ensure highest and best use	Organic capital growth, remaining relevant and **phasing out non-recurring income**
Optimise capital	**Securing capital** in a constrained and costly environment	**Recycle capital**, lower LTV ratio and improve investor appeal	**Maintain liquidity** and lower cost of capital
Operate efficiently	Operating in a **low growth, rising cost** environment	Refresh and improve **business processes** and leverage use of technology	Maintain operating margins and **sustain core income growth**
Engage talent	Harnessing our **people's skills, abilities and attitude**	**Accelerate transformation**, entrench Redefine's values and embed a culture of excellence and innovation	Attracting and retaining the best talent as an **employer of choice**
Grow reputation	Living our **purpose**	Safeguard Redefine's brand and **futureproof our business** through mentorship and innovation	Create and manage spaces in a way that **changes lives**

Outlook

We will continue to expect the unexpected

In summary

We remain focused on what matters most to deliver sustained value creation

We believe our strategic approach remains appropriate to the operating context

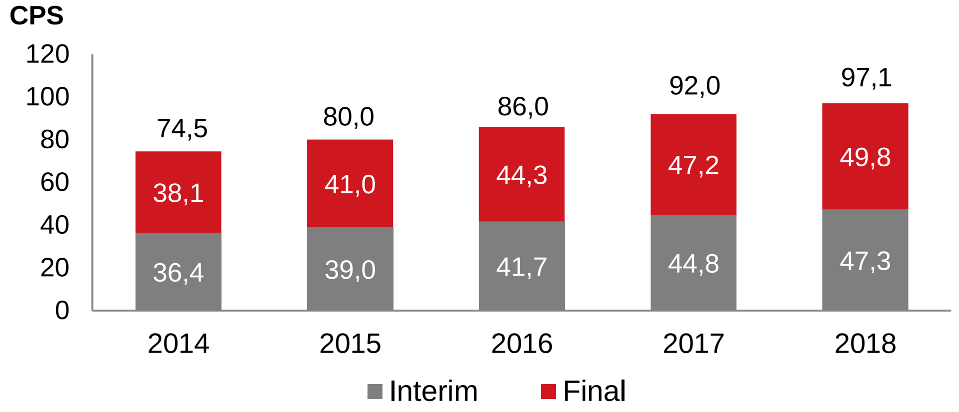
Our geographically diversified asset platform is positioned to buffer domestic headwinds

We are serious about ethics and this will position us for sustained growth

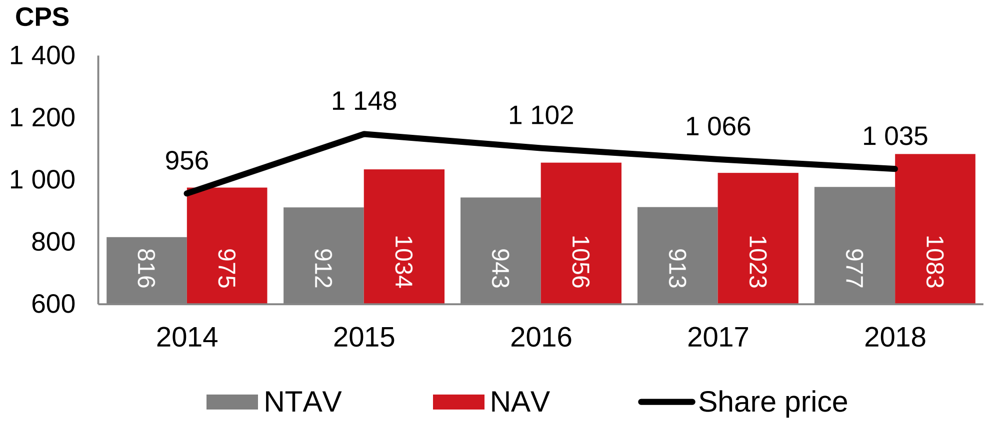
Prospects

2019 distribution per share anticipated to grow between 4% and 5%

Distribution per share growth



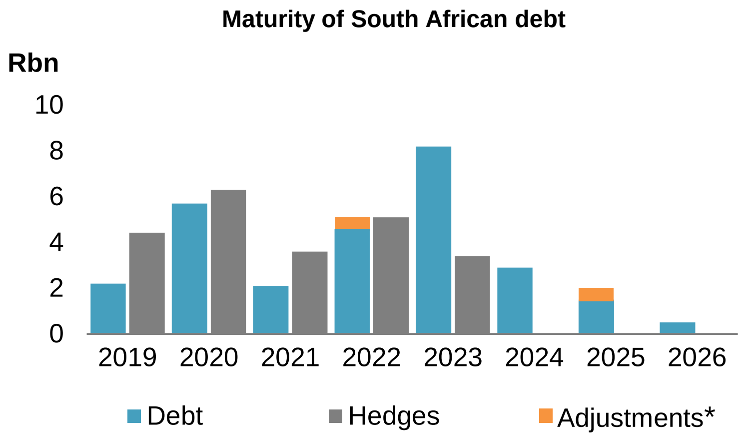
Net asset value per share growth

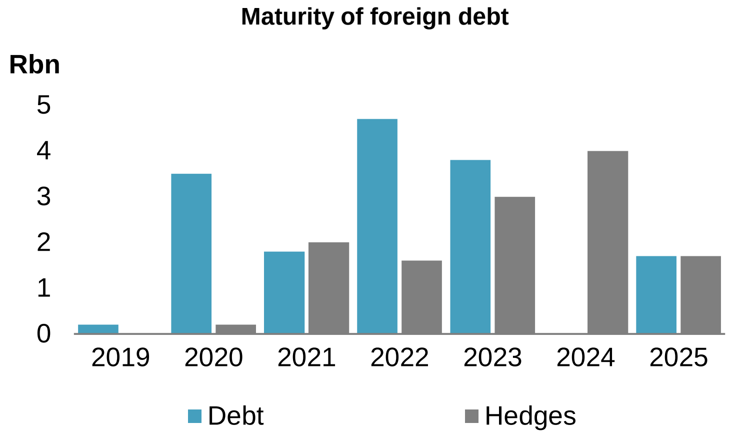


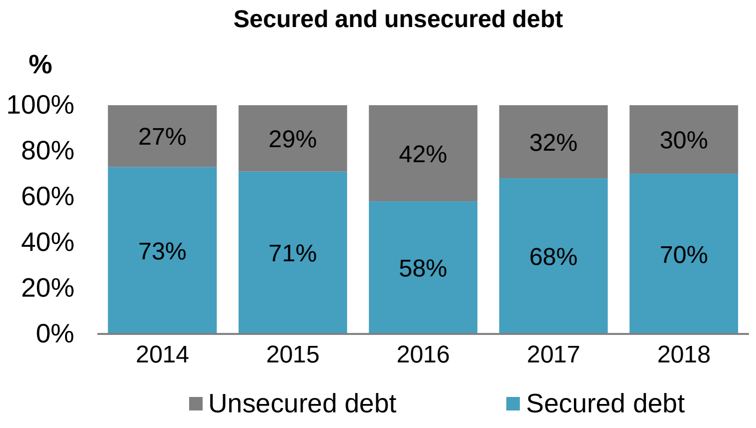
Supplementary information

Section 5

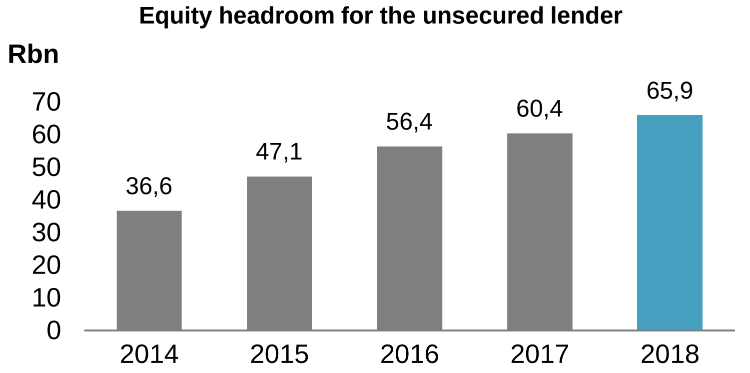
Debt funding profile

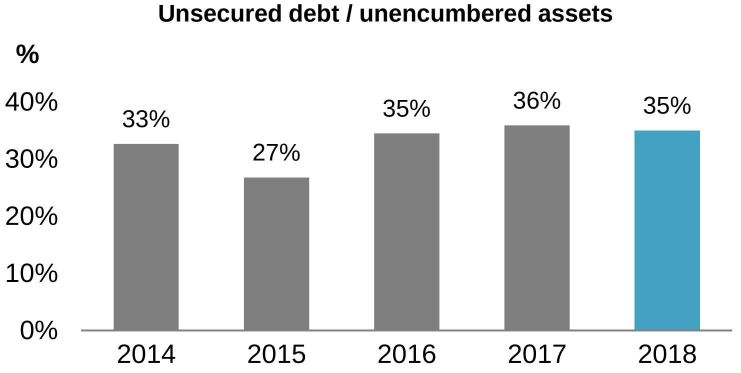


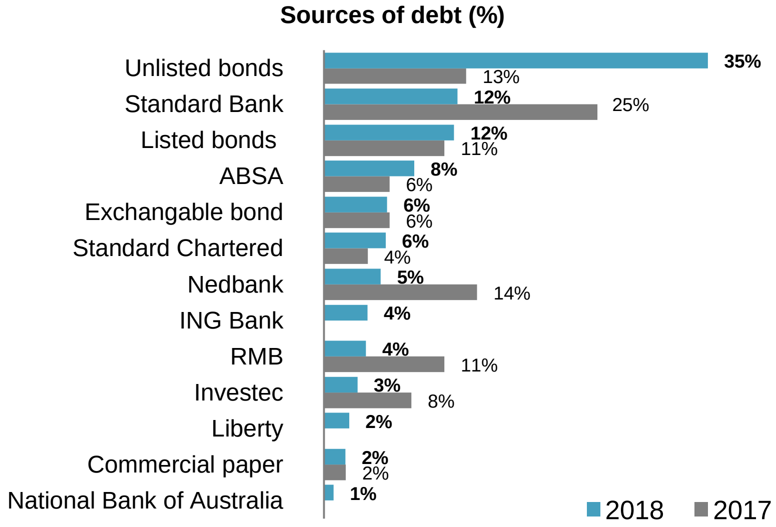




** Adjustments for refinancing after year end*







Note: sources of debt has been grossed up to include cross currency swaps

Analysis of non-recurring income

	2018 Rm	2017 Rm
Lease cancellation	**163**	-
Net realised foreign exchange gains	**70**	285
Chariot trading income	**54**	-
Dipula profit share	**52**	-
Land trading profit	**41**	-
Oando debt raising fee	**27**	-
EPP guarantee fee	**16**	23
PY bonus accrual reversal	**15**	-
Pivotal pre-acquisition income	**-**	58
EPP capital raising underwrite fee	**-**	55
Oando Wings pre-acquisition interest income	**-**	20
GRIT pre-acquisition dividend income	**-**	21
	438	**462**

Active portfolio expenditure analysis

	2018 Rm	% change
Year end August 2017	**778**	
Net municipal costs improved as a result of successful valuation objections and an improved focus on recoveries	**(21)**	(15.0%)
Net electricity costs improved through a focus on renewable energy	**(19)**	29.1%
Operating costs increase inline with legislative and contractual obligations	**19**	6.5%
Repairs and maintenance increased inline with planned preventative maintenance strategies	**8**	9.5%
Tenant installation costs are deal driven	**9**	23.8%
Letting commissions are deal driven	**5**	24.4%
Reduction in management fees due to the insourcing of facility management	**(1)**	(4.7%)
Bad debts provided for on a specific basis	**22**	145.0%
Property administration costs increased due to larger staffing complement and subsequent increased infrastructure	**16**	7.3%
Year end August 2018	**816**	4.8%

Local active portfolio revenue growth

	Office	Retail	Industrial	Specialised	Total
Active portfolio average rental escalation	6.3%	6.0%	6.7%	9.5%	**6.3%**
Renewal plus new lets net of expiries	(0.9%)	(1.2%)	2.2%	(0.6%)	**(0.9%)**
Growth in rental income	5.4%	4.8%	8.9%	8.9%	**5.4%**
Growth in other income	0.3%	(0.1%)	(0.5%)	(0.6%)	**0.3%**
Growth in 2018 property revenue	**5.7%**	**4.7%**	**8.4%**	**8.3%**	**5.7%**
Active portfolio NOI growth	**4.1%**	**5.3%**	**9.9%**	**7.9%**	**6.0%**
Total vacancy August 2017 %	12.3%	5.9%	6.2%	4.5%	**7.8%**
Total vacancy August 2018 %	16.0%	5.9%	1.2%	3.0%	**6.9%**
Vacant properties under redevelopment	3.1%	1.3%	0.2%	3.0%	**1.4%**
Vacant properties held-for-sale	3.4%	0.1%	-	-	**1.0%**
Active vacancy August 2018	**9.5%**	**4.5%**	**1.0%**	**-**	**4.5%**
Net letting activity post August 2018	0.3%	0.3%	0.1%	-	0.4%
Current vacancy	**9.2%**	**4.2%**	**0.9%**	**-**	**4.1%**

International income analysis

	2018 Rm	2017 Rm
EPP N.V.	**607**	467
Cromwell Property Group	**311**	368
Chariot	**109**	-
RDI REIT PLC	**265**	287
Redefine Europe	**22**	-
German portfolio	**-**	53
CPT - Northpoint	**80**	78
Oando Wings	**89**	29
GRIT	**24**	22
Spain	**-**	11
International Hotel Group	**1**	9
Other	**(4)**	-
Distributable foreign gains	**70**	287
Total foreign income	**1 574**	**1 611**
USD funding income	**(24)**	(10)
GBR funding income	**(107)**	(68)
EUR funding income	**(101)**	(95)
AUD funding income	**(88)**	(122)
Total foreign funding income	**(320)**	**(295)**
Total net foreign income	**1 254**	**1 316**

International segmental analysis

	UK		Europe			Australia			Africa			
	RDI	IHL	EPP	Chariot	RDF Europe	Cromwell	Northpoint	Journal	GRIT	Oando Wings	Other	Total International
Contractual rental income	-	-	-	-	57 839	-	-	3 351	-	-	-	61 190
Investment income	-	-	-	-	-	138 808	-	-	11 841	-	-	150 649
Total revenue	**-**	**-**	**-**	**-**	**57 839**	**138 808**	**-**	**3 351**	**11 841**	**-**	**-**	**211 839**
Operating costs	-	-	-	-	(15 505)	-	-	(3 021)	-	-	-	(18 526)
Administration costs	(1 049)	-	(1 002)	(5 416)	(113 991)	(182)	(11 417)	(12 334)	-	-	-	(145 391)
Net operating profit	**(1 049)**	**-**	**(1 002)**	**(5 416)**	**(71 657)**	**138 626**	**(11 417)**	**(12 004)**	**11 841**	**-**	**-**	**47 922**
Other gains	-	-	16 321	59 036	-	-	-	-	-	-	-	75 357
Distributable equity income	293 692	1 101	614 999	-	(1 067)	183 578	89 637	-	-	-	-	1 181 940
Net distributable profit before finance costs & taxation	**292 643**	**1 101**	**630 318**	**53 620**	**(72 724)**	**322 204**	**78 220**	**(12 004)**	**11 841**	**-**	**-**	**1 305 219**
Net interest costs	-	-	-	36 682	135	-	-	192	-	88 120	(313 789)	(188 660)
- Interest income	-	-	-	38 613	135	-	-	192	-	88 120	4 659	131 719
- Interest expense	-	-	-	(1 931)	-	-	-	-	-	-	(318 448)	(320 379)
Distributable foreign exchange gain	-	-	-	-	-	-	-	-	-	-	70 432	70 432
Net distributable profit before taxation	**292 643**	**1 101**	**630 318**	**90 302**	**(72 589)**	**322 204**	**78 220**	**(11 812)**	**11 841**	**88 120**	**(243 357)**	**1 186 991**
Current and withholding taxation	(28 400)	-	(23 125)	-	448	(19 069)	1 920	-	-	703	-	(67 523)
Net income from operations before NCI share	**264 243**	**1 101**	**607 193**	**90 302**	**(72 141)**	**303 135**	**80 140**	**(11 812)**	**11 841**	**88 823**	**(243 357)**	**1 119 468**
NCI share of distributable income	-	-	-	-	4 045	-	-	2 347	-	-	-	6 392
Net income before distributable adjustments	**264 243**	**1 101**	**607 193**	**90 302**	**(68 096)**	**303 135**	**80 140**	**(9 465)**	**11 841**	**88 823**	**(243 357)**	**1 125 860**
Below the line distributable income adjustments:												
- Transaction costs relating to business acquisitions	-	-	-	-	89 898	-	-	-	-	-	-	89 898
- Accrual for listed security income	-	-	-	-	-	7 869	-	-	12 057	-	-	19 926
- Accrual for Chariot income	-	-	-	18 762	-	-	-	-	-	-	-	18 762
Distributable income	**264 243**	**1 101**	**607 193**	**109 064**	**21 802**	**311 004**	**80 140**	**(9 465)**	**23 898**	**88 823**	**(243 357)**	**1 254 446**

Income hedging position by currency

	2019	2020	2021	2022	2023
EUR					
EUR amount (€m)	**27.0**	17.0	14.5	8.0	8.0
FEC rate (R: €1)	**17.31**	18.89	20.32	21.98	23.84
GBP					
GBP amount (£m)	**7.5**	5.0	2.5	-	-
FEC rate (R: £1m)	**19.93**	21.51	22.67	-	-
AUD					
AUD amount (A$m)	**4.0**	4.0	-	-	-
FEC rate (R: A$1m)	**11.09**	11.68	-	-	-

Reconciliation of cash generated to total distributable income

	R'000
Net cash inflow from operating activities (as per statement of cashflows)	**4 983 010**
Items in cash flow from operating activities, but not related to distributable income	**(312 878)**
Working capital changes	(914 414)
Merger costs	90 107
Capital gains tax	511 429
Non-cash flow items included in distributable income	**(39 462)**
Realised foreign exchange gain	70 432
Amortisation of tenant installations and letting commissions	(76 062)
Depreciation on property, plant and equipment	(22 509)
Share incentive schemes – difference between accrual and payment	(11 323)
Adjustments to distributable income, not included in IFRS statement of profit and loss	**69 953**
Ma Afrika – difference between interest accrual and distribution received	7 192
Antecedent distribution on shares issued during the year	39 628
Delta – difference between interest accrual and distribution received	25 005
Dipula – profit participation accrued for previously	(42 521)
Trading profit (included in P & L but shown under investing activities)	40 649
Timing differences	**547 012**
Equity-accounted investments (net of withholding tax) – difference between dividend received and dividend accrual	165 612
Taxation – difference between income and withholding taxation accrued not yet paid /received	(9 869)
Chariot - difference between income received and accrual	18 762
Listed investment (Cromwell) – difference between dividend received and dividend accrual	7 870
Listed investment (GRIT) – difference between dividend received and dividend accrual	12 056
Interest income - accrued not yet received	181 549
Interest expense – accrued not yet paid	171 032
Non-controlling interest share of distributable income	**(20 156)**
Distributable income for the year	**5 227 479**

Reconciliation of property assets

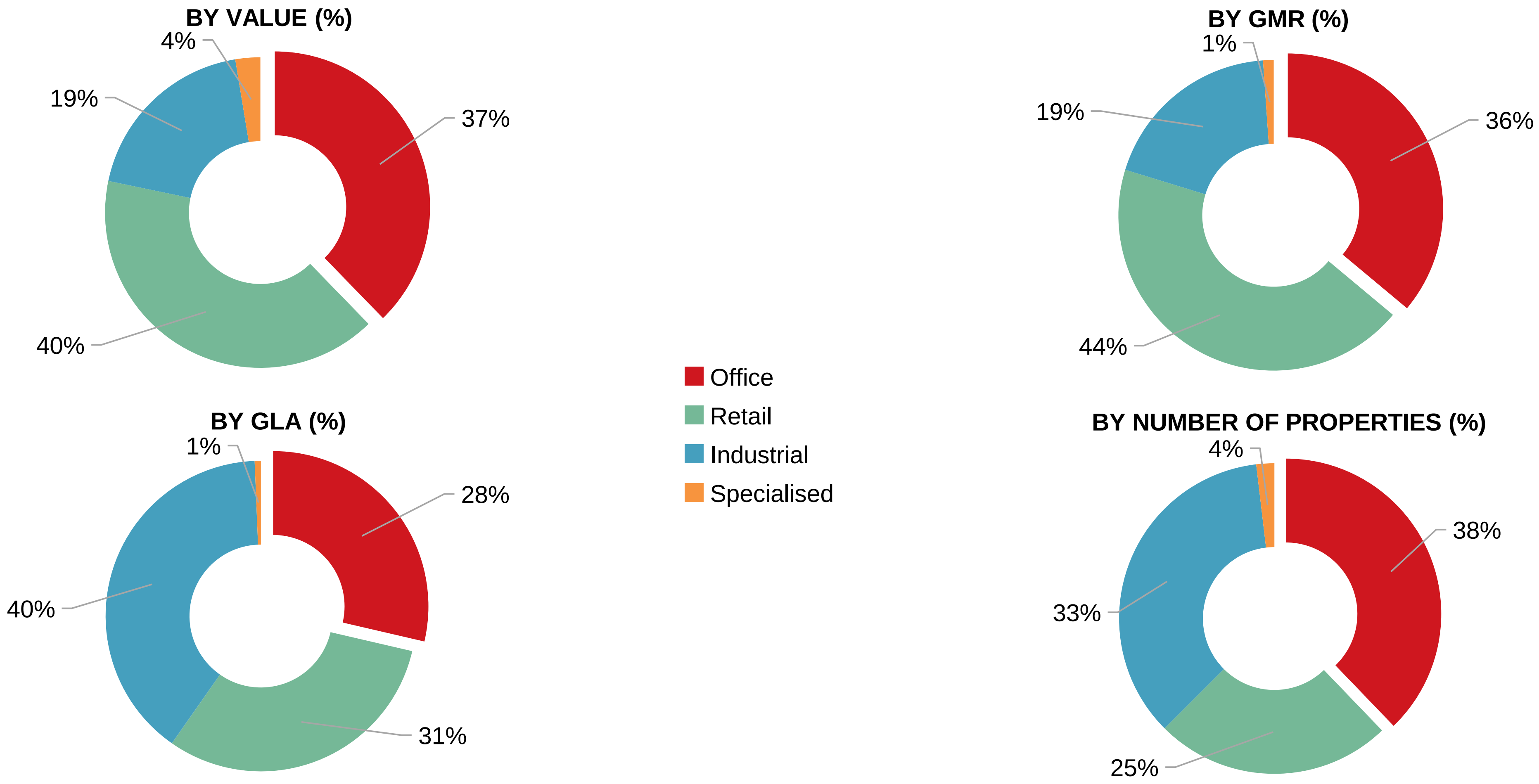
	Rm
2017 property asset platform	**84 148**
Deployment of capital	**11 346**
Disposals	**(9 357)**
Impairments	**(378)**
Fair value adjustments	**2 630**
Foreign exchange adjustments	**481**
Net equity accounted profit	**2 465**
2018 property asset platform	**91 335**

Local portfolio overview

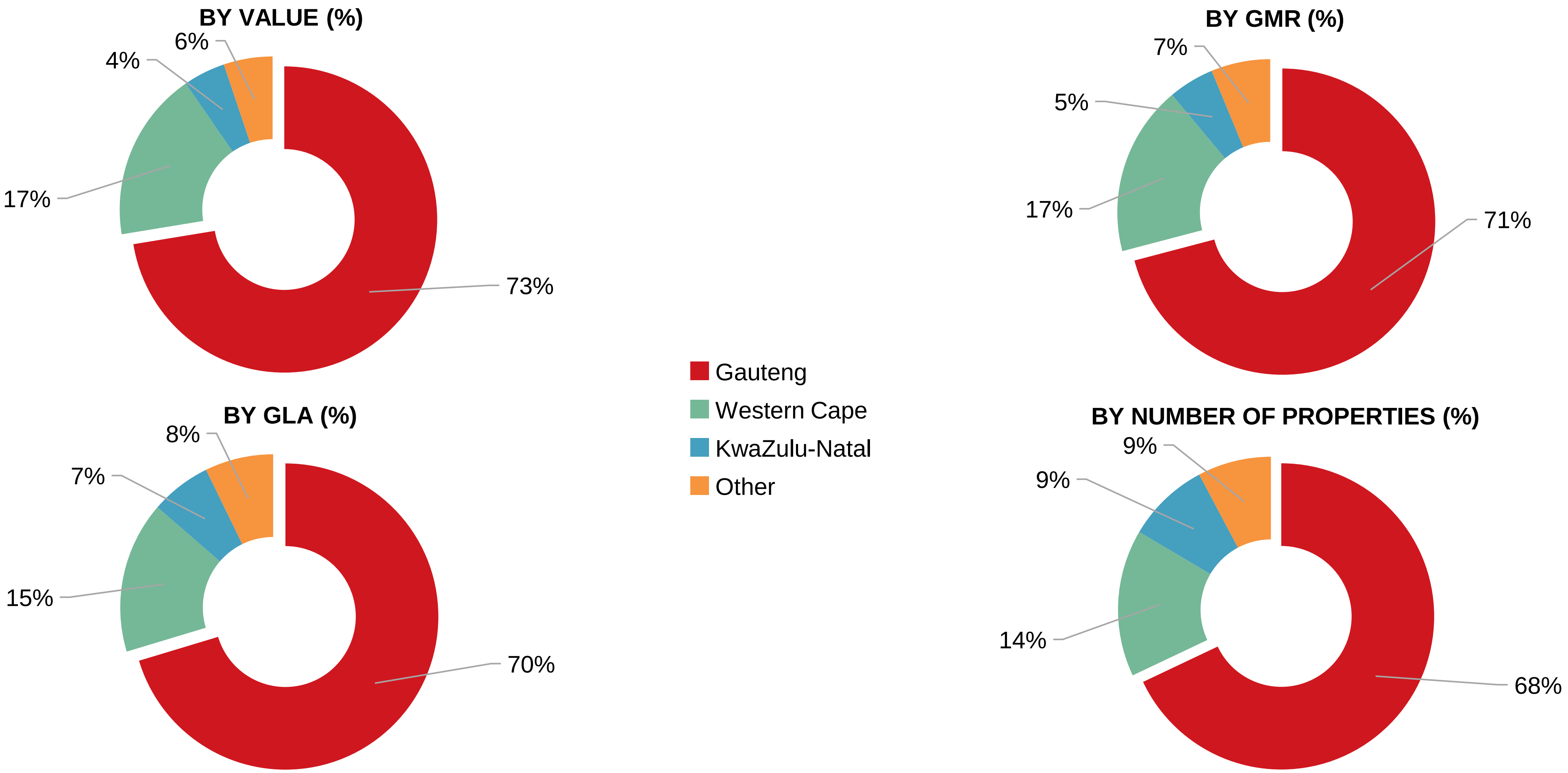
Description	Office	Retail	Industrial	Specialised	2018	2017
Number of properties	118	79	105	13	**315**	327
Number of tenants	1 261	3 268	423	15	**4 967**	-
Total GLA (m^2) (million)	1.3	1.4	1.8	0.0	**4.6**	4.8
Vacancy (%) active and acquisition	9.5	4.5	1.0	0.0	**4.5**	4.6
Vacancy (%) held-for-sale and development	6.5	1.4	0.2	3.0	**2.4**	3.2
Vacancy (%) total	16.0	5.9	1.2	3.0	**6.9**	7.8
Asset value (R billion)	25.9	27.8	13.1	1.8	**68.5**	64.0
Average property value (R'm)	219	352	125	227	**221**	182
Value as % of portfolio	37	40	19	4	**100**	100.0
Average gross rent per m^2 (R)	156.9	156.1	51.1	183.7	**112.3**	109.9
Weighted average retention rate by GLA	87.7	90.7	91.8	97.9	**90.4**	93.0
Weighted average retention rate by GMR	86.6	90.9	90.9	96.5	**89.4**	-
Weighted average renewal growth rate (%)	(3.1)	0.1	2.9	0.0	**(1.5)**	1.7
Weighted average lease escalation by GMR (%)*	7.8	7.0	7.7	9.4	**7.4**	7.6
Weighted average unexpired lease term (remaining) by GMR (years)	3.6	3.2	4.7	2.8	**3.6**	4.4

**Wale restated by excluding leases expiring in the next 12 months*

Local sectoral split

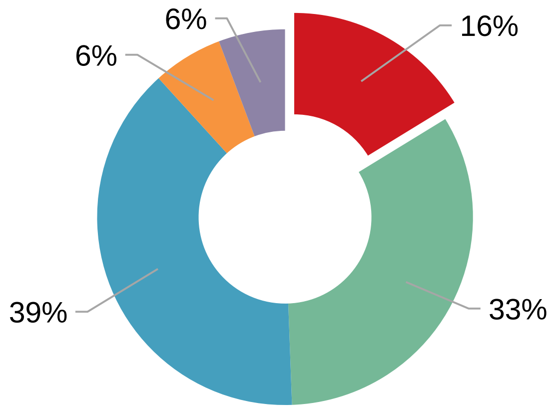


Local geographical split

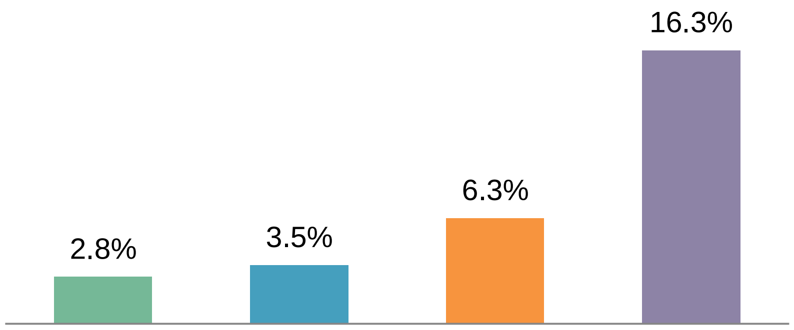


Local retail sector

BY VALUE (%)

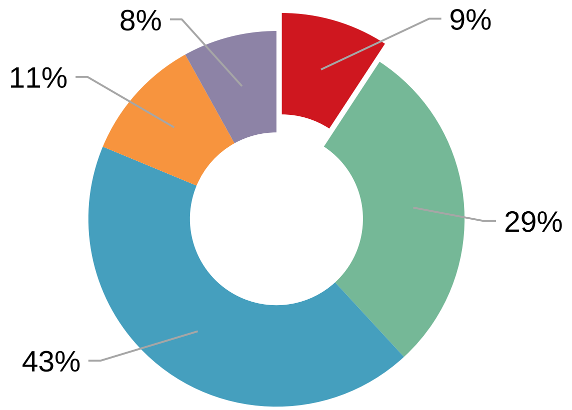


BY ACTIVE VACANCY (4.5%)

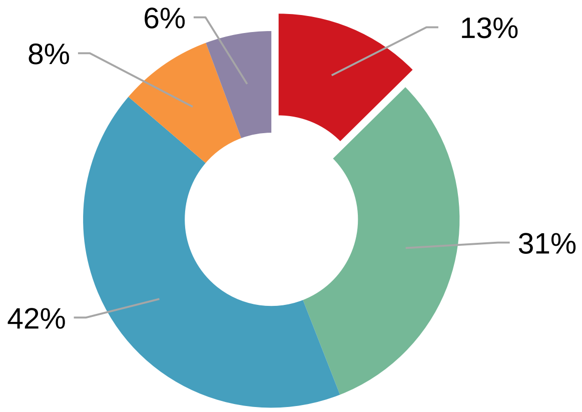


- Super regional
- Regional
- Community / Small regional
- Neighbourhood
- Other

BY GLA (%)

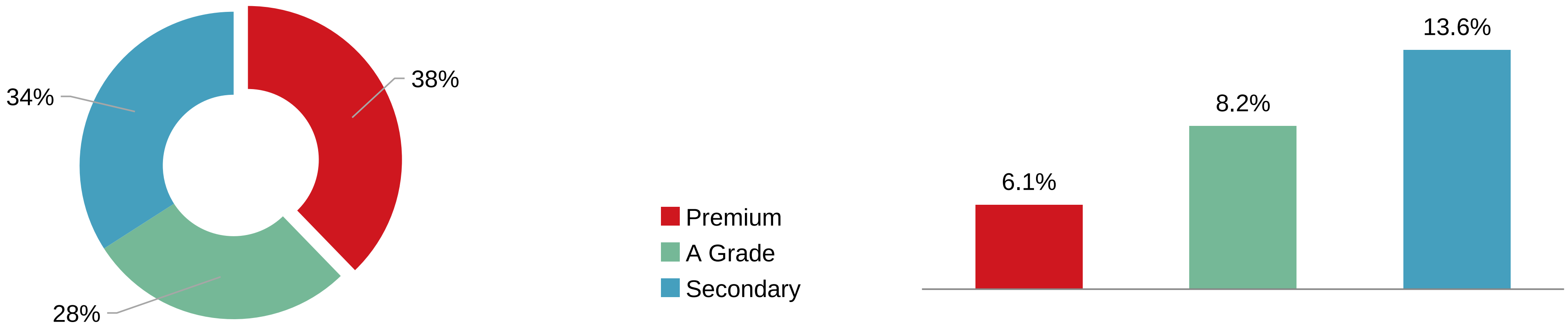


BY GMR (%)

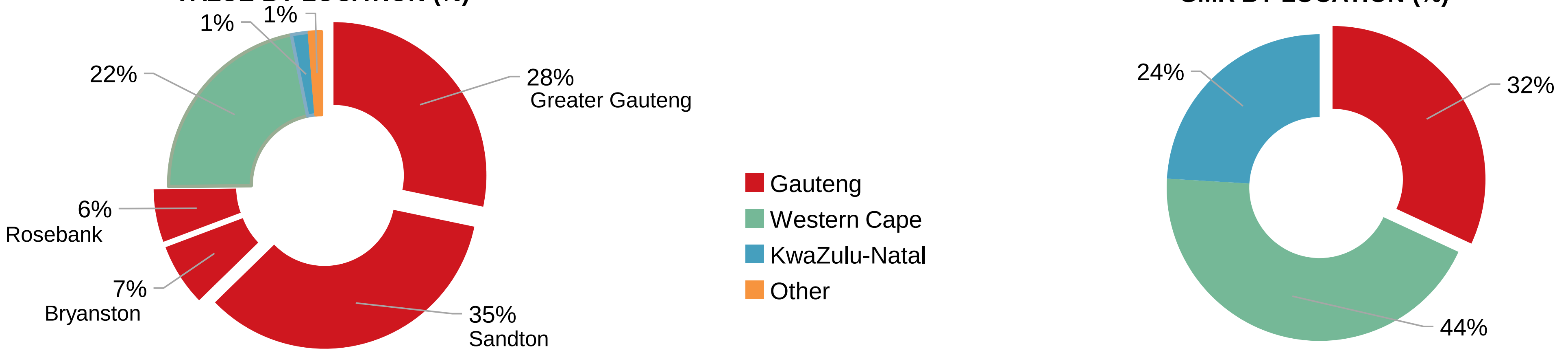


Local office sector

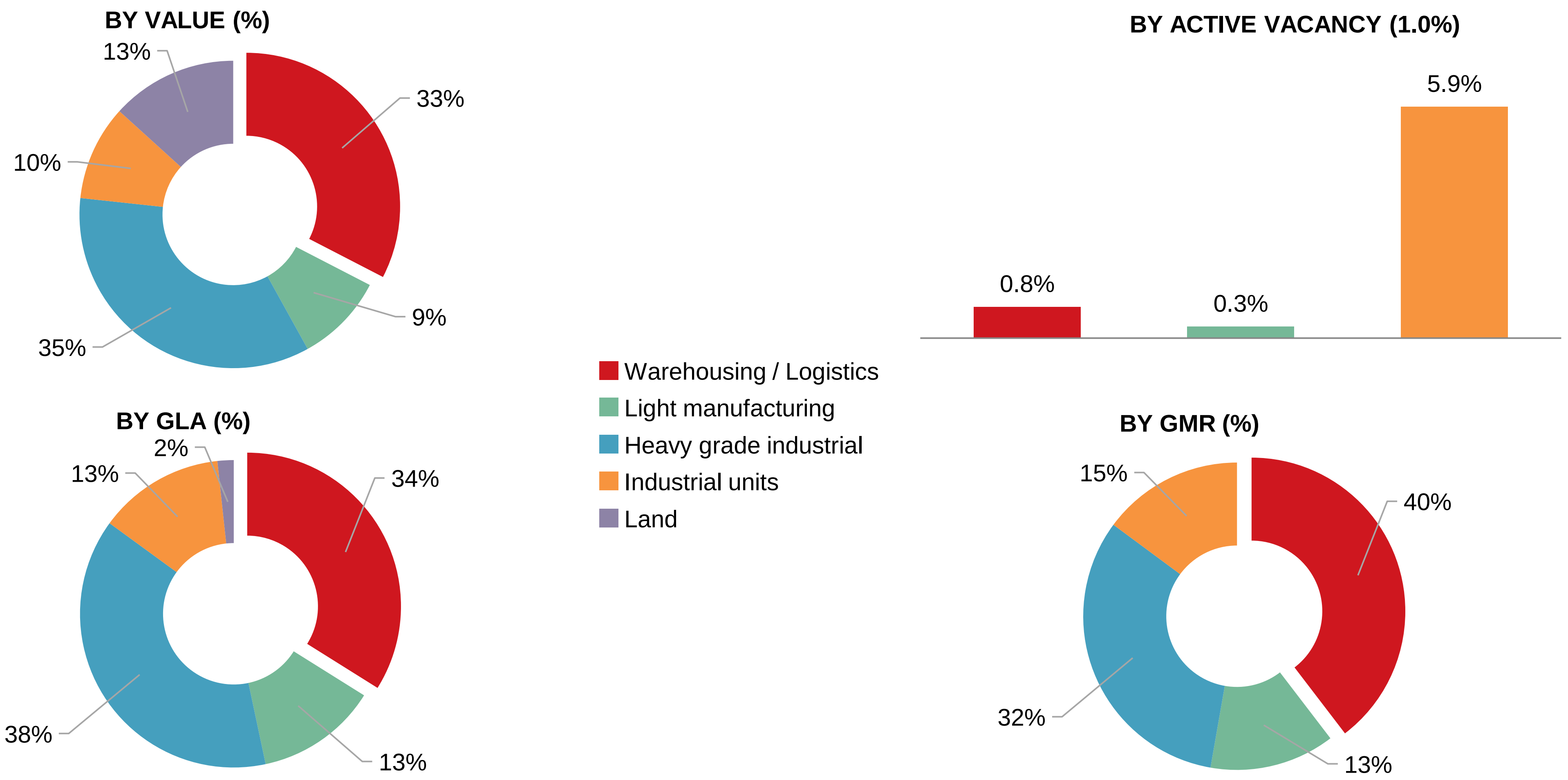
VALUE BY GRADE (%) | **BY ACTIVE VACANCY (9.5%)**



VALUE BY LOCATION (%) | **GMR BY LOCATION (%)**



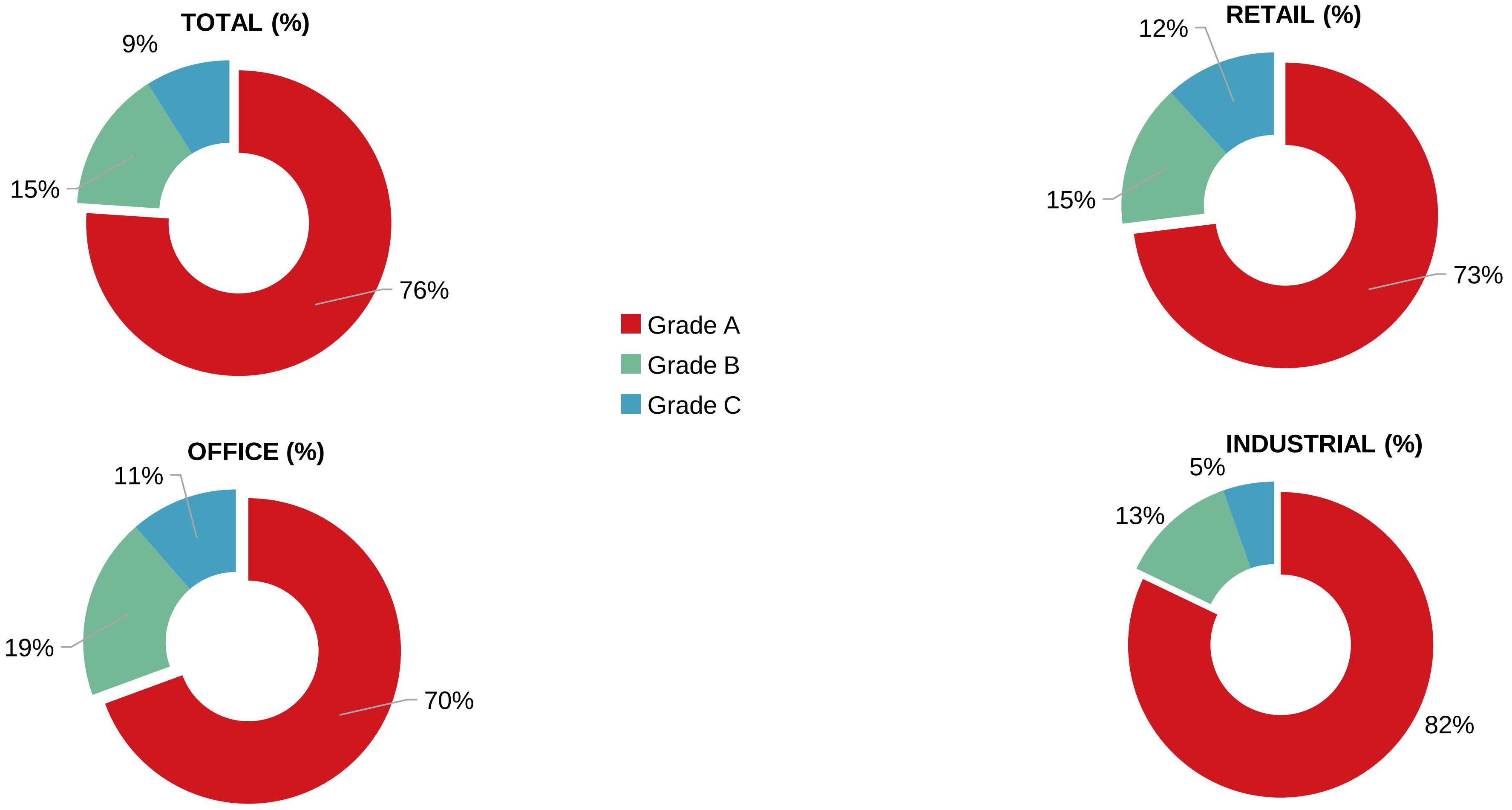
Local industrial sector



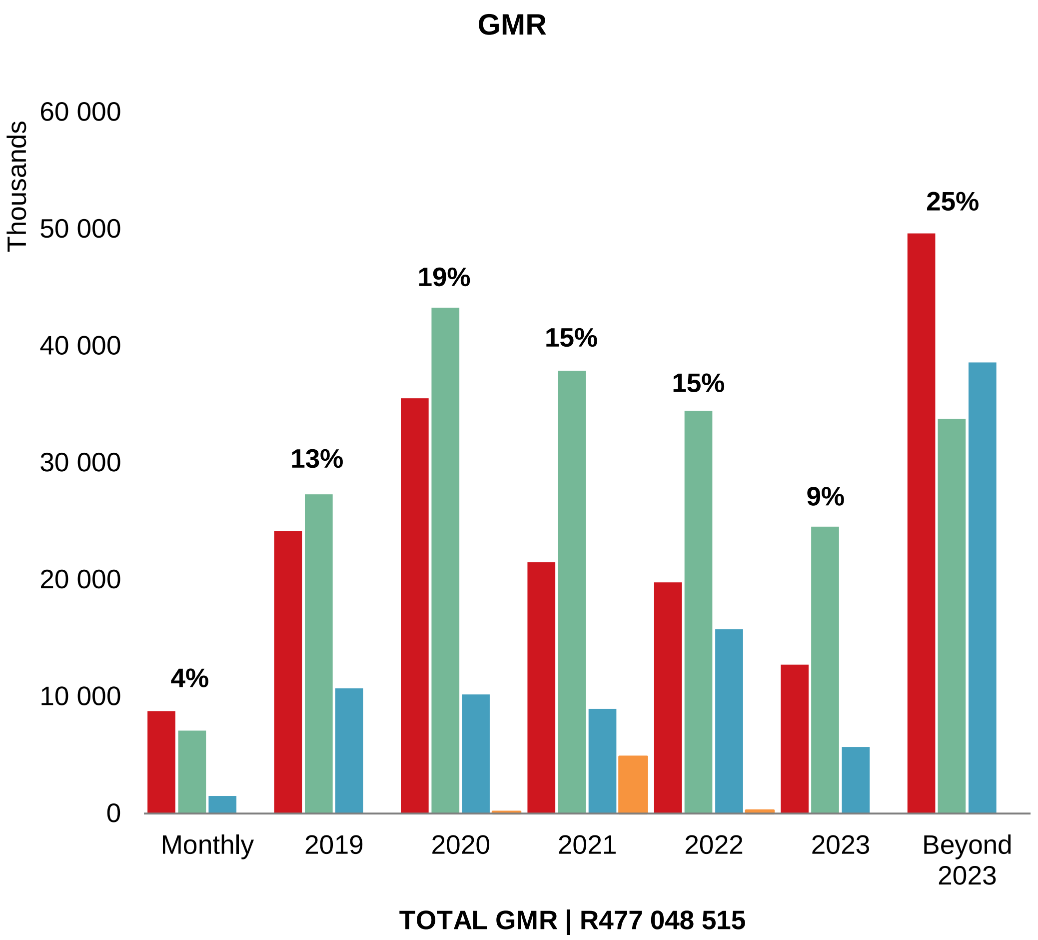
Local vacancy profile

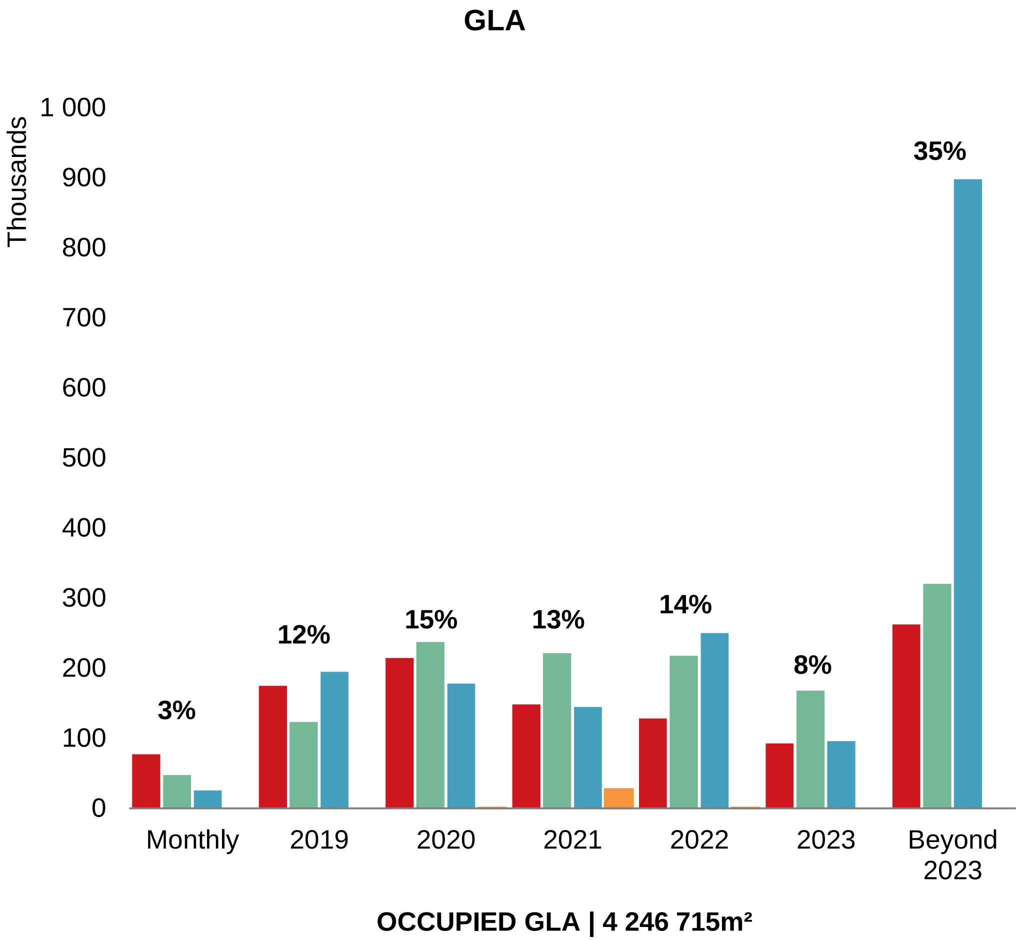
	Office GLA m²	Retail GLA m²	Industrial GLA m²	Specialised GLA m²	Total GLA m²
Gauteng	182 962	59 974	20 765	886	**264 587**
Western Cape	10 081	558	766	-	**11 405**
KwaZulu-Natal	3 791	3 915	25	-	**7 731**
Other	12 435	17 846	-	-	**30 281**
Total	**209 269**	**82 293**	**21 556**	**886**	**314 004**
Vacancy %	16.0	5.9	1.2	3.0	**6.9**
Active vacancy, excluding held-for-sale or under development	9.5	4.5	1.0	-	**4.5**
Total GLA	**1 306 210**	**1 416 726**	**1 808 198**	**29 585**	**4 560 720**

Local tenant grading



Local lease expiry profile





Office Retail Industrial Specialised

Local top 10 properties and tenants of total portfolio

Property	Region	Value (R'000)
Centurion Mall	Gauteng	4 588 341
Macsteel	Various	3 684 710
Alice Lane	Gauteng	2 924 000
115 West Street	Gauteng	1 622 700
Blue Route Mall	Western Cape	1 609 500
Black River and Observatory Office Park	Western Cape	1 537 000
Kenilworth Centre	Western Cape	1 471 000
East Rand Mall (50% share)	Gauteng	1 445 558
90 Rivonia Road	Gauteng	1 340 000
Golden Walk	Gauteng	1 276 885
Total top 10 properties		**21 499 694**
Balance of portfolio		48 189 760
Total portfolio		**69 689 454**
% of total portfolio		**30.8%**

Tenant	GLA m²	GMR
Macsteel	552 641	24 592 256
Pepkor	217 514	20 329 055
Government	171 583	22 066 785
Shoprite	154 138	13 759 125
Robor	120 277	4 025 188
Edcon	103 563	12 527 014
Pick ‘n Pay	102 495	9 527 915
Massmart	95 740	9 236 715
Woolworths	93 597	7 946 565
Standard Bank	62 087	12 213 612
Total top 10 tenants	**1 673 634**	**136 224 232**
Balance of portfolio	2 887 085	340 824 280
Total portfolio	**4 560 720**	**477 048 512**
% of total portfolio	**36.7%**	**28.6%**

Local top 10 retail properties

Property	Region	Value (R'000)	GLA m²
Centurion Mall	Gauteng	4 588 341	124 359
Blue Route Mall	Western Cape	1 609 500	56 145
Kenilworth Centre	Western Cape	1 471 000	53 433
East Rand Mall (50% share)	Gauteng	1 445 558	34 025
Golden Walk	Gauteng	1 276 885	45 210
Matlosana Mall	North West	1 169 748	64 972
Stoneridge Centre	Gauteng	1 128 000	68 021
Centurion Lifestyle Centre	Gauteng	996 730	60 512
The Boulders Shopping Centre	Gauteng	929 400	48 601
Maponya Mall (51% share)	Gauteng	871 509	36 466
Total top 10 retail properties		**15 486 671**	**591 744**
Balance of portfolio		12 283 020	824 982
Total portfolio		**27 769 691**	**1 416 726**
% of total retail portfolio		**55.8%**	**41.8%**

Tenant	GLA m²	GMR (R)
Shoprite	122 431	12 029 667
Pick 'n Pay	102 495	9 527 915
Edcon	80 143	11 433 770
Woolworths	66 328	5 115 926
Massmart	63 385	7 214 071
Pepkor	60 249	10 648 755
Mr Price	44 754	8 616 762
Foschini	43 698	10 979 060
Virgin Active (SA)	28 122	4 588 299
Government	27 476	4 588 385
Total top 10 retail tenants	**639 081**	**84 742 610**
Balance of portfolio	777 645	123 579 270
Total portfolio	**1 416 726**	**208 321 880**
% of total retail portfolio	**45.1%**	**40.7%**

Local top 10 office properties

Property	Region	Value (R'000)	GLA m²
Alice Lane	Gauteng	2 924 000	77 823
115 West Street	Gauteng	1 622 700	41 091
Black River and Observatory Office Park	Western Cape	1 537 000	71 547
90 Rivonia Road	Gauteng	1 340 000	39 864
The Towers	Western Cape	1 138 000	59 375
Wembley Office Park	Western Cape	785 300	33 626
Boulevard Office Park	Western Cape	758 900	31 208
Loftus (50% share)	Gauteng	573 386	13 788
90 Grayston Drive	Gauteng	572 200	19 886
Ballyoaks Office Park	Gauteng	567 923	24 708
Total top 10 office properties		**11 819 409**	**412 916**
Balance of portfolio		14 031 226	893 294
Total portfolio		**25 850 635**	**1 306 210**
% of total office portfolio		**45.7%**	**31.6%**

Tenant	GLA m²	GMR (R)
Government	121 166	15 397 417
Standard Bank	49 348	8 709 269
Alexander Forbes Group Services	41 091	10 348 022
Webber Wentzel	34 883	5 995 585
Bowman Gilfillan	23 197	5 267 365
Nedbank	20 816	3 844 101
Amazon Development Centre (SA)	20 130	3 359 838
Santam	20 077	3 043 941
Murray & Roberts	19 309	1 918 220
Medscheme Holdings	14 397	2 417 570
Total top 10 office tenants	**364 414**	**60 301 328**
Balance of portfolio	941 796	111 781 601
Total portfolio	**1 306 210**	**172 082 929**
% of total office portfolio	**27.9%**	**35.0%**

Local top 10 industrial properties

Property	Region	Value (R'000)	GLA m²
Macsteel	Various	3 684 710	552 641
Pepkor Isando	Gauteng	864 000	107 017
Robor	Gauteng	735 970	120 277
Hirt & Carter	KwaZulu-Natal	424 850	30 661
Cato Ridge DC	KwaZulu-Natal	337 000	50 317
Wingfield Park	Gauteng	317 400	56 486
GM - COEGA	Eastern Cape	248 100	38 515
34 Wrench Road	Gauteng	201 126	24 452
Mifa Industrial Park	Gauteng	195 600	34 729
Ushukela Industrial Park	KwaZulu-Natal	186 600	27 226
Total top industrial properties		**7 195 356**	**1 042 321**
Balance of portfolio		5 919 558	765 877
Total portfolio		**13 114 914**	**1 808 198**
% of total industrial portfolio		**54.9%**	**57.6%**

Tenant	GLA m²	GMR (R)
MacSteel	552 641	24 592 256
Pepkor	157 265	9 680 301
Robor	120 277	4 025 188
Isuzu Motors (SA)	38 515	1 948 420
Kintetsu World Express (SA)	35 358	1 829 557
Massmart	32 355	2 022 644
Shoprite	30 148	1 570 258
CIBA Packaging	23 803	1 723 774
Edcon	23 308	1 076 653
Government	22 941	2 080 984
Total top 10 industrial tenants	**1 036 611**	**50 550 035**
Balance of portfolio	771 587	40 821 142
Total portfolio	**1 808 198**	**91 371 177**
% of total industrial portfolio	**57.3%**	**55.3%**

Local top 10 specialised properties

Property	Region	Value (R'000)	GLA m²	Beds
Hatfield Square	Gauteng	789 873	2 615	1 079
Pearsons and Princetown House	Gauteng	556 551	-	1 846
Bedford Gardens Hospital	Gauteng	342 200	12 817	-
Park Central*	Gauteng	323 820	-	-
Saratoga Village	Gauteng	243 390	-	1 077
Roscommon House*	Western Cape	174 766	-	-
West City	Gauteng	139 162	-	1 134
Lincoln House	Free State	119 934	-	469
Yale Village	Gauteng	98 156	-	330
Urban Nest	Gauteng	56 039	-	300
Total top 10 specialised properties		**2 843 891**	**15 432**	**6 067**
Balance of portfolio		112 323	14 153	476
Total portfolio		**2 956 214**	**29 585**	**6 543**
% of total specialised portfolio		**96.2%**	**52.2%**	**92.7%**

** Under development*
The student accommodation portfolio has a 97.7% occupancy rate

Disposals transferred

Property	Province	Date of transfer	GLA (m²)	Proceeds (R'000)	Yield (%)
INDUSTRIAL			**139 623**	**363 173**	**10.0%**
56 Rigger Road	Gauteng	06-Sep-17	16 216	38 271	12.6%
Amalgamated Inv -Tedelex***	Gauteng	12-Sep-17	-	42 907	-
Freeway Centre	Gauteng	05-Oct-17	41 829	107 880	7.8%
Ohm Street Industrial Park	Gauteng	08-Feb-18	12 773	50 093	9.9%
Erf 681 - Alrode	Gauteng	05-Jun-18	20 935	36 978	3.5%
101 Lawley	KwaZulu Natal	31-Jul-18	33 249	44 000	18.2%
2 Sterling Road	Gauteng	08-Aug-18	7 144	32 231	11.3%
BGM 3	Western Cape	17-Aug-18	7 477	10 813	8.9%
OFFICE			**94 925**	**902 703**	**7.7%**
288 On Kent	Gauteng	22-Sep-17	13 044	55 658	4.6%
West End Office Park	Gauteng	28-Sep-17	917	48 259	6.7%
Thibault Square	Western Cape	23-Oct-17	30 591	518 500	7.4%
Dunkeld Office Park	Gauteng	24-Oct-17	5 628	99 656	7.0%
Opera Plaza Pretoria	Gauteng	06-Mar-18	14 945	80 630	17.9%
111 Commissioner Street	Gauteng	07-Mar-18	29 800	100 000	4.2%
RETAIL			**68 728**	**1 305 037**	**8.5%**
Turfloop Plaza	Limpopo	22-Sep-17	6 734	99 278	10.1%
N1 City Mall	Western Cape	04-Oct-17	37 230	921 799	7.7%
Matsamo Plaza	Mpumalanga	29-Jan-18	7 579	108 900	10.1%
Witbank Medical Centre	Mpumalanga	26-Feb-18	13 896	141 060	10.6%
Jet Polokwane	Limpopo	27-Feb-18	3 289	34 000	10.6%
LAND*				**203 944**	
Atlantic hills (Industrial)	Western Cape	28-Aug-18	-	48 513	-
Stikland** (Industrial)	Western Cape	29-Aug-18	-	86 896	-
Triangle** (Industrial)	Western Cape	21-May-18	-	19 308	-
Hazeldean Retail Square (Retail)	Gauteng	23-Oct-17	-	13 177	-
Sale of UK townhouses				36 681	
Other transaction costs				(631)	
Grand total				**2 774 857**	

** Land sales do not have GLA or yields | ** Stikland and Triangle portions of land were sold to multiple entities | *** Building destroyed in a fire therefore no GLA*

Acquisitions transferred

	Property	Location	Sector	Date of transfer	Purchase price (R'000)	Acquisition yield
Local acquisitions	Lincoln House*	Free State	Specialised	10-Oct-17	14 270	N/A
	115 West Street (50%)	Gauteng	Office	06-Mar-18	750 915	9.7%
	Grand total				**765 185**	**9.7%**
Foreign acquisitions	Strykow*	Poland	Industrial	30-Apr-18	107 298	N/A
	Krakow III	Poland	Industrial	02-Jul-18	360 957	7.2%
	Poznań IV	Poland	Industrial	02-Jul-18	346 531	7.2%
	Warsaw Airport I	Poland	Industrial	02-Jul-18	212 262	7.2%
	Krakow II	Poland	Industrial	02-Jul-18	153 609	7.2%
	Łódź Business Center II	Poland	Industrial	02-Jul-18	372 370	6.9%
	Łódź Business Center III	Poland	Industrial	02-Jul-18	279 793	7.2%
	Sosnowiec II	Poland	Industrial	02-Jul-18	621 568	7.1%
	Bydgoszcz III	Poland	Industrial	02-Jul-18	337 178	7.2%
	Bydgoszcz II	Poland	Industrial	02-Jul-18	422 781	7.2%
	Grand total				**3 214 347**	**7.1%**

** Land acquired for student accommodation development*

Local new developments completed during the year

	GLA (m²)	Value (R'000)	Initial yield (%)	Completion date
RETAIL				
Stoneridge Centre (Leroy Merlin)	16 343	249 675	8.9%	May-18
INDUSTRIAL	51 354	465 282	8.5%	
Hirt & Carter (Phase 1)	29 249	383 006	8.5%	Jul-18
Brackengate Bidvest Plumblink (25.05% share)	13 168	30 100	9.0%	Apr-18
Brackengate GEA (50.1% share)	8 937	52 176	8.2%	Apr-18
OFFICE				
Loftus (Phase 1) (50% share)	34 852	453 140	7.7%	Mar-18
	102 549	**1 168 097**	**8.3%**	

	Number of beds	Value (R'000)	Initial yield (%)	Completion date
STUDENT ACCOMMODATION				
Lincoln House	469	119 934	9.8%	Feb-18
Hatfield Square	1 079	789 873	10.7%	Sep-18
	1 548	**893 236**	**10.6%**	
Grand total		**2 061 333**	**9.3%**	

Local new developments in progress

	GLA (m²)	Value (R'000)	Initial yield (%)	Expected completion date
RETAIL	**35 126**	**431 968**	**9.4%**	
Centurion Lifestyle Centre (Decathlon, Stodels and phase 3)	6 162	85 624	10.8%	Dec-18
Wilgespruit (Phase 1 - Leroy Merlin and Decathlon)	19 575	282 256	8.7%	May-19
Park Meadows (Phase 2)	3 100	31 682	11.4%	Sep-18
Brackengate Planet Fitness (50.1% share)	6 289	32 406	10.0%	Nov-18
OFFICE	33 752	1 187 642	8.4%	
2 Pybus	13 588	475 519	8.0%	Dec-18
Rosebank Link	20 164	712 124	8.7%	Oct-18
INDUSTRIAL				
Hirt & Carter (Phase 2)	16 452	176 108	8.5%	Mar-19
SPECIALISED				
Park Central	14 737	472 413	9.3%	Jun-19
	100 067	**2 268 132**	**8.8%**	
	Number of beds	**Value (R'000)**	**Initial yield (%)**	**Expected completion date**
STUDENT ACCOMMODATION				
Roscommon House	582	231 682	10.0%	Dec-18
Grand total		**2 499 813**	**8.9%**	

Local new developments future committed pipeline

	GLA (m²)	Value (R'000)	Initial yield (%)	Project start date
RETAIL				
Brackengate Brights (50.1% share)	8 107	51 686	9.3%	Sep-18
INDUSTRIAL				
S&J - Jupiter spec (90% share)	18 568	121 403	9.4%	Sep-18
	26 675	**173 089**	**9.4%**	
	Number of beds	**Value (R'000)**	**Initial yield (%)**	**Project start date**
STUDENT ACCOMMODATION				
Paton House	576	108 080	10.6%	Oct-19
Grand total		**281 169**	**9.8%**	

Local redevelopments completed during the year

	Value (R'000)	Initial yield (%)	Completion date
RETAIL	406 878	4.8%	
Centurion Mall (Phase 2)	199 930	4.6%	Sep-17
Benmore Centre (Phase 3 and 4)	194 634	4.5%	Jul-18
Park Meadows (Phase 1)	12 314	12.0%	Nov-17
OFFICE			
16 Fredman Drive (Phase 1)	195 262	6.4%	Aug-18
	602 140	**5.3%**	

Local redevelopments in progress

	Value (R'000)	Initial yield (%)	Completion date
RETAIL			
Centurion Mall (Phase 3 and 4)	543 833	5.8%	Apr-19
OFFICE			
155 West	335 827	4.3%	Feb-19
	879 660	**5.2%**	

Local redevelopments future committed pipeline

	Number of beds	Value (R'000)	Initial yield (%)	Completion date
STUDENT ACCOMMODATION				
Yale Village (Phase 2)	332	50 337	8.5%	Jul-19

Infrastructure projects

	Cost (R'000)	Completion date
Infrastructure projects completed during the year		
Brackengate bulk infrastructure (50.1% share)	324 943	Jul-18

	Cost (R'000)	Expected completion date
Infrastructure projects in progress	52 772	Dec-18
S & J Infrastructure Jupiter (90% share)	30 082	Nov-18
S & J Infrastructure Phase 1 (90% share)	133 605	Jul-19
S & J Infrastructure Phase 2 (90% share)	19 872	Apr-19
Atlantic Hills Phase 1 and 2 (55% Share)	112 071	Sep-19
	348 402	

United Kingdom

Redefine's interests	→ RDI REIT PLC 29%
Platform profile	→ 46% exposure to retail, 21% to offices, 22% to hotels and 11% to industrial assets
Carrying value	→ R4.0 billion
See through value of assets	→ R9.1 billion
See through LTV	→ 91.2%
Redefine activity in second half of 2018	→ Conducted a market soundings exercise with exchangeable bondholders. In summary, there is not enough support to contemplate launching a restructuring of the bond (due to bondholders mandate restrictions) and 75% of those canvassed indicated that they will exercise their put next year
Redefine's strategy	→ Non-core investment → Support corporate activity to expand portfolio and recycle secondary assets to secure growth → Refinance of exchangeable bond (put event September 2019) a priority

Australia

Redefine's interests	→ Cromwell 3% → Journal 90%
Platform profile	→ 97% exposure to offices and 3% to student accommodation
Carrying value	→ R2.1 billion
See through value of assets	→ R2.3 billion
See through LTV	→ 31.8%
Redefine activity in second half of 2018	→ Marc Wainer will not stand for re-election at the Cromwell AGM in November → Sale of 386.5 million Cromwell shares realised R3.6 billion → Sale of 50% interest in Northpoint yielded net proceeds of R1.6 billion
Redefine's strategy	→ Leicester and Swanston street will be completed by end 2018 and 2019 respectively → Excellent prospects for capital uplift on student accommodation and capital recycling → Cromwell holding to be sold once credit support to Journal is no longer required

Poland

Redefine's interests	→ EPP 39% → European Logistics 95% → Chariot Top Group 25%
Platform profile	→ 75% exposure to retail, 10% to office and 15% logistics assets
Carrying value	→ R11.9 billion
See through value of assets	→ R21.2 billion
See through LTV	→ 87.5%
Redefine activity in second half of 2018	→ The European Logistic Investment transaction was closed during the first week of July → Two logistics developments, Strykow and Bielsko Biala totalling a GLA of 170 712 m^2 at a total cost of €93 million (assuming all phases developed), are in progress → To fund the Marcelin acquisition, EPP raised €45 million (R701.8 million) in equity. Redefine was the sole participant therein priced at R19.26 (€1.235) per share, which was well above the market price due to an equity undertaking provided by Redefine at the time of concluding the Phase One Metro portfolio sale to EPP
Redefine's strategy	→ Support EPP to become a pure retail play → Expand logistics platform through development pipeline → Establish office in Europe

Top risks

- Impact of disruptive technologies
- Uncertainty pertaining to long-term impact of geo-political and socio-economic growth factors
- Information security resilience
- Financial market volatility
- Inability to achieve transformation targets
- Misalignment with international partners (in-country)
- Damage to property and security-related threats
- Failure to comply with local and international laws and regulations
- Inability to maintain strong ethical and governance culture
- Increased competition for tenants, capital and property assets
- Inability to effectively manage reputational risks
- Lack of sustainable growth in total return (distribution plus NAV)
- Lack of environmental resilience

Elevated top risk
Unchanged top risk
Emerging risk

International review

Section **6** By Marc Wainer

Some history

- Redefine made its first international acquisition in 2005 by way of a small investment into Coronation International Real Estate Fund. This investment was increased over time and the company was renamed from Redefine International PLC to RDI REIT PLC to avoid brand confusion with Redefine which holds 29%
- In 2008/9 after the Global Financial Crisis the Australian REIT sector was decimated and offered great opportunities. After a year of research and visits we became the partner of choice for Cromwell, building our stake over time to 26%
- 2015 was in our view, a good time to enter the Spanish market where we saw signs of recovery. We encouraged RDI to enter into this market, but this proposal was rejected by its board
- We then formed an alliance with a South African, Mr. Lee Morze, who relocated to Spain and we purchased our first property. When the opportunity in Poland presented itself we felt that is offered better prospects in terms of yield and scale. Not being able to do both, we introduced the Spanish opportunity to Vukile and sold them the one property already owned as well as the investment structure we had set up

It is Redefine's intention to have between **25% and 30% of its total assets offshore.** All investments are continually evaluated, which may result in our increasing, decreasing or exiting our investments in a particular region

RDI REIT PLC, Australia and Africa

RDI REIT PLC

- The lack of growth in distributions and the rebasing of their distribution has been disappointing
- Difficult conditions in the UK have been exacerbated by the uncertainty over Brexit and we are concerned about the real possibility of a Corbyn-led labour government
- Redefine is using its international institutional network to explore ways and means of adding value to all shareholders.
- Two potential mergers have been rejected by the board. However we continue to work with management to seek value-adding opportunities.
- We no longer regard RDI as a core investment

Australia

- During 2018, Redefine sold the bulk of its holding in Cromwell. We remain the holders of 60 million Cromwell shares, which have been pledged as security for a loan to fund our student accommodation development in Melbourne. We regard Cromwell as an extremely well-run operation
- Property yields in Australia compressed significantly and Cromwell took the opportunity to sell a number of assets at excellent pricing. However, holding significant cash on balance sheet diluted their earnings and our view was that the cash released from the sale of our shares could be better deployed
- The same reasoning applied to the sale of our 50% share of Northpoint which was sold at a yield of 5%. This yield for a North Sydney property confirms our view that the market in Australia is overheated
- We have two student accommodation developments in Melbourne remaining, the first of which will be completed at the end of 2018. The student accommodation market is very strong and development of purpose built student accommodation is lucrative. While it is our intention to grow the presence in this sector, the Australian government has announced measures that will effectively increase tax from these operations from 15% to 30%. This will only affect the existing two developments from 2027. Given the change in taxation and limited opportunities to expand at attractive yields the developed properties present a capital recycling opportunity

Africa

- A 40% stake in the Oando Wings office development and 13.2 million shares in GRIT were acquired as part of the Pivotal transaction. Although they formed a very small percent of the overall transaction, Redefine has never been in favour of investment into Africa and is committed to exiting these investments as soon as practically possible. Subsequent to the year end we sold 1.8 million GRIT shares

Poland and EPP N.V.

For the time being, Poland remains the primary focus of our offshore expansion strategy. We have three separate investments, two of which we will continue to support and grow

- Our first investment into Poland was via the acquisition of the Echo portfolio. Initially 75% of this +/- €1,2 billion portfolio was to be acquired by Redefine (50%) and RDI (25%). This, however, was not supported by RDI's board and as Redefine, for tax and other reasons did not wish to hold more than 50%, other investors were invited to participate in the 25% not taken up by RDI
- As outside investors were being brought in, the Redefine board was requested to and approved the participation of the Redefine executives as investors in a portion of the 25%. The executives participated on exactly the same terms, conditions and price as all shareholders and received no financial assistance from the company. They all invested their own equity and borrowings and their holdings in EPP align their personal interests with those of the company
- EPP was inwardly listed on the JSE in August 2015 in order to raise funds for expansion. With the benefit of hindsight Redefine would have been better off retaining the full 75% shareholding
- EPP has grown rapidly by way of acquisition and is in the process of divesting from its office portfolio. It will be a pure retail fund which Redefine will continue to support
- Emphasis over the next two to three years will be on reducing LTV and the development of the Warsaw retail site
- The acquisition of the Metro portfolio is detailed under Chariot hereafter

Chariot

- In 2017 a portfolio known as the Metro Portfolio was put out on tender by the owners AXA, Ares and Apollo Rida
- The portfolio comprised 28 assets, namely nine Metro shopping centres, 12 hypermarkets and four Power Parks. The sellers would only entertain offers on the entire portfolio
- The portfolio is subject to a head lease from Metro AG until 2024 notwithstanding the fact that they had sold their Hypermarket/Supermarket business to Auchan
- EPP was interested in the eight Metro shopping centres. However, as the portfolio was being sold in its entirety, EPP could not bid nor did they have the resources to fund all nine centres even if they were available
- Pimco and Oaktree, with whom we had forged a relationship through the Echo acquisition, were bidding for the portfolio. We were invited to participate with them to the extent of 25%, with Pimco and Oaktree each owning 37.5%. Finally, there were two bidders, our consortium and Goldman Sachs. Our consortium was the ultimate successful bidder
- Redefine then, on behalf of EPP, began negotiations for EPP to acquire the Metro shopping centres and Power Parks. The consortium's strategy was to either hold the portfolio under the head lease until expiry or negotiate the cancellation of the head lease and enter into new 15-year leases with Auchan at more market related rentals in respect of the hypermarkets, which are substantially over rented
- The proposed sale to EPP did not initially find favour with Pimco (as they have a long-term investment horizon) as they would enjoy excellent cash-on-cash returns and there were value add opportunities in a number of the properties
- Ultimately, we, together with Oaktree who are more IRR focused, were successful and EPP purchased the shopping centres and power parks in three tranches
- Notwithstanding the over rented status of the hypermarket portfolio this was recognised in the acquisition yield of these properties. The ROE on this portfolio is anticipated to be in the order of 20% p.a
- Once negotiations with Auchan and Metro are completed a decision will be taken as to whether the assets are held or disposed of. Redefine will deploy capital recycled from this opportunity into expanding the logistics platform

Logistics

- The logistics/warehouse sector in Poland is buoyant
- In 2018, we were presented with an opportunity to purchase an existing portfolio together with a development pipeline.
- The developer of these facilities, Panattoni, is a major developer of logistics space in the USA and Europe and the leading and largest developer in Poland. They do not own developments but develop and onsell.
- The original portfolio was acquired from one of their institutional fund investors. It was acquired at a yield of 7.4% and has now been valued at 6.75%
- The ongoing arrangement with Panattoni is that we are presented with opportunities that they have secured and pre-leased in whole or part
- From an initial development yield of between 8.75% - 9.75%, depending on location and length of lease, we select those in which we wish to participate
- On completion, providing occupancy is at least 80%, the property is valued at market (e.g. 7%) plus 25 bps and Panattoni is entitled to 40% of the upside

By way of example:

- €50 million development at 9% = €4.5 million income
- Capitalised at 7.25% value = €62 million
- Panattoni development fee = €4.8 million
- Redefine cost is therefore €54.8 million income yield = 8.2%
- Cash on cash return (50% gearing) 14.4% pre-tax
- To date two new developments are being undertaken
- As more and more opportunities are presented, Redefine may seek a minority partner (+/- 45%) to assist with the funding and growth of this portfolio

Griffin

- Griffin are a Polish based private equity firm. We first encountered them on the Echo transaction. They are the Polish partners for both Pimco and Oaktree in Poland and, besides real estate, have interests in retail, education and finance
- They are highly regarded by all the major real estate firms in Poland and have competent staff covering all disciplines
- They source transactions for EPP (buy and sell) and were responsible for the sale of an office portfolio to Globalworth (Growthpoint) for whom they also act with our consent in the office market. They assess all of the logistic developments put to us by Panattoni and are also acting for the Chariot consortium regarding the Metro head lease and the Auchan extensions
- Fees are negotiated on a case-by-case basis depending on complexity and size
- There is no exclusivity agreement and both EPP and Redefine are free to source opportunities independently of Griffin

Redefine Europe

Notwithstanding the highly competent EPP management team and the very valuable input from Griffin, Redefine has appointed Pieter Prinsloo (ex Hyprop) who is relocating to Europe to oversee all of our European investments. This will strengthen our decision-making and risk management overall effectiveness with regard to our European presence