

REDEFINE PROPERTIES LIMITED

# GROUP RESULTS

for the year ended 31 August **2017**

DELIVERING  
**SUSTAINED Value**

 **ReDEFINE**  
PROPERTIES

We're not landlords. We're people.

# Our conversation

Section **01** KEY OUTCOMES AND FINANCIAL REVIEW

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Section **02** CAPITAL MANAGEMENT

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Section **03** OVERVIEW OF PROPERTY ASSET PLATFORM

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Section **04** STRUCTURES THAT SUPPORT VALUE CREATION

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Section **05** CONCLUSION

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# KEY OUTCOMES AND FINANCIAL REVIEW

Section **01**

# Key outcomes

Focusing on what matters most to deliver sustained value

	<b>Operate efficiently</b>	Operating margin improved to <b>82.7%</b>	Integration of Pivotal completed	Overall occupancy of active portfolio at <b>95.4%</b>	Tenant retention above 80% at <b>92.6%</b>	Quality of portfolio enhanced
	<b>Invest strategically</b>	Property assets expanded by R11.4 billion to <b>R84.1 billion</b>	Local developments in progress total <b>R5.2 billion</b>	Exited local listed securities	Expansion in Poland and student accommodation in Australia	Disposed German JV and IHL to RDI
	<b>Optimise capital</b>	International funding restructured	Recycling of capital realised <b>R3.5 billion</b>	Cost of debt funding reduced to <b>7.3%</b>	Broadened quality rated funding sources	Income hedging policy adopted
	<b>Engage talent</b>	Certified as a <b>Top Employer 2018</b>	Staff engagement score maintained at <b>77%</b>	Performance management deepened	Entrenched alignment to brand promise	<b>113 learners</b> completed programme since 2013
	<b>Grow reputation</b>	Integrated stakeholder engagement strategy formulated	Delta sale – a transformation initiative	<b>2<sup>nd</sup> in EY</b> excellence in Integrated Reporting 2017	Board gender and diversity strengthened	Sustainability broadened to all aspects of what we do

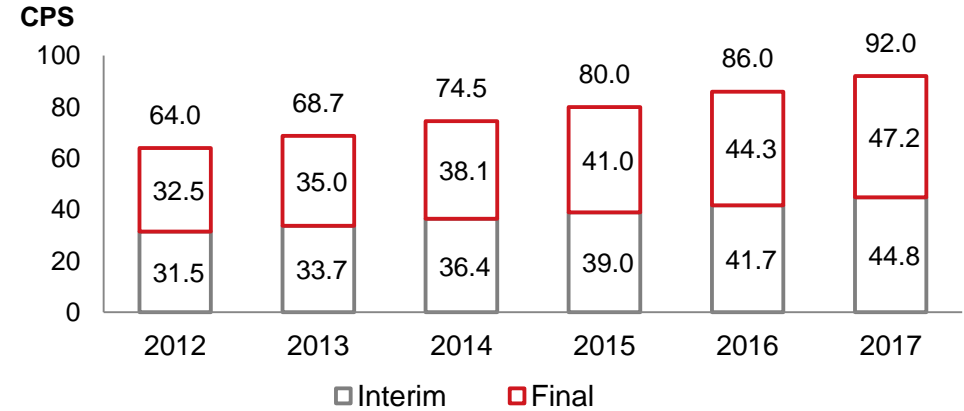
# Financial highlights

## Managing the variables under our control

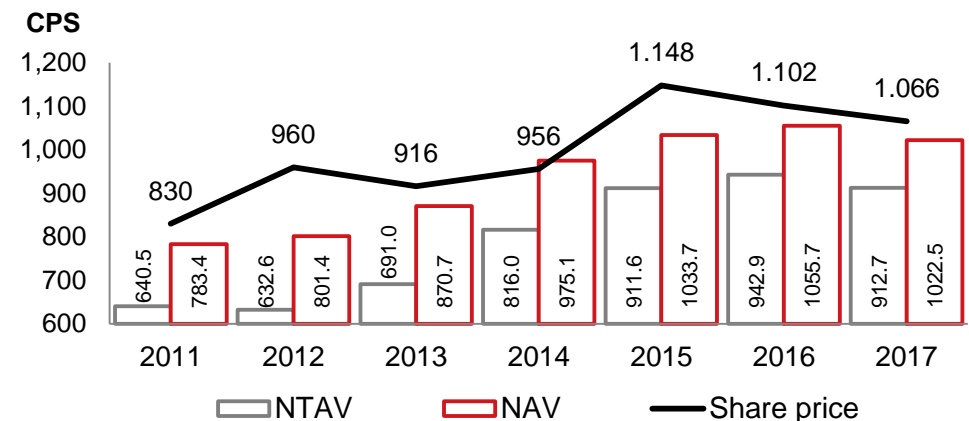


<p>Second half distribution growth of <b>6.5%</b> to <b>47.2 cents</b></p>	<p>Full year distribution up <b>7.0%</b> to <b>92 cents</b></p>	<p>Distributable income in Rand terms has grown by <b>22.2%</b> to <b>R4.8bn</b></p>
<p>Net asset value down 33.2 cents to <b>1 022.5 cents</b></p>	<p>Total assets now <b>R91.5bn</b>, up <b>R11.7bn</b></p>	<p>International income contribution of <b>27.2%</b></p>
<p>Loan to value ratio at <b>41.1%</b></p>	<p><b>88.7%</b> of total debt hedged</p>	<p>Market capitalisation at <b>R61.8bn</b></p>

DISTRIBUTION PER SHARE GROWTH



NET ASSET VALUE PER SHARE GROWTH



# Simplified distributable income statement

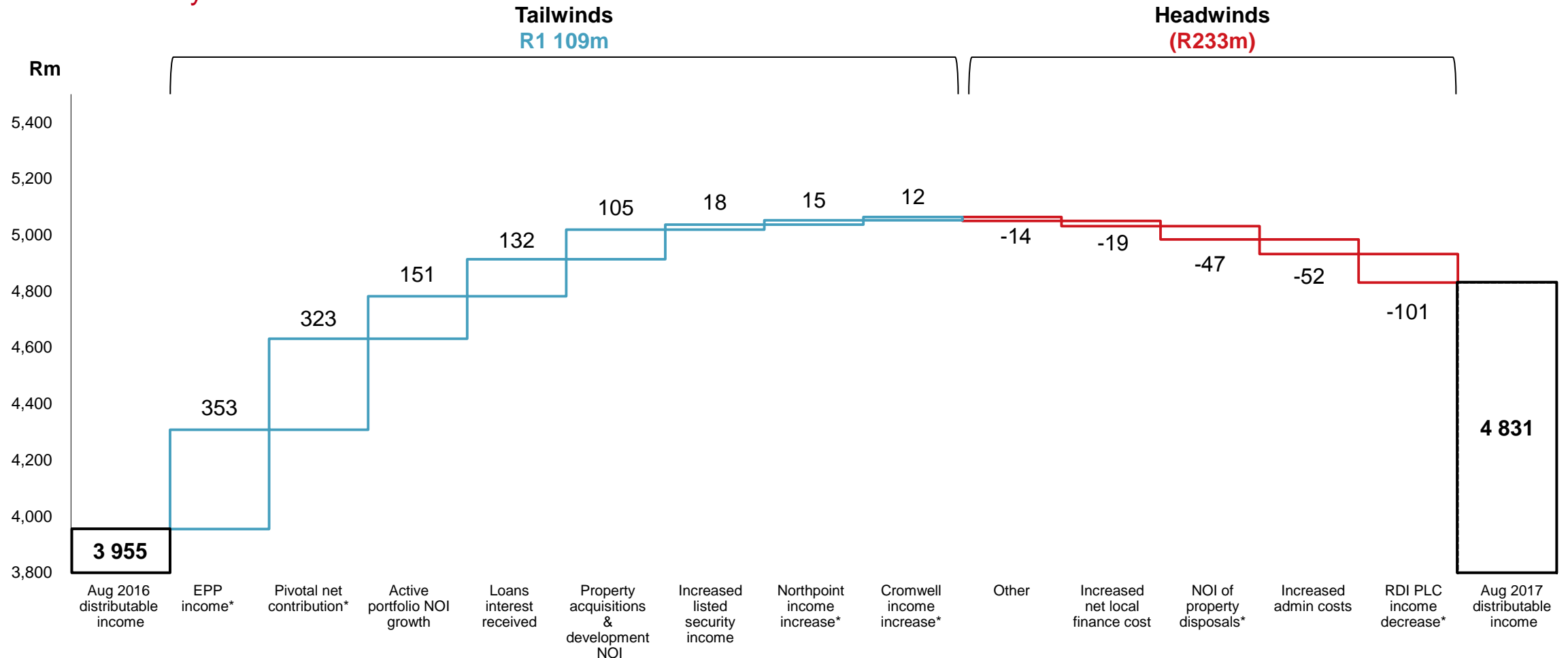
## Growth fuelled by acquisitions

	2017 Rm	2016 Rm	Change %
<b>Net operating income from investment properties</b>	<b>4 951</b>	<b>4 244</b>	<b>16.7%</b>
Listed securities portfolio	181	163	11.0%
Fee income	15	32	-53.1%
<b>Total revenue</b>	<b>5 147</b>	<b>4 439</b>	<b>15.9%</b>
Administration costs	(232)	(180)	28.9%
<b>Net operating profit</b>	<b>4 915</b>	<b>4 259</b>	<b>15.4%</b>
Net finance charges	(1 402)	(1 330)	5.4%
Taxation	2	2	0%
<b>South African distributable income</b>	<b>3 515</b>	<b>2 931</b>	<b>19.9%</b>
International distributable income	1 316	1 024	28.5%
<b>Distributable income</b>	<b>4 831</b>	<b>3 955</b>	<b>22.1%</b>

	Distributable Income Rm	Cents per Share	Y-O-Y Change %
<b>2016 distributable income</b>	<b>3 955</b>	<b>86.0</b>	
Less dilution arising from new shares		(10.7)	
Local growth	584	11.1	
International growth	292	5.6	
<b>2017 distributable income</b>	<b>4 831</b>	<b>92.0</b>	<b>7.0%</b>

# Contributors to growth in distributable income

Political uncertainty has introduced crosswinds



\* Net of finance costs

# Active portfolio income analysis

## Tight cost control in a challenging leasing environment

	2017 Rm	2016 Rm	Change %
Active portfolio revenue*	4 487	4 311	4.1%
Active portfolio costs**	(777)	(752)	3.3%
<b>Property income from active property portfolio</b>	<b>3 710</b>	<b>3 559</b>	<b>4.2%</b>
Net operating income from acquired/development properties	1 044	240	335.0%
Net operating income from disposed properties	197	445	-55.7%
<b>Net operating income from investment properties</b>	<b>4 951</b>	<b>4 244</b>	<b>12.3%</b>
Active portfolio margin %	<b>82.7%</b>	82.6%	

\* Properties owned for 12 months in both years

\*\* Net of recoveries

### ACTIVE PORTFOLIO NOI CONTRIBUTION



Office

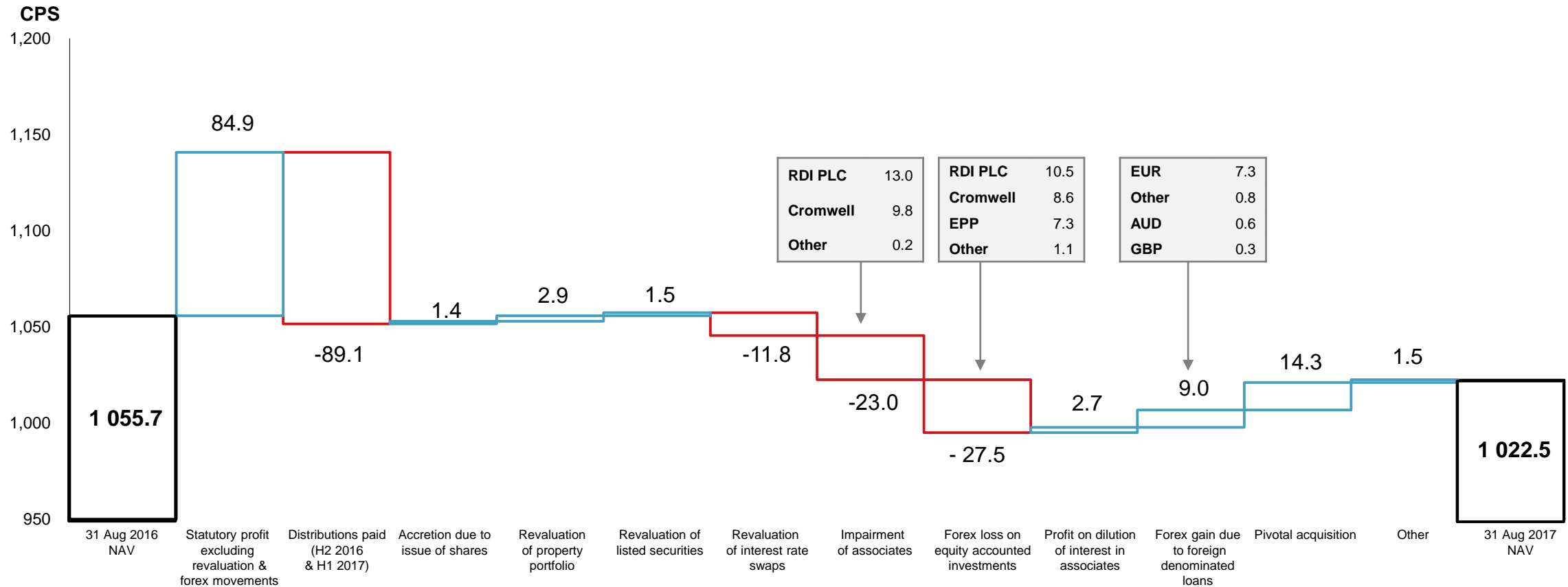
Retail

Industrial



# Key drivers of change in net asset value per share

Impairments and financial market volatility eroding NAV



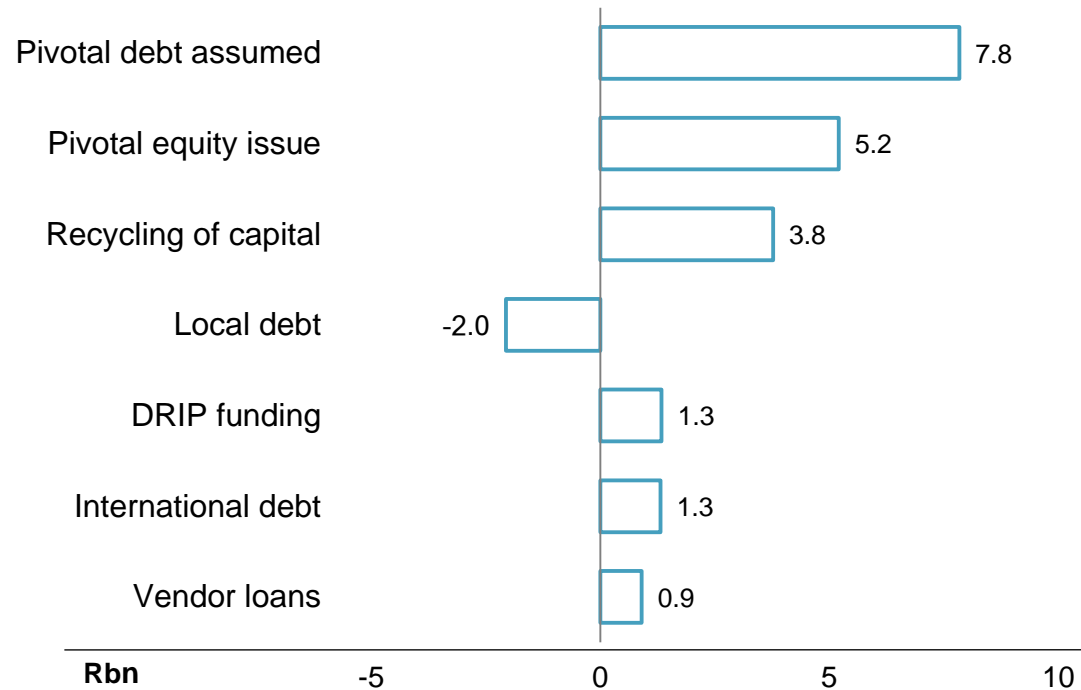
# CAPITAL MANAGEMENT

Section 02

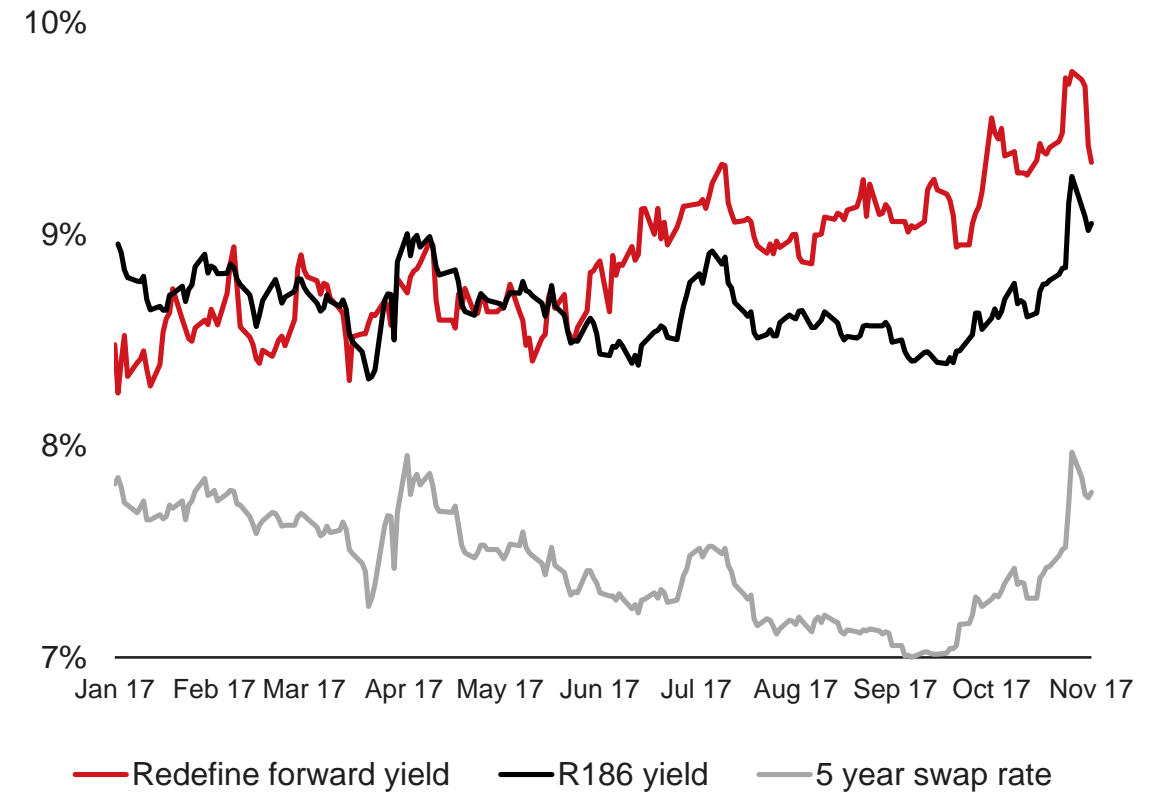
# Accessing capital

## Securing capital in a constrained and costly environment

CAPITAL OF R18.3 bn WAS RAISED



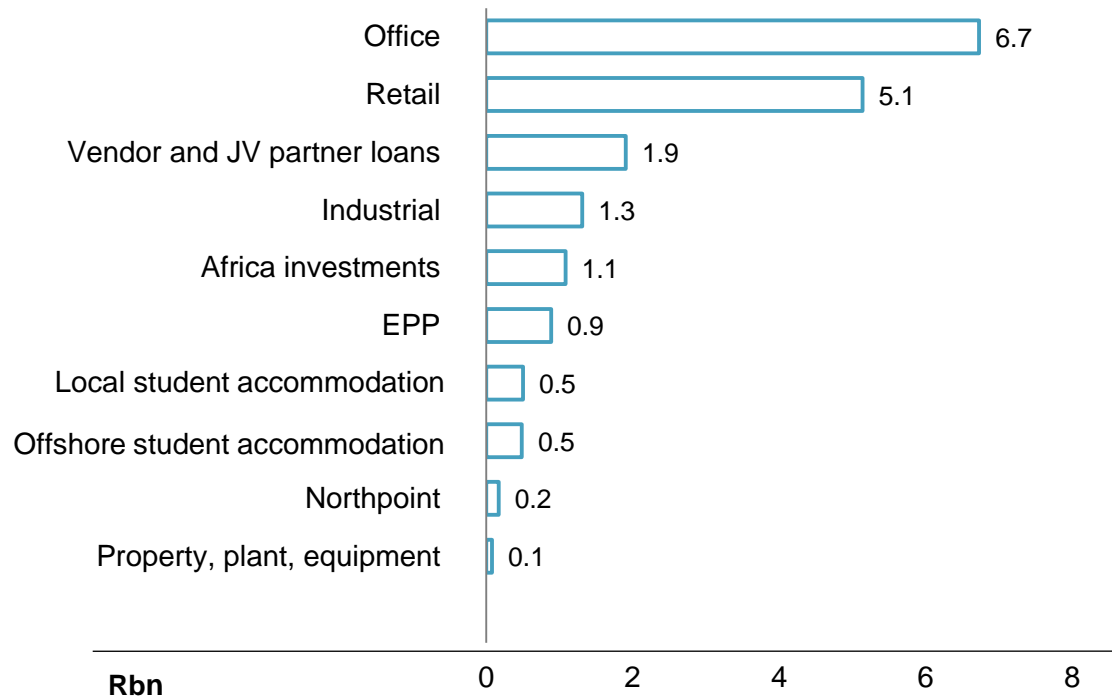
DRIVERS OF THE COST OF CAPITAL



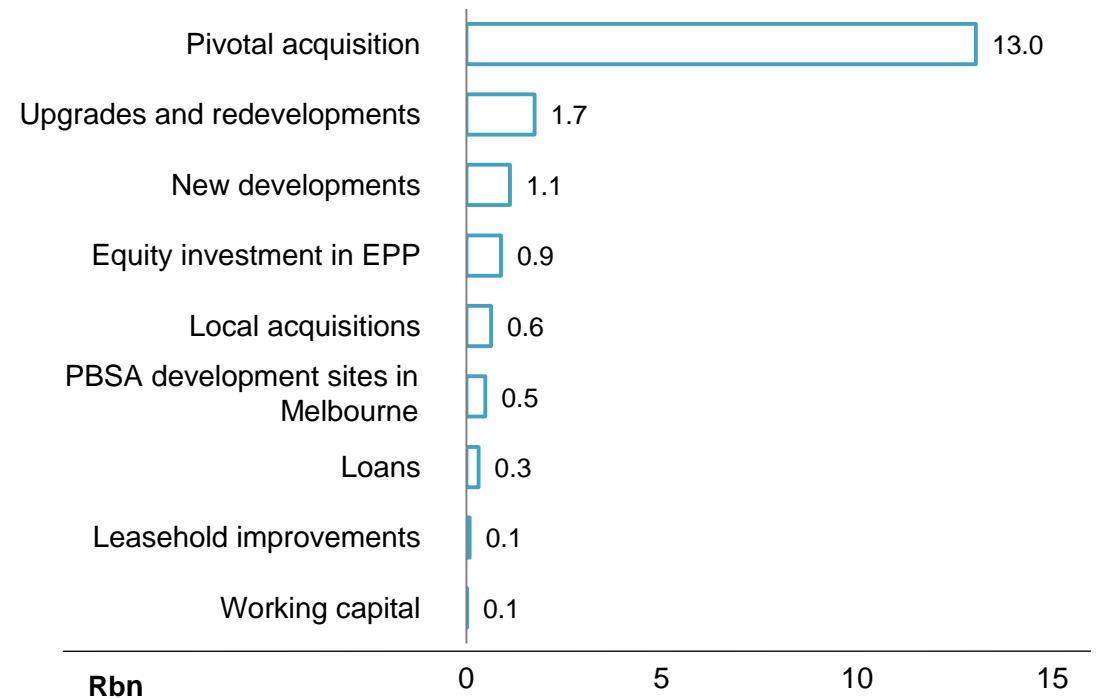
# Deployment of capital

Investing where best market opportunities lie

CAPITAL OF R18.3 bn DEPLOYED IN 2017



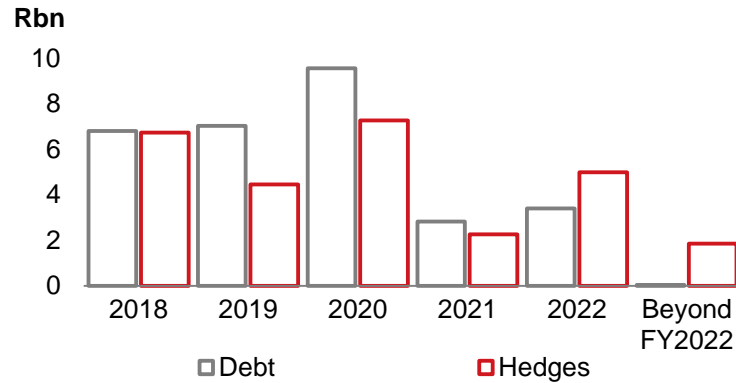
NOTABLE INVESTMENTS IN 2017



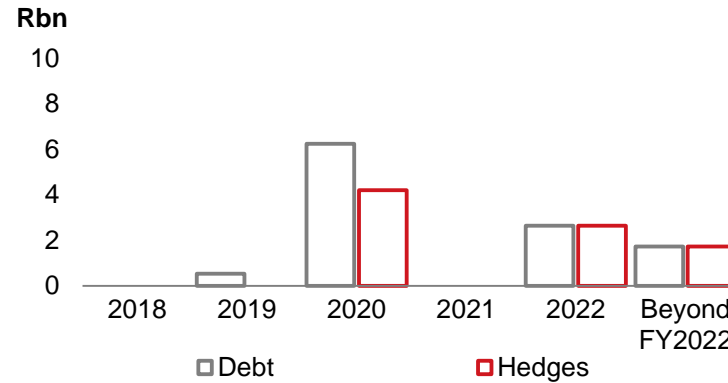
# Debt funding profile

## Solid credit metrics maintained

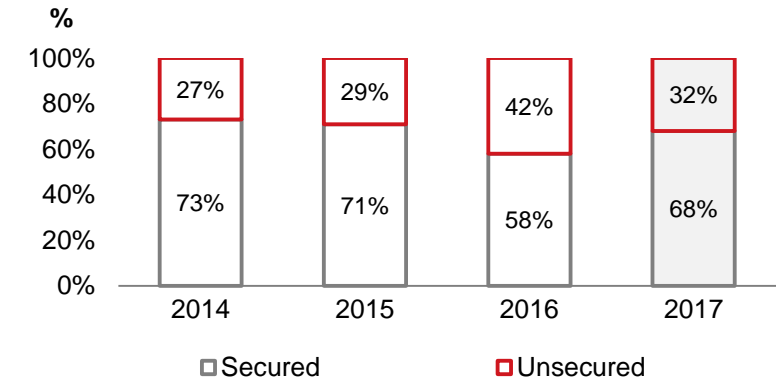
MATURITY OF SOUTH AFRICAN DEBT



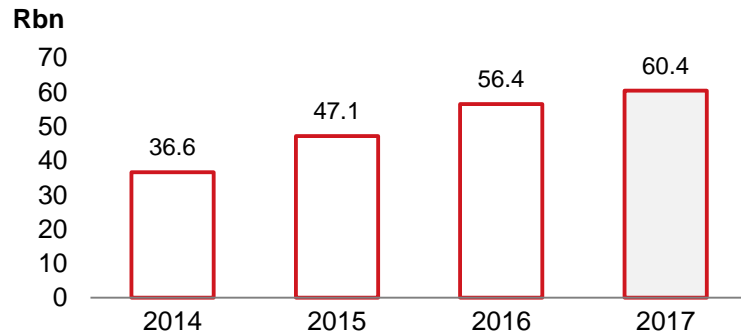
MATURITY OF FOREIGN DEBT



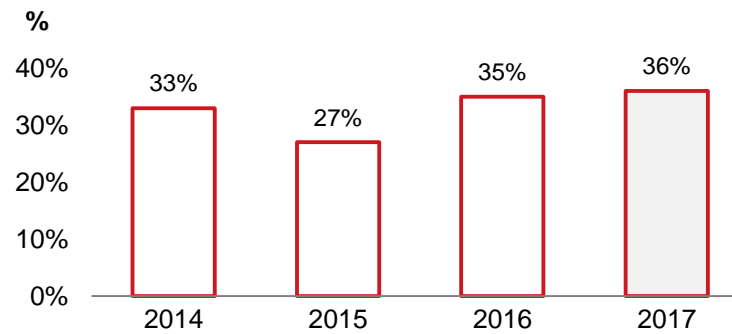
SECURED AND UNSECURED DEBT



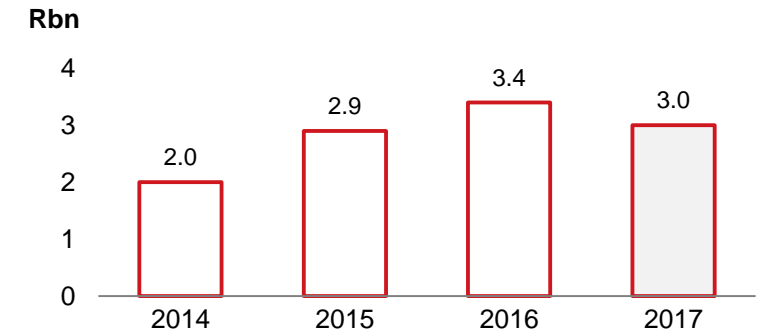
EQUITY HEADROOM FOR THE UNSECURED LENDER



UNSECURED DEBT / UNENCUMBERED ASSETS



UNDRAWN COMMITTED FACILITIES



# Currency analysis of property assets and borrowings

Conservative local LTV to counterbalance aggressive offshore LTV

Currency	2017				2016			
	Property assets Rbn	Debt* Rbn	LTV %	Weighted avg cost %	Property assets Rbn	Debt* Rbn	LTV %	Weighted avg cost %
ZAR	68.1	23.5	34.5%	9.1%	56.2	18.7	33.3%	8.8%
AUD	6.2	2.8	45.2%	4.2%	6.3	2.9	46.0%	4.7%
EUR	4.8	4.7	97.9%	1.6%	4.9	4.9	100.0%	2.7%
GBP	4.2	3.1	73.8%	2.8%	5.3	1.5	28.3%	3.7%
USD	0.8	0.5	62.5%	3.8%	-	-	-	-
<b>Total</b>	<b>84.1</b>	<b>34.6</b>	<b>41.1%</b>	<b>7.3%</b>	<b>72.7</b>	<b>28.0</b>	<b>38.5%</b>	<b>7.7%</b>

\* Net of cash

# OVERVIEW OF PROPERTY ASSET PLATFORM

Section **03**

# Redefine's diversified property asset platform

## Positioning the platform for sustained value creation

### Portfolio valued at R84.1 billion

#### Direct local property portfolio

Property portfolio	100%	R64.0bn
Respublica	51%	R1.0bn
Loans receivable	100%	R3.1bn
		<b>R68.1bn</b>

■ Carried at fair value  
 ■ Equity accounted

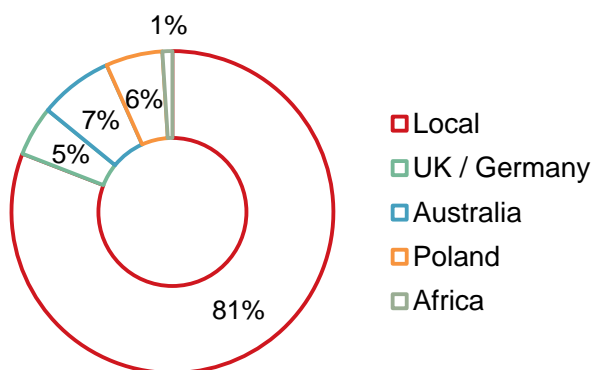
#### Direct international properties

Journal Student Accommodation Fund	90.0%	R0.5bn
Oando Wings Development Limited	37.2 %	R0.6bn
Northpoint	50.0%	R0.9bn
		<b>R2.0bn</b>

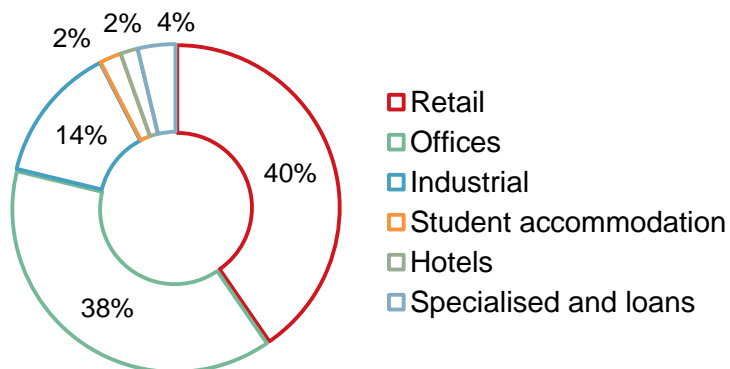
#### International listed securities

Redefine International PLC	29.8%	R3.9bn
Cromwell Property Group	25.4%	R4.9bn
Echo Polska Properties N.V.	39.5%	R4.8bn
International Hotel Properties Limited	27.5%	R0.2bn
Grit Real Estate Income Group	6.3%	R0.2bn
		<b>R14.0bn</b>

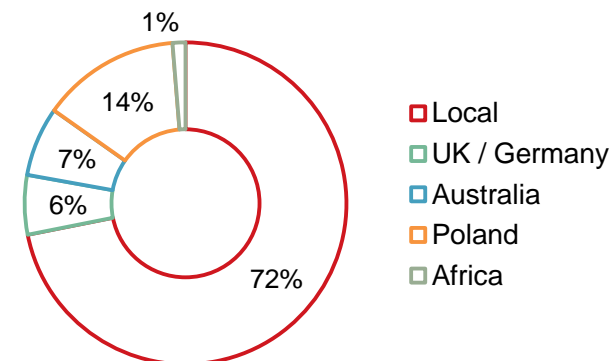
#### GEOGRAPHIC SPREAD BY VALUE



#### GROUP ASSETS BY SECTOR



#### CONTRIBUTION TO DISTRIBUTABLE INCOME

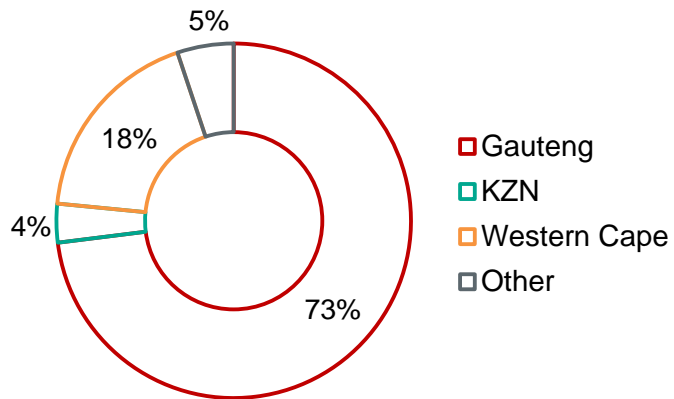




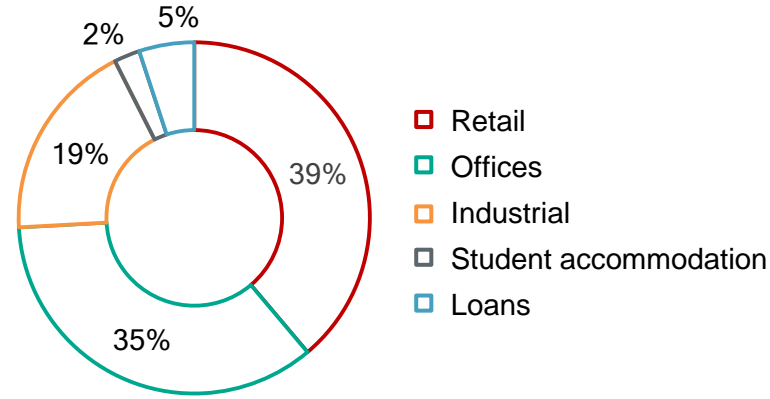
# Local property portfolio

Integration of acquisitions, protection, expansion and improvements

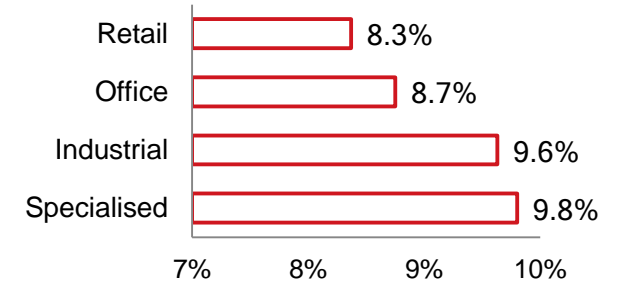
REGIONAL REPRESENTATION



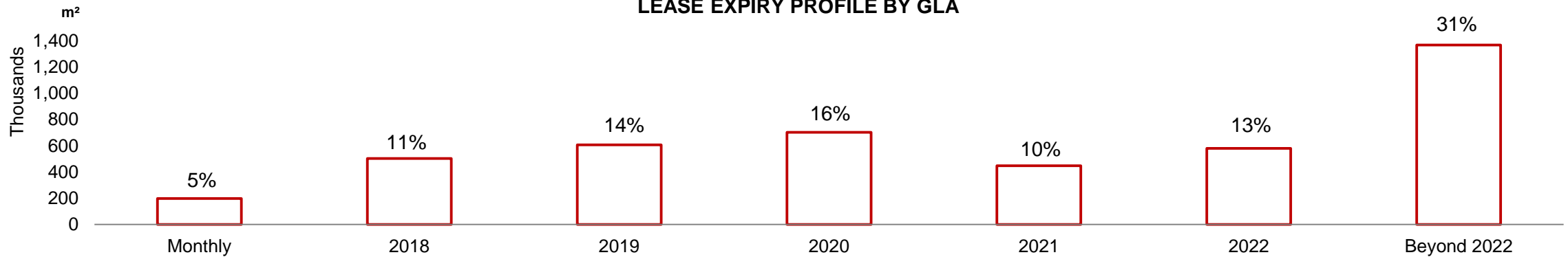
ASSET SPLIT



EXIT CAP RATE BY SECTOR



LEASE EXPIRY PROFILE BY GLA



# Local portfolio game plan

Centred on optimising risk and reward

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## Investment criteria

- Real estate and related investments – not a particular sector
- Exposure to key economic nodes
- Locations that have solid infrastructure to reduce leasing risk

## Our focus

- To continue to protect, expand and improve existing well-located local properties through development activity
  - On younger (more efficient), bigger, well-located and better quality properties with longer leases and A Grade tenants
  - To recycle secondary assets to position the local portfolio for future growth
  - Continued implementation of long term strategy per asset
  - Selective acquisitions in under represented regions and to complement existing assets
-

# Retail portfolio

Differentiating by creating outstanding places for modern consumer lifestyles

Value <b>R26.2bn</b> (2016   R21.5bn)	GLA <b>1.4 million m<sup>2</sup></b> (2016   1.3)	Active Vacancy <b>3.3%</b> (2016   3.6%)	Renewal rental growth <b>2.0%</b> (2016   6.5%)
Tenant retention by GLA <b>93.6%</b> (2016   90.9%)	Trading density growth <b>0.4%</b> (2016   5.4%)	Footfall growth <b>-0.1%</b> (2016   -1.0%)	Rent to turnover <b>9.3%</b> (2016   7.3%)

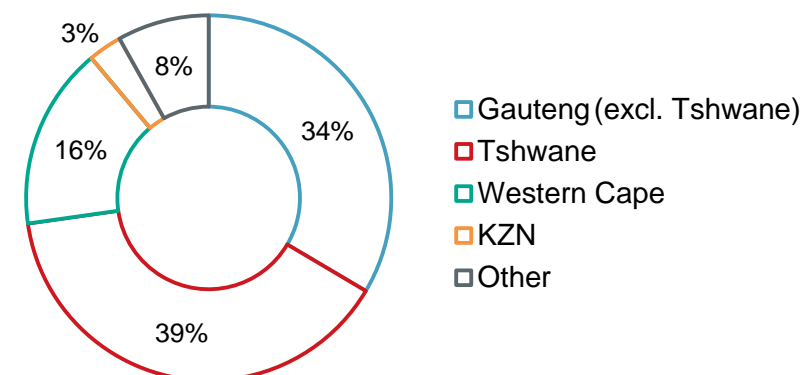
## Key trends

- The battle for market share will intensify
- Shopper behaviour is showing signs of polarising
- Significant push back on escalations, lease terms

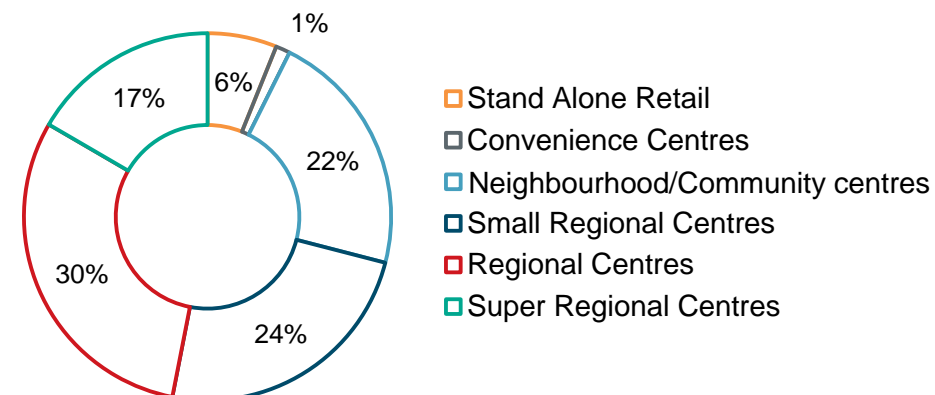
## Focus areas

- Optimising space and tenant mix
- Getting the basics consistently right
- Parking tariffs to promote dwell time
- Embracing the online threat
- Designing for global warming
- Clear brand identity and specific marketing initiatives
- Security enhancements

### SPLIT BY NODE



### SPLIT BY TYPE



# Retail asset optimisation initiatives

Remaining relevant to the communities in which we operate

## Expanding



### Kyalami Corner

Community centre, opened in April 2017

28 000m<sup>2</sup>

R521m (RDF share 80%)

Currently 91% let

Major tenants: Woolworths, Checkers and Clicks

## Protecting



### Cradlestone Mall

Regional mall

82 000m<sup>2</sup>

R588m (RDF share 40%)

Recently suffered storm damage

Repositioning through focus on tenant mix, space optimisation, positioning of tenants, lease renewals

## Improving



### Benmore Gardens

Community centre

23 000m<sup>2</sup>

R604m

Major renovation of R252m

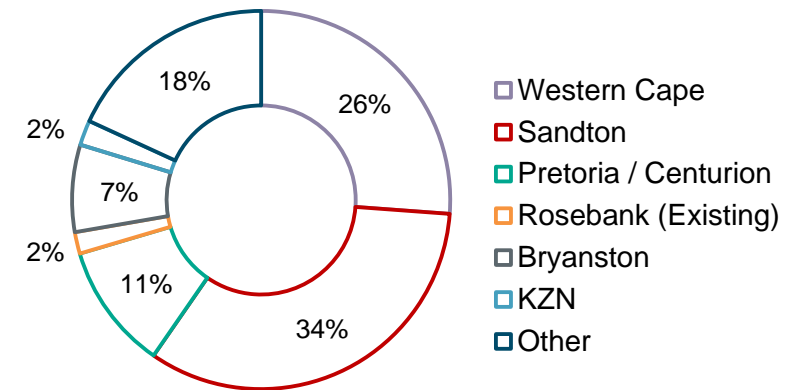
Introducing Woolworths Food and positioning of tenants (such as banks)

# Office portfolio

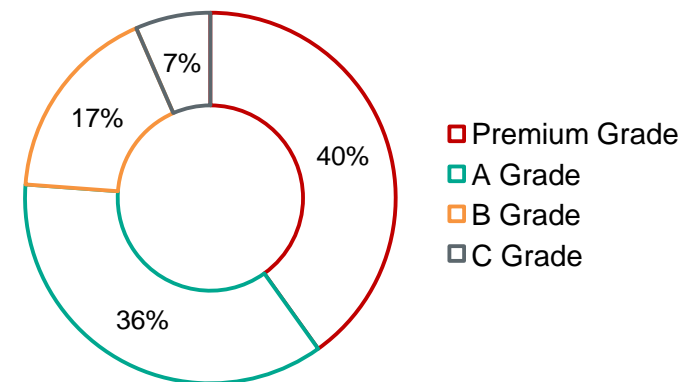
Moving to younger, more efficient, modern facilities to enable work life integration

Value <b>R23.3bn</b> (2016   R18.7bn)	GLA <b>1.4 million m<sup>2</sup></b> (2016   1.3)	Active Vacancy <b>8.1%</b> (2016   8.7%)
Renewal rental growth <b>0.1%</b> (2016   3.4%)	Tenant retention by GLA <b>87.1%</b> (2016   89.4%)	Vacancy on P & A Grade <b>4.3%</b> (2016   6%)

SPLIT BY NODE



SPLIT BY GRADE



**Key trends**

- Oversupply in the market
- Continues to remain a tenants' market
- Healthy demand for high quality in prime nodes
- Demand driven by requirements for reduction of space Flexi-hours and hot desking, fueling space reduction

**Focus areas**

- Tenant retention remains top priority
- Constantly rejuvenate premises to ensure relevance
- Customer experience management
- Improve operational sustainability
- Increase the number of green star rated existing buildings

# Office asset optimisation initiatives

Remaining relevant through redevelopment and refurbishment

## Expanding



### Galleria Rosebank

Opportunity to develop

100 000m<sup>2</sup> mixed use property with hotel, offices, gym and retail components – demolition in progress

Proposed 4 Star Green SA rating

## Protecting



### 155 West Street

Reconfiguration of Discovery premises whilst rental is received

26 000m<sup>2</sup> A Grade property with November 2018 completion

## Improving



### The Advocates (2 Pybus)

New development 11 500m<sup>2</sup>

Adjoining 90 Rivonia Road

75% pre-let

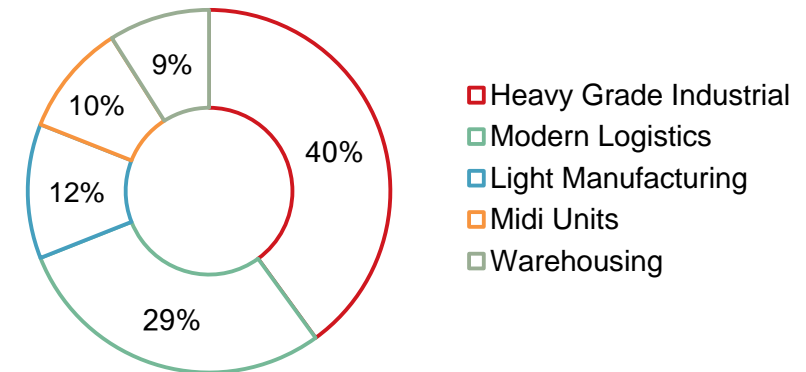
4 Star Green SA rating

# Industrial portfolio

Location and efficiency key in cost sensitive market

Value <b>R11.2bn</b> (2016   R11.0bn)	GLA <b>2.0 million m<sup>2</sup></b> (2016   1.9)	Active Vacancy <b>3.3%</b> (2016   3.4%)
Renewal rental growth <b>5.6%</b> (2016   3.5%)	Tenant retention by GLA <b>95.2%</b> (2016   93.7%)	Developable bulk <b>1.3 million m<sup>2</sup></b>

SPLIT BY GRADE



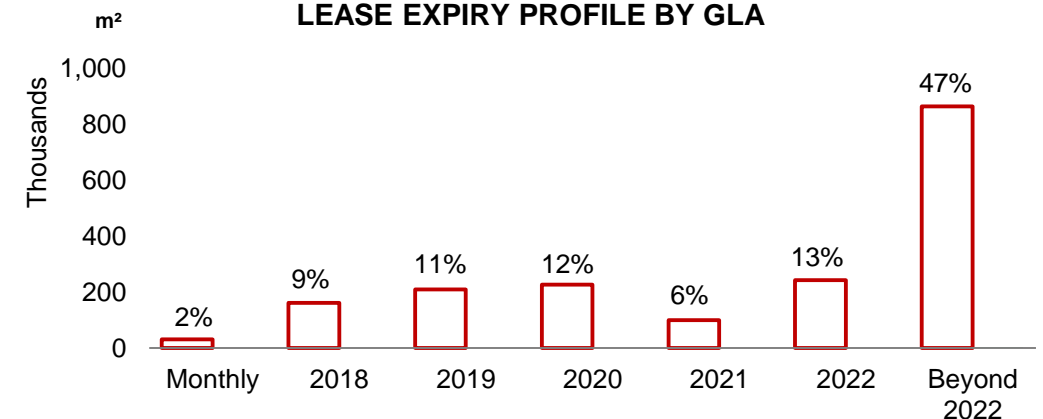
**Key trends**

- Location, efficiency and accessibility drives demand
- Users demand improved design
- Large users look to co-own premises
- Rental growth on shorter leases remains lean

**Focus areas**

- Improving facilities to retain tenant occupancy
- Functionally differentiate key design elements

LEASE EXPIRY PROFILE BY GLA



# Industrial asset optimisation initiatives

Incorporating key design elements to functionally differentiate offering

## Expanding



### Land Bank

**Brackengate 2** – 66.8 Ha (RDF: 50.1%)

5 Ha land committed on new developments

Negotiations in progress on developments over 12 Ha

**Atlantic Hills** – 44.9 Ha (RDF: 55.0%)

Committed sales over 12.9 Ha

Proclamation expected March 2018

**Cornubia** – 5.8 Ha (RDF: 100%)

Serviced and proclaimed – ready for development

**S&J Industrial Estate** – 163 Ha (RDF: 90%)

Bulk services in progress

Proclamation on initial townships from May 2018 onwards

## Protecting



### 34 Wrench Road, Isando – 24 510m<sup>2</sup>

Redeveloped to a new modern logistics facility

Designed to meet modern logistical demand;  
15 m clear height to eaves and FM2 special floors  
with load capacity up to 135 kN/m<sup>2</sup>

Project value R194m

## Improving



### Hirt & Carter, Cornubia – ca. 46 500m<sup>2</sup>

Specialised print park development

Completion of Phase 1 expected October 2018  
while Phase 2 to be completed Q4, 2019

Project value R600m



# High return investments

## Diversifying into higher yielding non-traditional asset classes

	Student accommodation	Loans	Other
Redefine's interests	<ul style="list-style-type: none"> <li>→ Republica (RDF share 51%)</li> <li>→ Current bed capacity 5 873</li> </ul>	<ul style="list-style-type: none"> <li>→ Loans of R3.1 billion to various third parties attracting commercial interest rates</li> </ul>	<ul style="list-style-type: none"> <li>→ Solar PV plants</li> <li>→ Various outdoor advertising signs</li> <li>→ Park Central residential development</li> </ul>
Operational activity	<ul style="list-style-type: none"> <li>→ Hatfield Square - 2 200 beds</li> <li>→ Yale Village expand by 350 beds</li> <li>→ Expanding by 1 615 beds:               <ul style="list-style-type: none"> <li>Bloemfontein 469 beds</li> <li>Cape Town 570 beds</li> <li>Pietermaritzburg 576 beds</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>→ Sale of Delta shares to women's led BEE consortium for R1.4 billion</li> <li>→ Sale of secondary assets totaling R1.2bn by Pivotal to BEE consortium, Setso, by providing vendor loan of R410m</li> </ul>	<ul style="list-style-type: none"> <li>→ Solar PV of R155m rolled out</li> <li>→ Non GLA income R53m – growth of 19.2% in 2017</li> <li>→ Park Central comprising 160 residential units - spent R20m, R315m to complete – 35% sold</li> </ul>
Redefine's strategy	<ul style="list-style-type: none"> <li>→ Conversion of suitably located secondary assets</li> <li>→ Build current bed capacity to 10 000 beds by 2019</li> </ul>	<ul style="list-style-type: none"> <li>→ Provide loan funding to secure strategic partners and provide transformation opportunities</li> </ul>	<ul style="list-style-type: none"> <li>→ Leverage off property base</li> <li>→ Non reliance on tenants</li> <li>→ Complete Park Central project</li> </ul>

# International game plan

Centred on geographic diversification and exploiting attractive yield spreads

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## Investment criteria

- 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

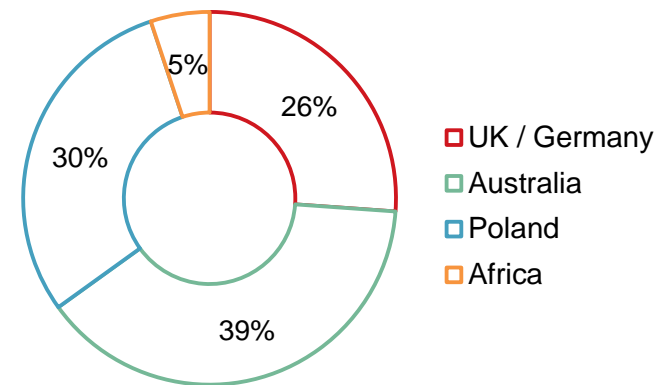
- Contained to UK, Australia and Poland
  - To provide strategic and financial support to our local partners
  - Invest directly where there is potential for capital uplift through development
  - Support listed investments in corporate activities
  - Extend and increase the level of hedged income as and when the Rand weakens
  - Hedge balance sheet naturally through same currency gearing
-

# International portfolio

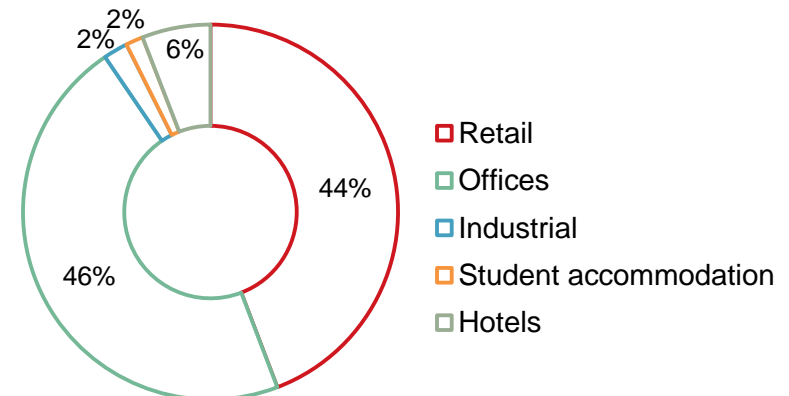
## Geographic diversification in hard currency markets

Carrying value	SPLIT	
	Listed securities	Direct properties
<b>R16bn</b>	<b>R14bn</b>	<b>R2bn</b>
Proportional share of direct assets	Proportional share of debt*	Redefine see through LTV**
<b>R29.7bn</b>	<b>R25.5bn</b>	<b>50.2%</b>

### GEOGRAPHIC SPREAD



### SECTORIAL SPREAD



\*Including Redefine's foreign borrowings

\*\*Including local assets and borrowings net of cash

# United Kingdom / Germany

## Focusing on income in a low growth environment

<b>Redefine's interests</b>	<ul style="list-style-type: none"> <li>→ RDI PLC 29.5%</li> <li>→ International Hotel Properties Limited 27.5%</li> </ul>
<b>Platform profile</b>	<ul style="list-style-type: none"> <li>→ RDI directly owns a £1.5 billion portfolio, 27% of which is invested in German retail properties</li> <li>→ IHL manages a UK based hotel portfolio valued at £106 million</li> </ul>
<b>Redefine's share of direct assets</b>	→ R8.3 billion
<b>See through LTV</b>	→ 87.6%
<b>Key operational highlights</b>	<ul style="list-style-type: none"> <li>→ RDI on track to securing 50% interest in IHL</li> <li>→ RDI occupancy high at 97.7%</li> <li>→ RDI disposals of £148 million at 12.2% premium</li> <li>→ IHL manages 9 hotels with 1 143 rooms</li> </ul>
<b>Redefine activity in 2017</b>	<ul style="list-style-type: none"> <li>→ German joint venture sold to RDI for €49 million</li> <li>→ Concluded agreement to dispose entire IHL stake to RDI</li> </ul>
<b>Distributable income hedging position</b>	<ul style="list-style-type: none"> <li>→ 2018 : 84% R19.28   £ 1</li> <li>→ 2019 : 79% R20.39   £ 1</li> <li>→ 2020 : 50% R22.28   £ 1</li> </ul>
<b>Redefine's strategy</b>	→ Support corporate activities to secure growth through expansion of portfolio and recycling secondary assets



# Australia

## Exposure to stable market and global real estate investment manager

<b>Redefine's interests</b>	<ul style="list-style-type: none"> <li>→ Cromwell Property Group 25.3%</li> <li>→ Northpoint joint venture 50%</li> <li>→ Journal Student Accommodation Fund 90%</li> </ul>
<b>Platform profile</b>	<ul style="list-style-type: none"> <li>→ Cromwell has a direct property investment portfolio in Australia valued at A\$2.4 billion and total assets under management of A\$9.8 billion across Australia, New Zealand and Europe</li> <li>→ Northpoint owns a landmark building in North Sydney with 44 levels of mixed office and retail space</li> <li>→ Journal owns two PBSA development sites in Melbourne</li> </ul>
<b>Redefine's share of direct assets</b>	→ R9.6 billion
<b>See through LTV</b>	→ 75.9%
<b>Key operational highlights</b>	<ul style="list-style-type: none"> <li>→ Cromwell elected not to proceed with its plans to IPO a Singapore REIT to secure recurring income for Cromwell Europe but is currently reviewing its position</li> <li>→ Cromwell sold its stake in IOF, realising a gain of A\$25m and achieving an 18% IRR</li> <li>→ Completion of A\$130m redevelopment of Northpoint on track for March 2018</li> <li>→ A\$139m development underway of Leicester St PBSA facility (804 beds) for completion by 2019</li> </ul>
<b>Redefine activity in 2017</b>	→ Acquired 2nd PBSA development site in Melbourne for A\$26m with bed capacity of at least 650 beds
<b>Distributable income hedging position</b>	<ul style="list-style-type: none"> <li>→ 2018 : 50% R11.79   A\$ 1</li> <li>→ 2019 : 0%</li> <li>→ 2020 : 0%</li> </ul>
<b>Redefine's strategy</b>	<ul style="list-style-type: none"> <li>→ Support corporate activities to secure growth through expansion of portfolio and recycling secondary assets</li> <li>→ Expand the PBSA operation into a scalable operation (Currently 1 454 beds)</li> </ul>



# Poland






## Emerging market growth in hard currency

<b>Redefine's interests</b>	→ EPP 39.6%
<b>Platform profile</b>	→ 74.1% exposed to retail, 25.9% offices
<b>Redefine's share of direct assets</b>	→ R10.5 billion
<b>See through LTV</b>	→ 96.0%
<b>Key operational highlights</b>	<ul style="list-style-type: none"> <li>→ Portfolio has expanded by €510 million since listing</li> <li>→ Expansion almost exclusively in retail</li> <li>→ Strategy to become a pure retail play advanced through sale of 3 office buildings</li> <li>→ Concluded a conditional agreement to acquire retail portfolio for €692 million</li> </ul>
<b>Redefine activity in 2017</b>	<ul style="list-style-type: none"> <li>→ Participated in EPP's €150 million equity raise - R860 million invested</li> <li>→ Refinanced funding of EPP</li> </ul>
<b>Distributable income hedging position</b>	<ul style="list-style-type: none"> <li>→ 2018 : 94% R17.00   €1</li> <li>→ 2019 : 31% R18.68   €1</li> <li>→ 2020 : 30% R20.26   €1</li> </ul>
<b>Redefine's strategy</b>	→ Support expansion of EPP's retail portfolio through acquisition, development and extensions to transition property portfolio to a pure retail play



## Direct investment in Poland

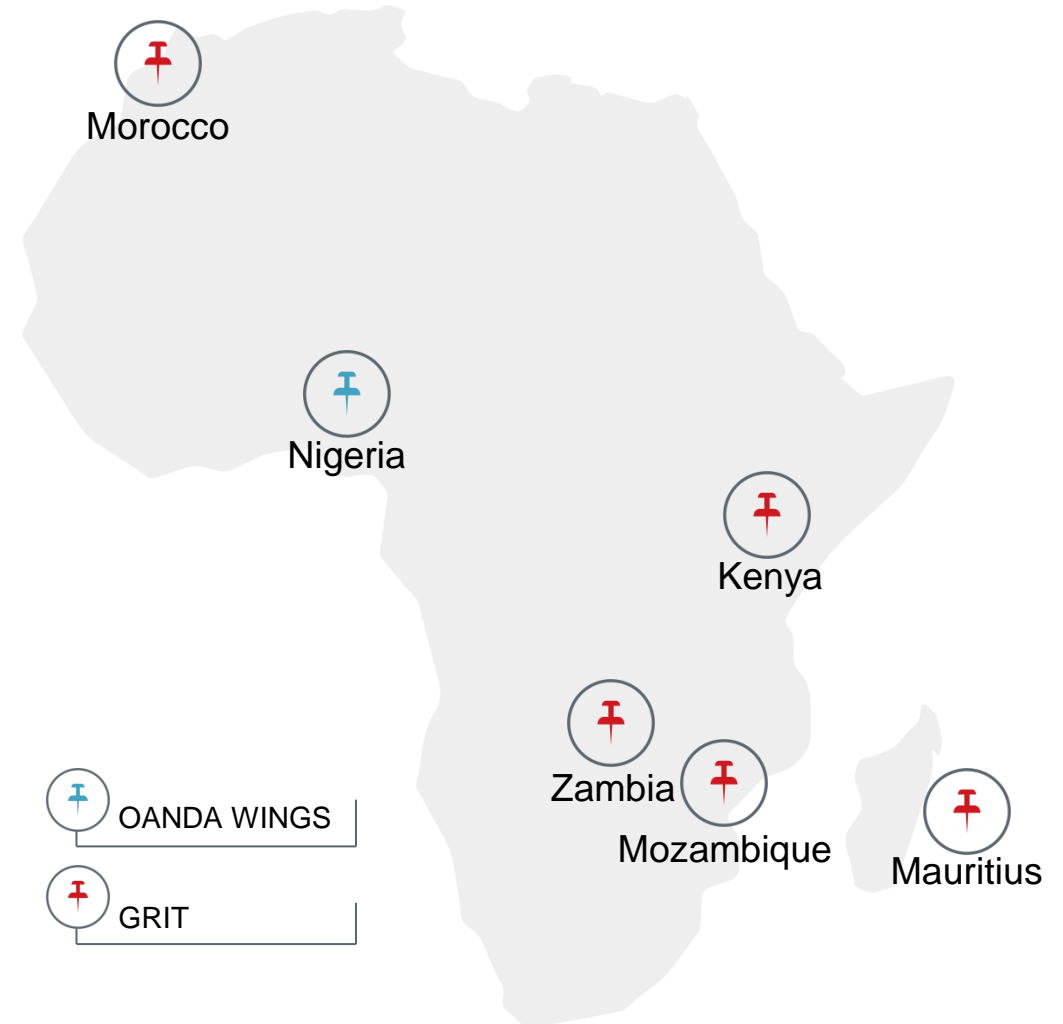
### Conditional agreement to acquire strategic stake in €1 billion retail portfolio

	<b>Operate efficiently</b>	Return on equity of +/-15% pre-tax	Accretive to Redefine's earnings over a 3-5 year period both from an income and a trading point of view	Strategic and financial support provided by Redefine
	<b>Invest strategically</b>	Retail portfolio of 28 properties spread across Poland with proven track records and strong retail fundamentals	56 000m <sup>2</sup> of development/extensions and significant lease restructuring opportunities	98.5% of net income underpinned by a 7 year master lease with circa 6% escalation in 2019
	<b>Optimise capital</b>	Equity contribution (€58m) funded from recycling of capital	Debt funding sourced offshore	Approximately 65% debt funded. Cost of capital +/-2.5%
	<b>Engage talent</b>	Transfer of skill from international partners	Alignment of interest and values	Leverage offshore partners' skills and experience
	<b>Grow reputation</b>	Strengthens strategic partnership with PIMCO and Oaktree	Establishes Redefine as a significant player in Polish region	Bolsters geographic offshore expansion

# Africa

## Acquired with the Pivotal portfolio

<b>Redefine's interests</b>	<ul style="list-style-type: none"> <li>→ GRIT 6.3%</li> <li>→ Oanda Wings 37.2%</li> </ul>
<b>Platform profile</b>	<ul style="list-style-type: none"> <li>→ GRIT operates in 5 African countries</li> <li>→ Oanda Wings owns two office towers in Lagos with a GLA of 27 000 m2</li> </ul>
<b>Redefine's share of direct assets</b>	→ R1.3 billion
<b>See through LTV</b>	→ 80.7%
<b>Redefine's strategy</b>	→ As the region does not meet Redefine's investment criteria, both investments pose recycle opportunities





# STRUCTURES THAT SUPPORT VALUE CREATION

Section **04**



# Our mission to deliver sustained value to stakeholders

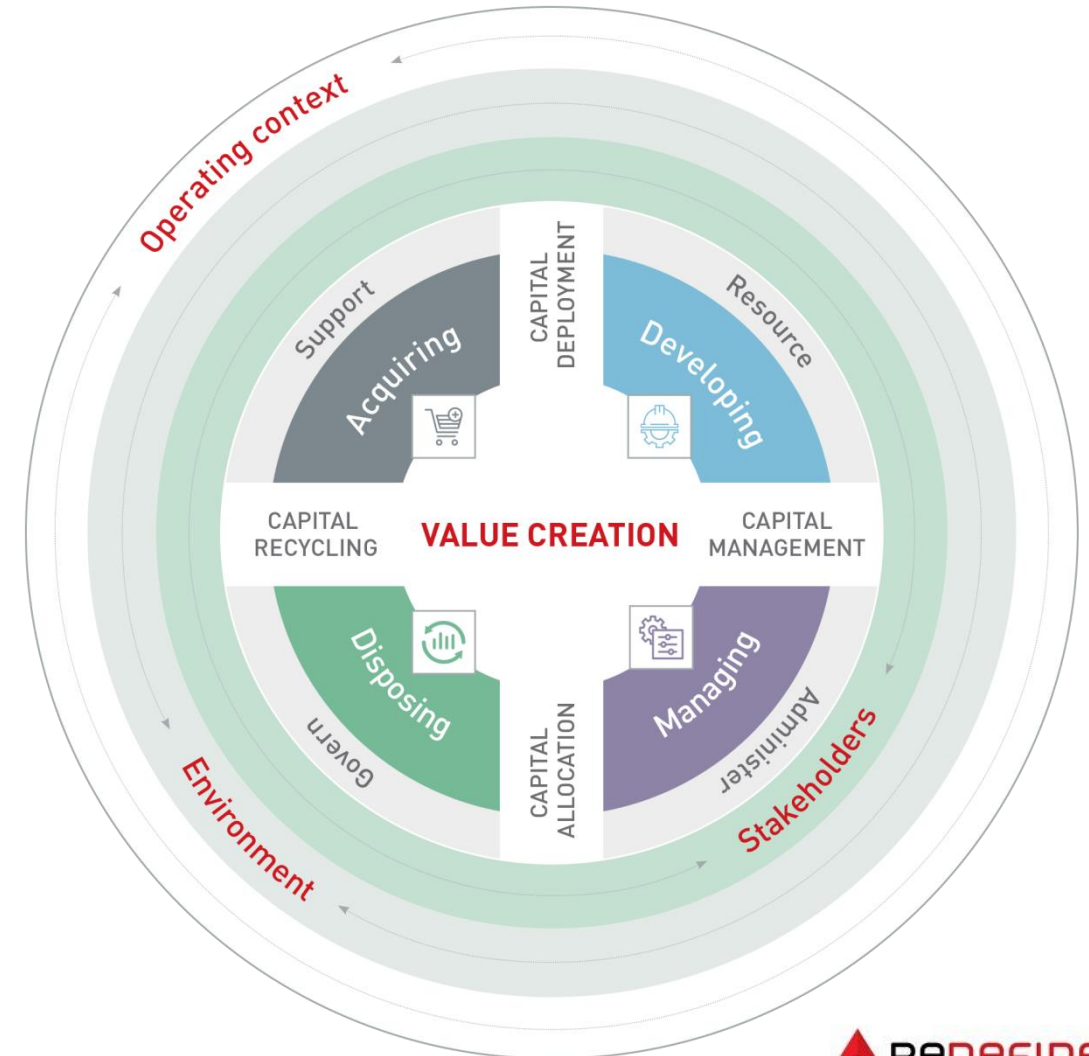
We see value as more than financial returns

Our vision is to be the **best SA REIT**

Our mission is to deliver **sustained value** to all our stakeholders




Our **people centric** strategy is what sets us apart

It's not about what we do – it is a matter of **being different** at what we do



## ESG highlights

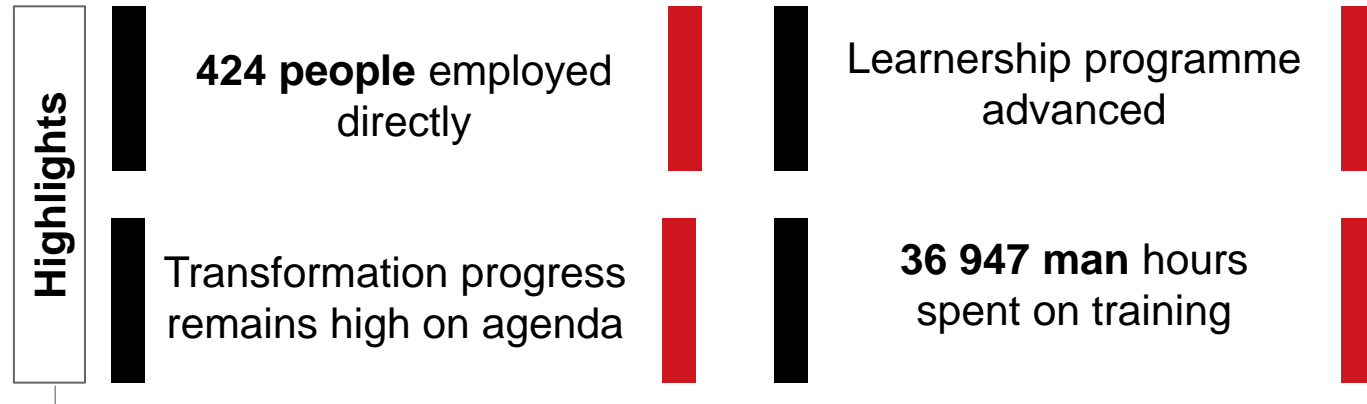
### Good corporate citizenship underpins sustainability

	<p><b>Environment</b></p> <p>Total installed solar PV capacity now <b>7 807 kWp</b></p>	<p>Increased Green Star SA certifications on existing buildings <b>from 10 to 29</b></p>	<p>Black River Park won an award for sustainable <b>Facilities Management</b> at the SA Facilities Management Association Awards</p>
	<p><b>Social</b></p> <p>Invested more than <b>R12 million in training and development</b></p>	<p>Maintained a BBBEE* <b>level 3 rating</b></p>	<p>Launched <b>“The Mentorship Challenge with Marc Wainer”</b> – a first ever programme that aims to mobilise leaders across business sectors to get involved in addressing the “leadership crisis” by mentoring the youth of our country</p>
	<p><b>Governance</b></p> <p><b>ESG feedback and engagement sessions</b> were held during the year to understand investors’ take on our approach to ESG</p>	<p>Balanced approach to risk management and commercial decisions</p>	<p><b>Refined roles and composition</b> of Board to further our transformation objectives</p>

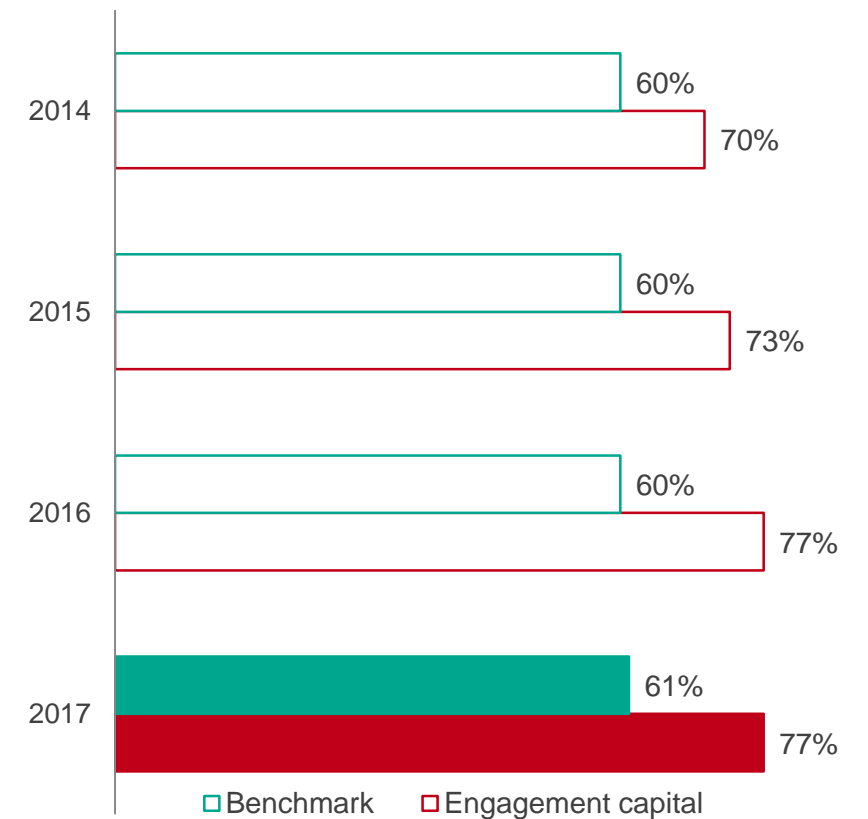
\*Under existing BBBEE codes

# Our people

## Our key resource and strategic differentiator



### HIGH LEVEL OF ENGAGEMENT MAINTAINED



### Performance as employer brand (as rated by the Top Employer Institute)



# Integrated stakeholder engagement strategy

Driving a consistent experience for all stakeholders at every touchpoint

## Key stakeholders

- Investors
- Employees
- Tenants
- Brokers
- Suppliers / service providers
- Communities in which we operate

## Engagement strategies

- Translate our brand promise, into tailor made value propositions for each stakeholder
- Action plans that drive consistent experiences at each touchpoint
- Communicate delivery on each value proposition

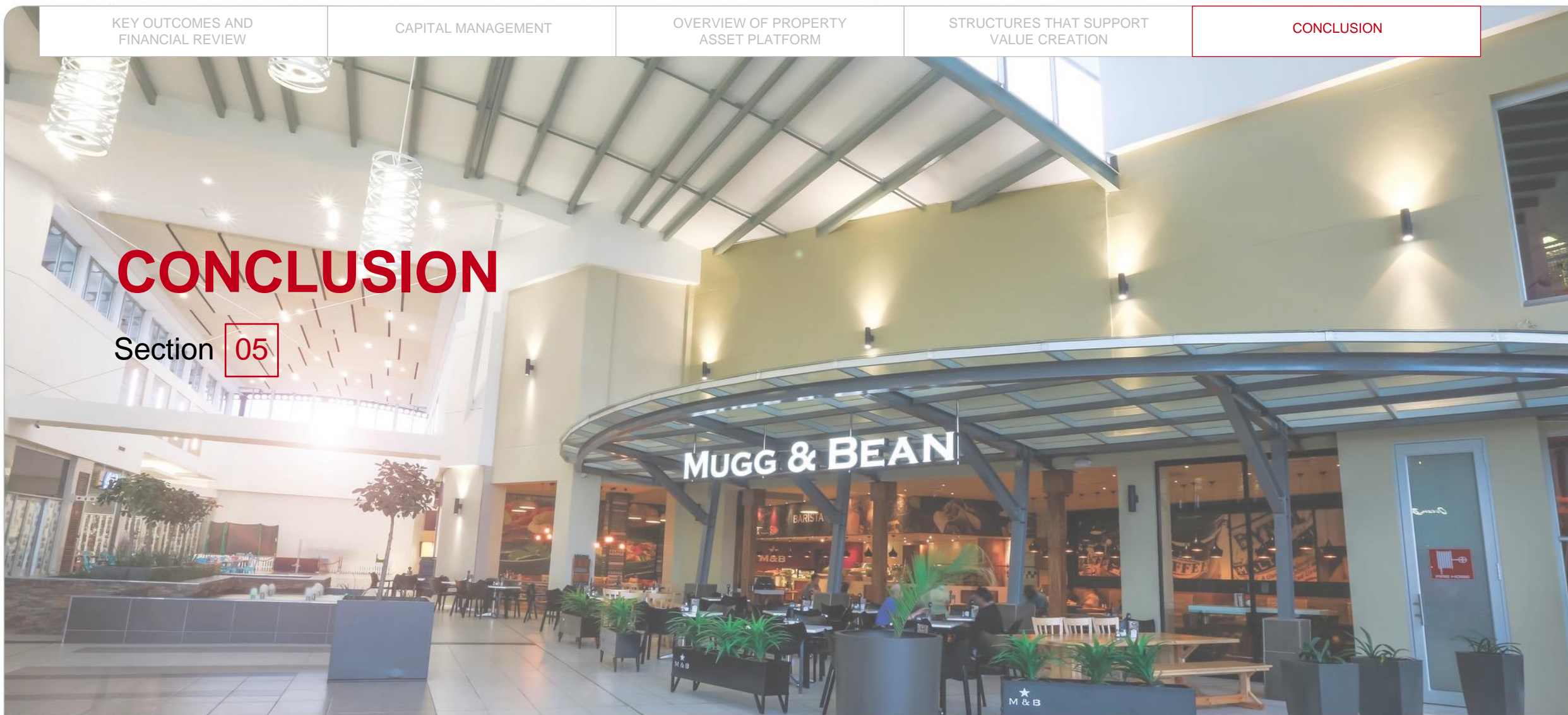
## Our 2018 strategic intervention

- Customer experience management



# CONCLUSION

Section 05



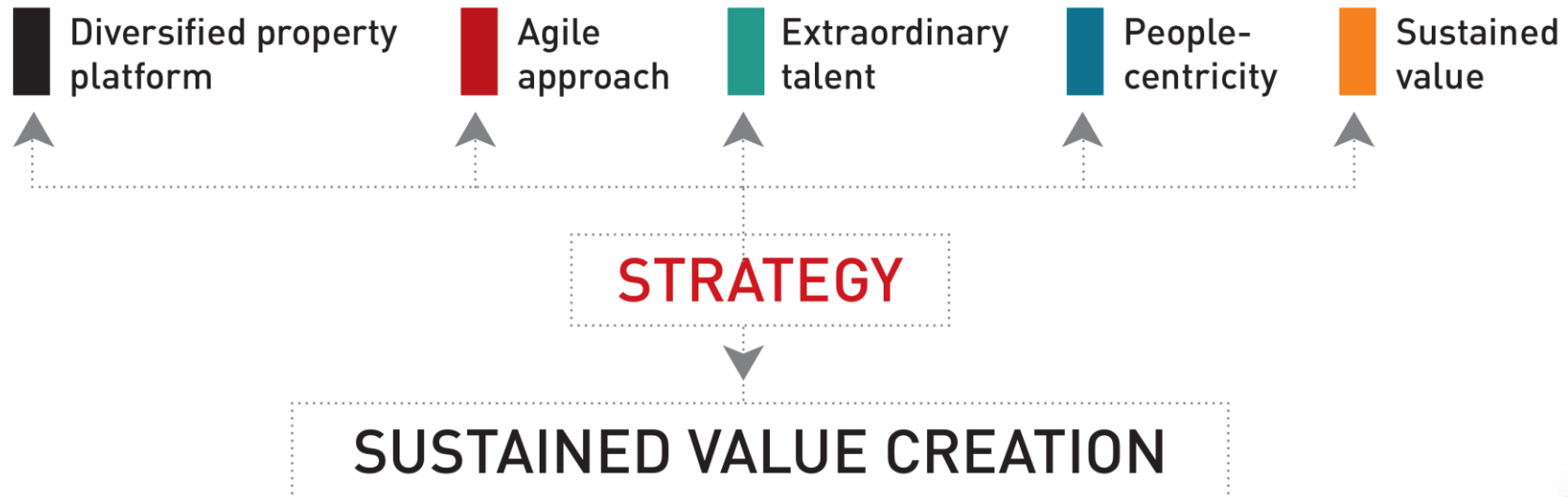
# Our investor value proposition

A highly liquid entry point to gain exposure to local and offshore real estate markets

## Our promise

We know that **top investors see great strategy** beyond the brick and mortar  
They see it **in our results** through an astute, investor-driven strategy  
*A strategy that informs our value proposition for our investors*

## What we offer



# Outlook

A strategy that is geared to deliver sustained growth through property cycles

## In summary

Our strategic approach has been adapted to cope in a slow-growth, subdued confidence environment

We will continue to actively manage the variables we can control

- Uphold living Redefine's values
- Maintain alignment throughout the business
- Deepen our unique approach to relationships
- Focus on what matters most

## Prospects

- 2018 distribution per share anticipated to grow between 5% and 6%

With all our **HEADS UP, HEARTS IN and HANDS ON** and your continued backing, we will realise our vision

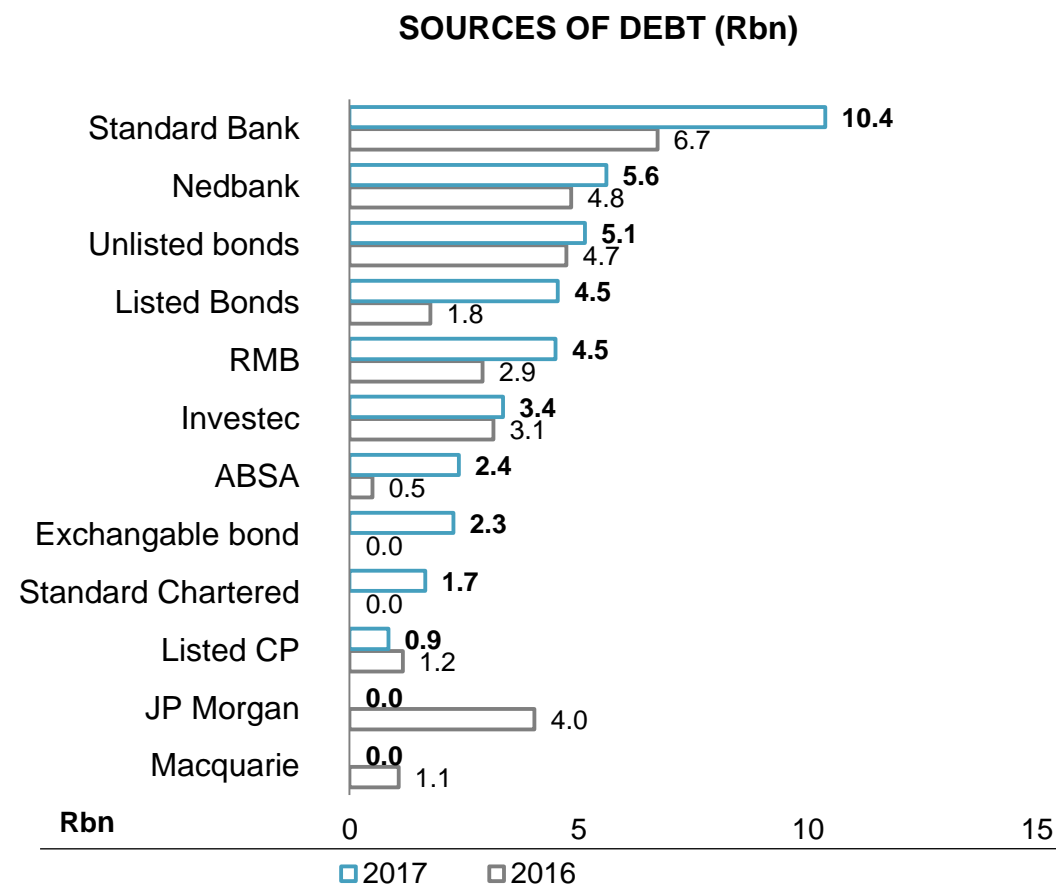


# SUPPLEMENTARY INFORMATION

ADVOCATES  
2  
PYBUS

# Funding profile

Funding snapshot	Aug 2017 Rbn	Aug 2016 Rbn
Bank borrowings	27.1	25.2
Debt capital markets	5.4	2.9
Foreign listed bond	2.3	-
<b>Total debt</b>	<b>34.8</b>	<b>28.1</b>
Loan to value ratio	41.2%	38.5%
Average term of debt	2.5 years	2.2 years
% of debt secured	68%	54%
% of assets secured	63%	56%
Weighted average cost of ZAR debt	9.1%	8.8%
Weighted average cost of foreign debt	2.7%	3.8%
Weighted average cost of total debt	7.3%	7.7%
% of debt hedged	88.7%	79.7%
Average term of hedges	2.7 years	2.2 years
Interest cover ratio	3.6	4.3



Moody's credit rating refreshed during July 2017, affirmed global scale rating Baa3 and national scale rating Aa1.za

## Active portfolio expenditure analysis

	2017 Rm	Change %
<b>2016 Property costs</b>	<b>752</b>	
Property admin costs: increased due to greater staff complement	29	20.4%
Operating cost increases across the portfolio	28	9.5%
Bad debt provision up from a low base	8	95.9%
Tenant installation costs are deal driven	7	21.3%
Letting commission are deal driven	5	31.5%
Repairs & maintenance down from a high base and reinstatement recoveries in prior year	(3)	-3.9%
Management fees down due to reallocation to internal staff	(6)	-17.4%
Net municipal costs benefiting from improved recoveries and rates credits	(10)	-6.8%
Net electricity recoveries substantially improved benefiting from improved metering and solar PV	(33)	-88.5%
<b>2017 Property costs</b>	<b>777</b>	<b>3.3%</b>

## International income analysis

	2017 Rm	2016 Rm
Echo Polska Properties N.V.	467	92
Cromwell Property Group	368	374
Redefine International PLC	287	372
German portfolio	53	84
CPT – Northpoint	78	63
Pivotal – Oanda Wings	29	0
Pivotal – Mara Delta	22	0
Spain	11	0
International Hotel Group	9	17
Bondi	0	273
Realised foreign gains	287	13
USD funding costs	(10)	0
GBP funding costs	(68)	(52)
EUR funding costs	(95)	(72)
AUD funding costs	(122)	(140)
	<b>1 316</b>	<b>1 024</b>

## Simplified statement of financial position

	2017			2016		
	Local Rbn	International Rbn	Group Rbn	Local Rbn	International Rbn	Group Rbn
Property assets	68.1	16	84.1	56.3	16.3	72.6
Goodwill & Intangible assets	5.8	-	5.8	5.3	-	5.3
Other assets	1.5	-	1.5	1.8	-	1.8
<b>Total assets</b>	<b>75.4</b>	<b>16</b>	<b>91.4</b>	<b>63.4</b>	<b>16.3</b>	<b>79.7</b>
Shareholders interest	53.8	-	53.8	49.6	-	49.6
Interest bearing borrowings	23.8	11.1	34.9	18.8	9.4	28.2
<b>Total funding</b>	<b>77.6</b>	<b>11.1</b>	<b>88.7</b>	<b>68.4</b>	<b>9.4</b>	<b>77.8</b>
Deferred tax and other liabilities	2.8	0.1	2.9	2	-	2
<b>Total equity and liabilities</b>	<b>80.4</b>	<b>11.2</b>	<b>91.6</b>	<b>70.4</b>	<b>9.4</b>	<b>79.8</b>

## Reconciliation of property assets

	Rm
<b>2016 Property assets</b>	<b>72 687</b>
Deployment of capital	17 862
Disposals	(4 613)
Impairments	(1 218)
Fair value adjustments	702
IFRS write down of Delta	(415)
Foreign exchange adjustments	(1 729)
Net equity accounted profit	600
Other	272
<b>2017 Property assets</b>	<b>84 148</b>

## Abridged statements of cash flow

	2017 Rm	2016 Rm
Cash generated from operations	4 671	4 495
Interest received	622	596
Interest paid	(2 644)	(2 125)
Taxation paid	(67)	(112)
Net cash Inflow from operating activities	2 582	2 854
Net cash inflow / (outflow) from investing activities	1 074	(7 359)
Net cash (outflow) / inflow from financing activities	(3 782)	4 737
Net movement in cash and cash equivalents	(126)	233
Cash and cash equivalents at beginning of year	208	130
Translation effects on cash and cash equivalents of foreign operations	99	(154)
Cash and cash equivalents at end of year	181	208

## Active portfolio revenue growth

Growth analysis	Office	Retail	Industrial	Total
Active portfolio average rental escalation	7.7%	7.4%	7.8%	7.6%
Renewals plus new lets net of expiries	-4.8%	-4.0%	-0.4%	-3.6%
Growth in rental income	2.9%	3.4%	7.4%	4.0%
Growth in other income	0.7%	-0.1%	-0.1%	-0.1%
<b>Growth in 2017 active portfolio revenue</b>	3.6%	3.3%	7.3%	4.1%
Vacancy August 2016	13.8%	5.1%	4.4%	7.4%
<b>Vacancy August 2017</b>	<b>12.3%</b>	<b>5.9%</b>	<b>6.2%</b>	<b>7.8%</b>
Vacant properties under redevelopment	0.3%	2.4%	0.8%	1.1%
Vacant properties held for sale	3.9%	0.2%	2.1%	2.1%
<b>Active vacancy August 2017</b>	<b>8.1%</b>	<b>3.3%</b>	<b>3.3%</b>	<b>4.6%</b>
New lets post August 2017	0.6%	2.0%	1.6%	1.5%
<b>Current vacancy</b>	<b>7.5%</b>	<b>1.3%</b>	<b>1.7%</b>	<b>3.1%</b>

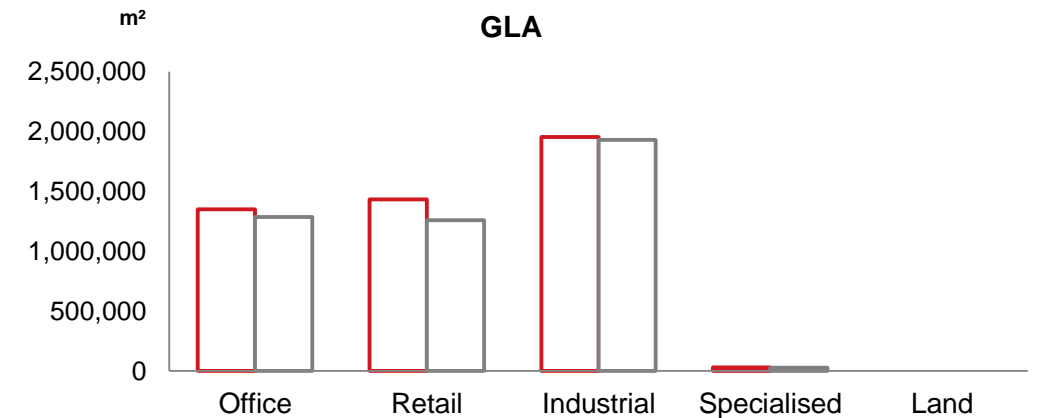
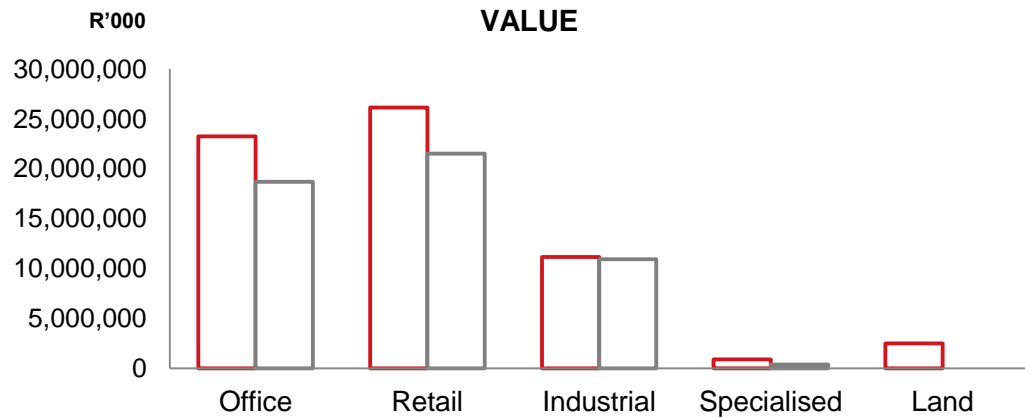


## Local portfolio overview

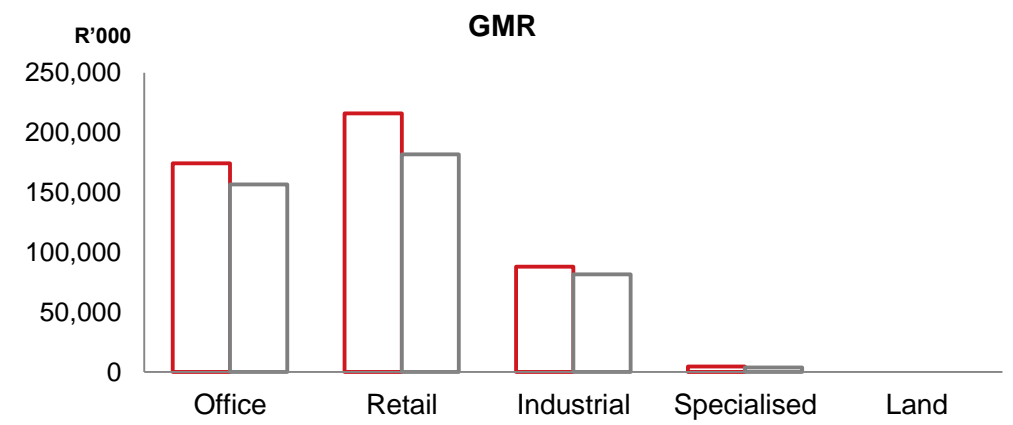
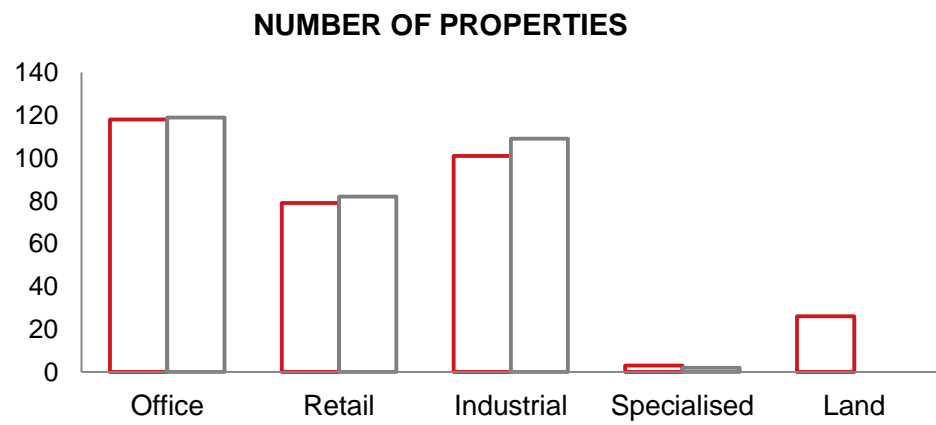
Description	Office	Retail	Industrial	Specialised	Land	Total 2017	Total 2016
Number of properties	118	79	101	4	25	327	312
Total GLA (m <sup>2</sup> ) (million)	1.4	1.4	2.0	0.03	-	4.8	4.5
Vacancy (%) active*	8.1	3.3	3.3	-	-	4.6	4.9
Vacancy (%) total	12.3	5.9	6.2	4.5	-	7.8	7.4
Asset Value (R billion)	23.3	26.2	11.2	1.0	2.4	64.0	51.7
Average property value (R'm)	183	287	107	304	96	182	164
Value as % of portfolio	36	41	17	2	4	100	100
Average gross rent per m <sup>2</sup> ( R )	147	160	48	159	-	128	94
Weighted average retention rate by GLA (%)	87	94	95	100	-	93	92
Weighted average renewal rental growth by GLA (%)	0.1	2.0	5.6	-	-	1.7	4.5
Weighted average portfolio escalation by GMR (%)	7.7	7.4	7.7	8.4	-	7.6	-
Weighted average lease period by GMR (years)	3.3	3.7	5.1	4.0	-	3.8	-
Weighted average portfolio escalation by GLA (%)	7.7	6.9	7.7	7.9	-	7.5	7.5
Weighted average lease period by GLA (years)	3.1	4.1	5.4	3.8	-	4.4	3.8

\* Excludes properties held for sale and under development and Respublica

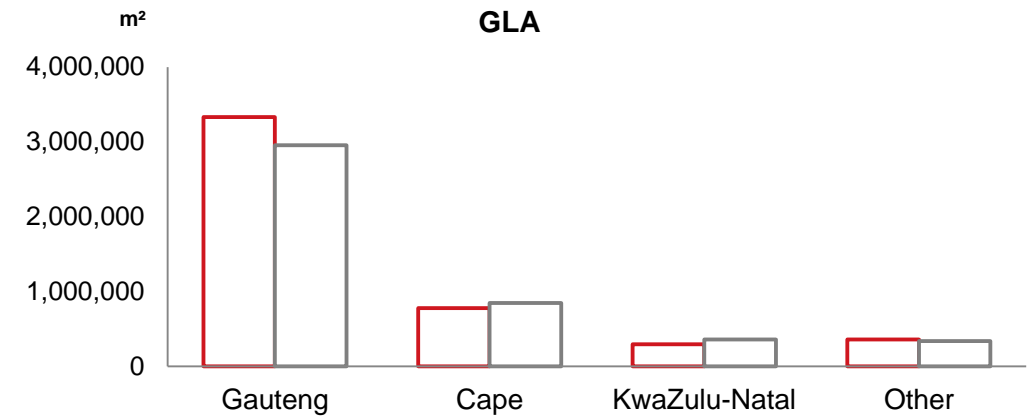
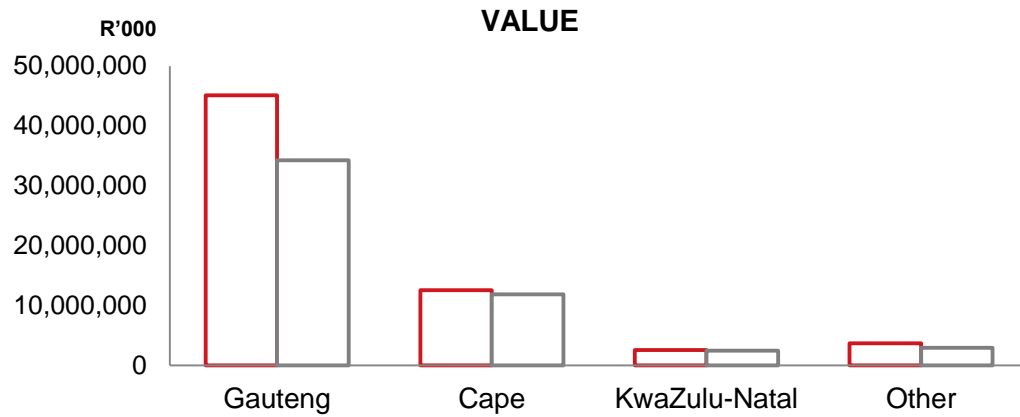
# Sectoral portfolio split



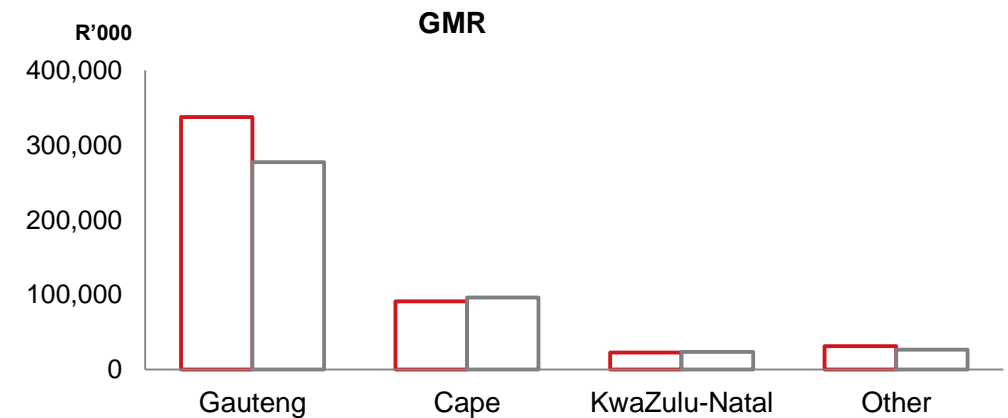
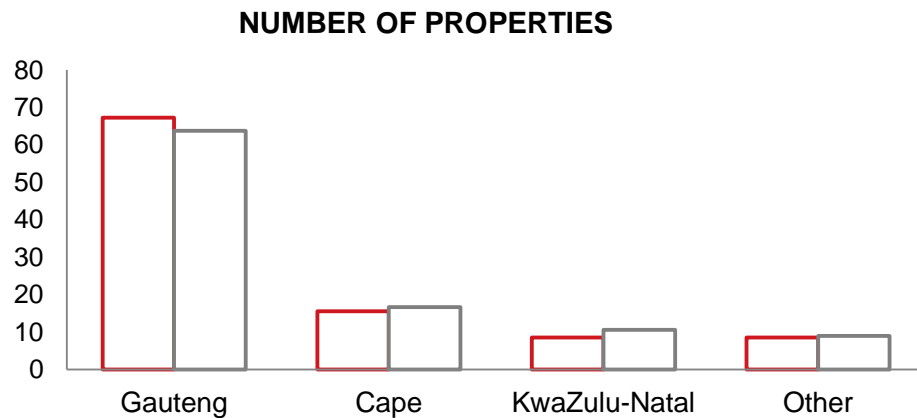
2017 2016



# Geographical portfolio split

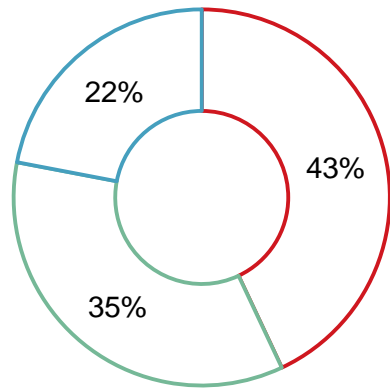


2017 2016



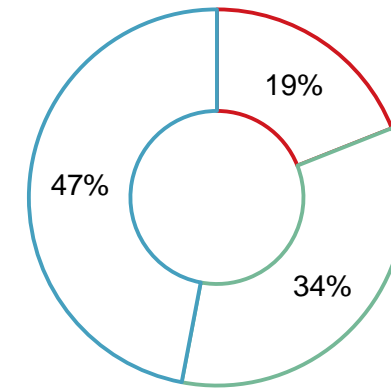
# Office sector

VALUE BY GRADE (%)

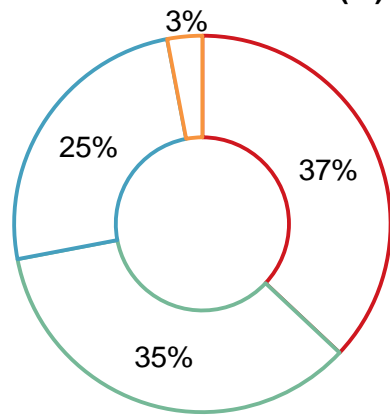


- Premium
- A Grade
- Secondary

VACANCY BY TYPE (%)

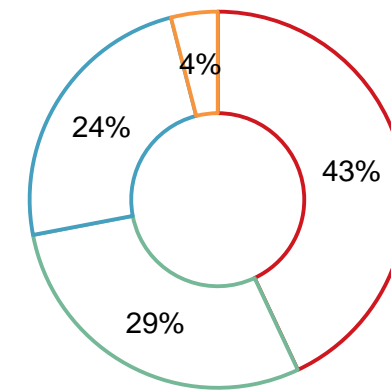


VALUE BY LOCATION (%)



- \* Gauteng
- Sandton
- Cape
- KwaZulu-Natal / Other

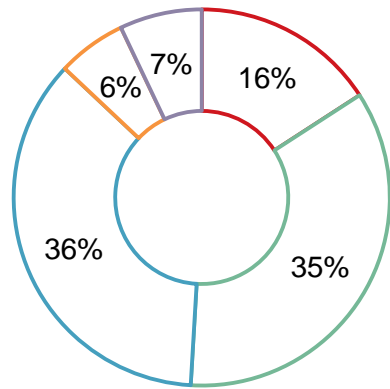
GMR BY LOCATION (%)



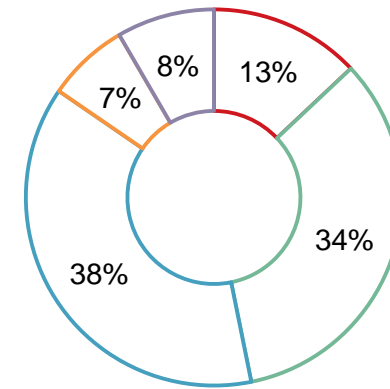
\*Excludes Sandton

# Retail sector

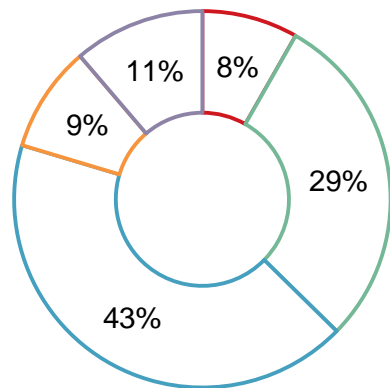
VALUE BY TYPE (%)



GMR BY TYPE (%)

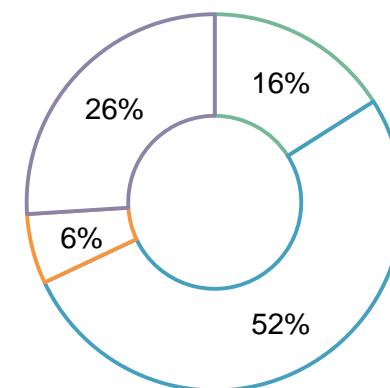


GLA BY TYPE (%)



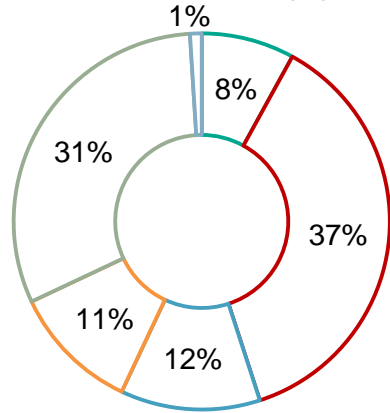
- Super Regional
- Community / Small Regional
- Neighbourhood
- Regional
- Other

VACANCY BY TYPE (%)

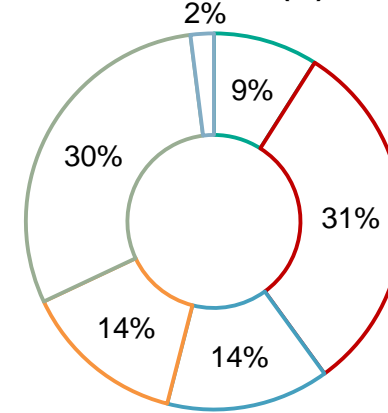


# Industrial sector

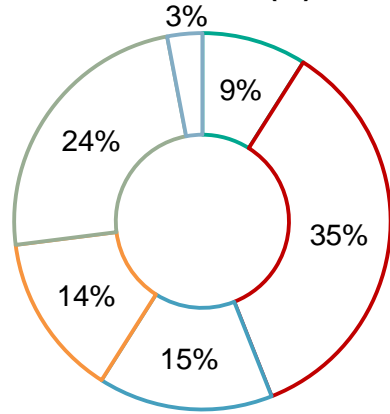
VALUE BY TYPE (%)



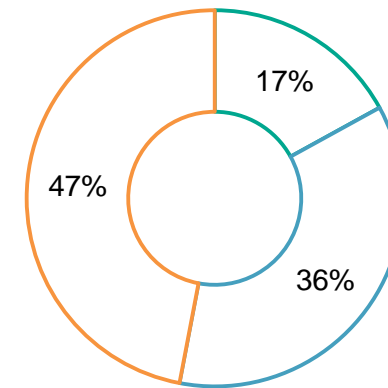
GMR BY TYPE (%)



GLA BY TYPE (%)



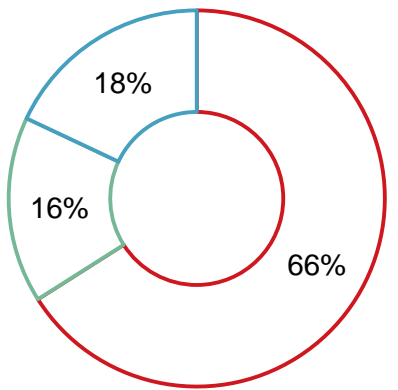
VACANCY BY TYPE (%)



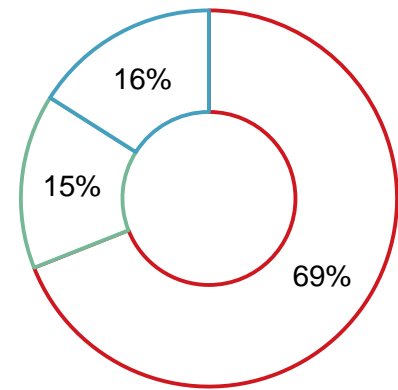
- Warehousing
- Light Manufacturing
- Modern Logistics
- Heavy Grade Industrial
- Industrial Units
- Other

# Tenant grading

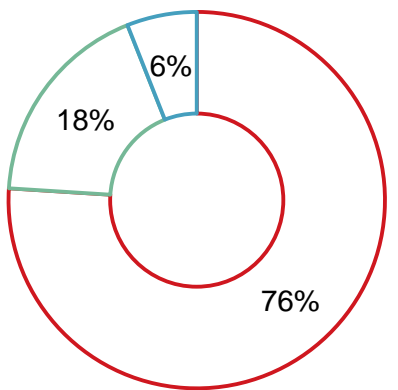
OFFICE (%)



RETAIL (%)



INDUSTRIAL (%)



- A Grade
- B Grade
- C Grade

## Top 10 office properties and tenants

Property	Region	Value (R'000)	GLA m <sup>2</sup>	Tenant	GLA m <sup>2</sup>
Alice Lane	Gauteng	2 588 900	70 758	Government	164 231
90 Rivonia Road	Gauteng	1 150 000	39 864	Standard Bank	50 728
Black River Office Park	Western Cape	1 113 694	52 735	Discovery Health	42 334
The Towers	Western Cape	1 086 000	59 358	Webber Wentzel	34 883
115 West Street *	Gauteng	830 000	20 546	Bowman	22 000
Riverside Office Park	Gauteng	550 000	25 130	Alexander Forbes Limited	20 546
Ballyoaks Office Park	Gauteng	527 500	23 410	Murray & Roberts	19 166
Thibault Square	Western Cape	518 499	30 567	Sanlam	15 423
90 Grayston Drive	Gauteng	510 000	19 886	Amazon Development Centre	15 114
155 West Street	Gauteng	470 000	24 501	Medscheme	14 397
<b>Total</b>		<b>9 344 592</b>	366 755	Total	<b>398 822</b>
Balance of portfolio		<b>13 913 389</b>	983 902	Balance of portfolio	<b>951 836</b>
<b>Total portfolio</b>		<b>23 257 981</b>	1 350 657	Total portfolio	<b>1 350 657</b>
% of total office portfolio		<b>40</b>	27	% of total office portfolio	<b>30</b>

\* Redefine's share



## Top 10 retail properties and tenants

Property	Region	Value (R'000)	GLA m <sup>2</sup>	Tenant	GLA m <sup>2</sup>
Centurion Mall	Gauteng	4 136 000	118 533	Shoprite	138 290
Blue Route Mall	Western Cape	1 410 890	55 496	Edcon	113 559
East Rand Mall *	Gauteng	1 329 700	34 389	Pick 'n Pay	113 036
Kenilworth Centre	Western Cape	1 288 100	53 387	Steinhoff Group	83 978
Golden Walk	Gauteng	1 066 500	45 251	Woolworths	70 105
Matlosana Mall	North West	1 055 300	64 968	Massmart	59 416
Centurion Lifestyle	Gauteng	950 600	56 350	Mr Price	44 387
N1 City Mall *	Western Cape	881 600	37 523	Foschini	43 976
The Boulders Shopping Centre	Gauteng	843 900	48 890	Government	28 895
Maponya Mall *	Gauteng	795 024	36 491	Virgin Active	25 908
<b>Total</b>		<b>13 757 614</b>	<b>551 278</b>	<b>Total</b>	<b>721 551</b>
Balance of portfolio		<b>12 394 539</b>	890 173	Balance of portfolio	<b>719 900</b>
<b>Total portfolio</b>		<b>26 152 153</b>	<b>1 434 680</b>	<b>Total portfolio</b>	<b>1 434 680</b>
% of total retail portfolio		<b>53</b>	38	% of total retail portfolio	<b>50</b>

\* Redefine's share

## Top 10 industrial properties and tenants

Property	Region	Value (R'000)	GLA m <sup>2</sup>	Tenant	GLA m <sup>2</sup>
Macsteel	Various	3 437 850	552 641	MacSteel	552 641
Pepkor Isando	Gauteng	833 500	107 017	Steinhoff Group	167 647
Robor	Gauteng	646 000	120 277	Robor	120 277
Cato Ridge DC	KwaZulu-Natal	306 371	50 628	Dawn	44 138
Wingfield Park	Gauteng	300 000	56 486	General Motors South Africa	38 515
Dawn *	Gauteng	299 000	22 069	Massmart	32 355
GM - COEGA	Eastern Cape	220 391	38 515	Shoprite	30 148
34 Wrench Road	Gauteng	189 700	24 452	Ferreiras	25 732
Mifa Industrial Park	Gauteng	188 100	35 309	Kintetsu World Express (SA)	24 147
Ushukela Industrial Park	KwaZulu-Natal	177 005	27 226	CIBA Packaging	23 803
<b>Total</b>		<b>6 597 917</b>	1 034 620	Total	<b>1 059 403</b>
Balance of portfolio		<b>4 583 216</b>	922 168	Balance of portfolio	<b>895 031</b>
<b>Total portfolio</b>		<b>11 181 133</b>	1 954 434	Total portfolio	<b>1 954 434</b>
% of total industrial portfolio		<b>59</b>	53	% of total industrial portfolio	<b>54</b>

\* Redefine's share

## Specialised properties

Property	Region	Value (R'000)
Hatfield Square	Gauteng	517 500
Bedford Gardens Hospital	Gauteng	331 676
Park Central	Gauteng	116 500
Southern Sun O.R. Thambo Int. Airport	Gauteng	62 454
<b>Total</b>		<b>1 028 130</b>
Balance of portfolio		-
<b>Total portfolio</b>		<b>1 028 130</b>
% of total specialised portfolio		100

# Land

Property	Region	Value (R'000)	Bulk m <sup>2</sup>
S & J Industrial*	Gauteng	637 670	975 339
Atlantic Hills*	Western Cape	161 150	250 000
Cornubia	KwaZulu-Natal	287 931	97 451
Wilgespruit	Gauteng	132 500	45 000
Brackengate:	Western Cape		
- Mainland, Phase 2		121 663	279 120
- Stikland		81 546	115 690
- Triangle		14 941	33 598
<b>Total</b>		<b>1 437 401</b>	<b>1 796 198</b>

\* Redefine's share

## Vacancy profile

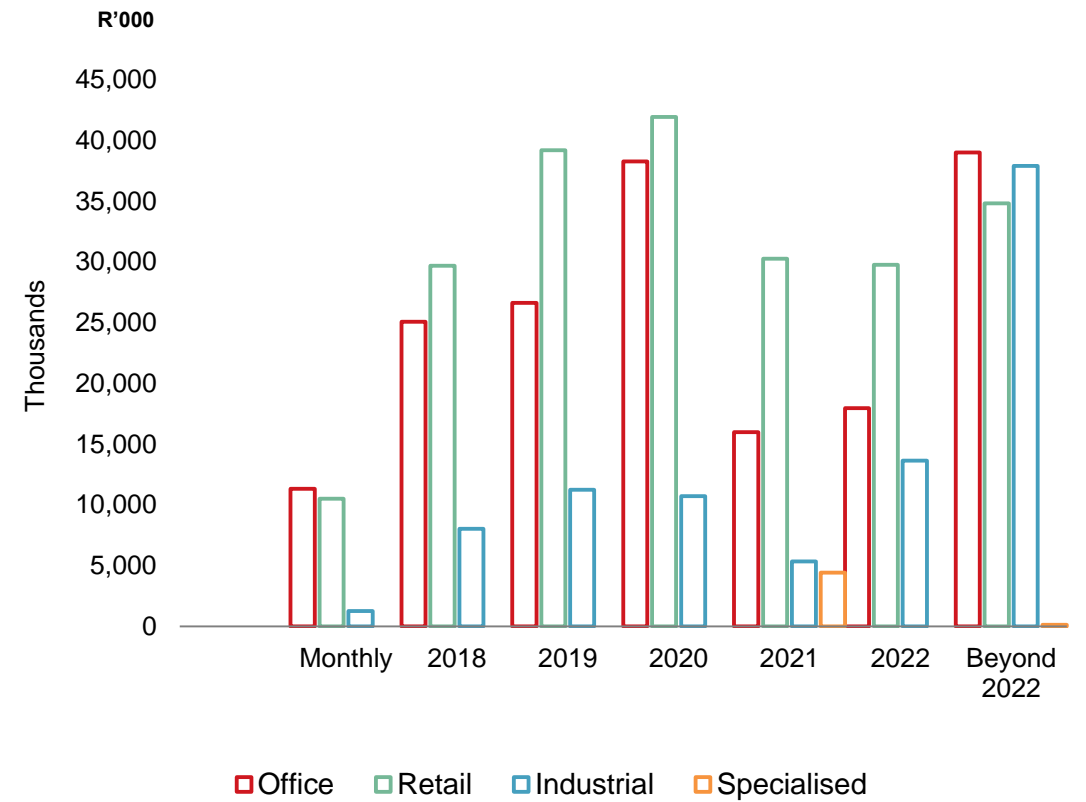
	Office GLA m <sup>2</sup>	Retail GLA m <sup>2</sup>	Industrial GLA m <sup>2</sup>	Specialised GLA m <sup>2</sup>	Total GLA m <sup>2</sup>
Gauteng	140 160	57 408	109 957	1 332	308 856
Cape	9 800	7 041	5 210	-	22 051
KwaZulu-Natal	2 279	3 644	4 622	-	10 545
Other	13 495	15 953	607	-	30 055
<b>Total</b>	165 734	84 046	120 396	1 332	371 508
Vacancy %	12.3	5.9	6.2	4.5	7.8
Vacancy excluding held for sale or under development	8.1	3.3	3.3	-	4.6
<b>Total GLA</b>	1 350 657	1 434 680	1 954 434	29 858	4 769 629

# Lease expiry profile

BY GLA



BY GMR



## Acquisitions transferred between 1 September 2016 and 31 August 2017

Property	Province	Sector	Date of transfer	Purchase price (R'000)	Yield
R300 Land - 50.1% <sup>(1)</sup>	Western Cape	Land	27-Sep-16	155 616	N/A
Pivotal Fund Ltd <sup>(2)</sup>	Various	Various	01-Sep-16	10 649 399	7.34%
Ptn 20 of Erf 28 Cornubia <sup>(3)</sup>	KwaZulu Natal	Land	01-Dec-16	83 201	N/A
Litha Medical <sup>(4)</sup>	Gauteng	Industrial	01-Feb-17	85 000	9.53%
Galleria - Erf 221 Rosebank	Gauteng	Office	12-May-17	125 000	N/A
Constantia Kloof (20% share) <sup>(5)</sup>	Gauteng	Office	12-Jul-17	60 000	12.39%
<b>Grand Total</b>				<b>11 158 216</b>	<b>7.39%</b>

1. Numbers as shown are for 50.1%. Redefine has also provided vendor funding to VDMV for the acquisition of the land and the development

2. Financial effective date of 1 Sep 16. Purchase price shown is the total asset value of Pivotal's South African Income Producing, Land and Development portfolios as at 31 Aug 16 as per their audited financials that have not been adjusted for debt and excludes its Africa investments and other company level assets such as loan receivables, interest rate swaps and deferred tax. The 'NOI' and 'Yield' shown is based on a yield for the SA Income Producing Portfolio in isolation. The 'R/m2' shown is for the SA Income Producing Portfolio and excludes Africa investments, land and developments in progress

3. Land acquisition to facilitate the development of an industrial facility for Hirt & Carter

4. The property has been acquired as part of the transaction to develop a new industrial facility for Hirt & Carter at Ptn 20 of Erf 28 Cornubia

5. Numbers shown are for 20% share. Redefine previously owned the remaining 80% share

## Disposals transferred between 1 September 2016 and 31 August 2017

Property	Province	Sector	Expected / Date of transfer	Selling price (R'000)	Yield
320 West Street - Office Component <sup>(1)</sup>	KwaZulu Natal	Office	13-Sep-16	64 025	5.06%
101 Market Street	Gauteng	Retail	14-Sep-16	34 300	12.61%
Argyle Centre	KwaZulu Natal	Retail	06-Oct-16	63 437	10.35%
Cosmopolitan House	Gauteng	Office	11-Oct-16	24 375	5.65%
74 Lorne Street	KwaZulu Natal	Office	13-Oct-16	26 000	15.96%
Pinetown 1	KwaZulu Natal	Retail	04-Nov-16	51 161	12.51%
Pinetown 2	KwaZulu Natal	Retail	04-Nov-16	14 701	11.53%
Lakeside Place	Gauteng	Office	29-Nov-16	11 000	16.62%
2 Arnold Road	Gauteng	Office	01-Dec-16	73 500	0.00%
Makhado Crossing	Limpopo	Retail	12-Dec-16	120 000	9.77%
2 Rissik Street	Gauteng	Office	07-Feb-17	32 340	1.71%
The Pritchard Street Trust	Gauteng	Retail	20-Mar-17	172 375	10.29%
222 Smit Street	Gauteng	Office	23-Mar-17	95 000	10.66%
Aria Portfolio <sup>(2)</sup>	Various	Various	05-Apr-17	409 300	10.52%
Matlotlo House	Gauteng	Office	24-Apr-17	27 000	2.08%
Glenashley Views	KwaZulu Natal	Retail	11-May-17	27 000	11.54%
Pier Place	Western Cape	Office	30-Jun-17	180 000	0.00%
African City	Gauteng	Retail	11-Jul-17	28 220	9.87%
Capital Centre	KwaZulu Natal	Retail	12-Jul-17	88 500	11.92%
City Centre	Western Cape	Retail	31-Aug-17	56 840	9.30%
Isando vacant land	Gauteng	Land	31-Aug-17	124 000	0.00%
<b>Grand Total</b>				<b>1 723 074</b>	<b>7.84%</b>

<sup>1</sup> Redefine to retain the retail component and sell the office component on a sectional title basis. Purchaser will take a head lease over the office component for a period of 12 months prior to sectionalisation

<sup>2</sup> Portfolio includes 12 Nourse Avenue, Edgars Wynberg, Standard Bank George, Berg River Park and Maynard Mall

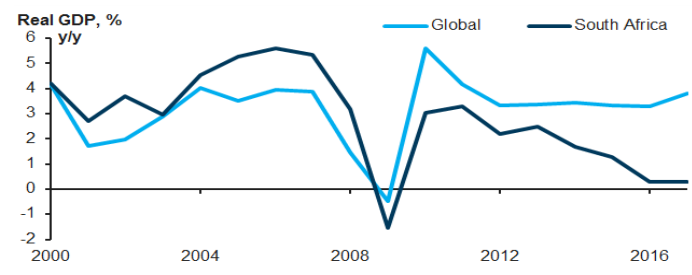
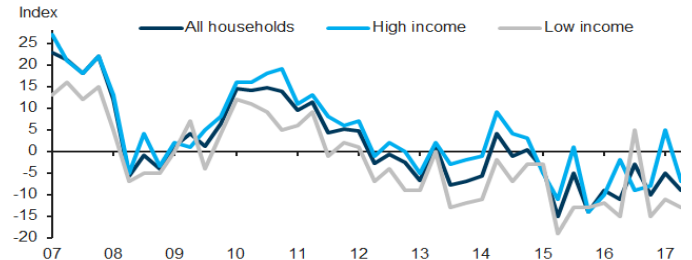
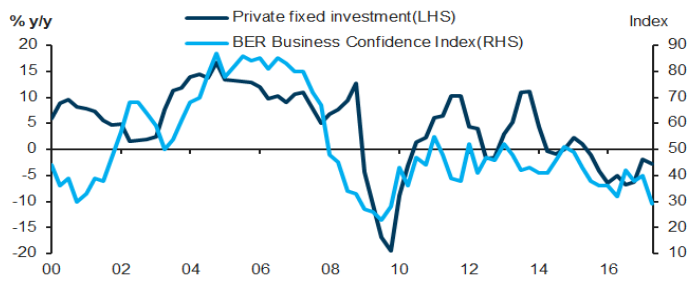


## Development activity

Development activity by sector	Completed developments (R'000)	Active developments (R'000)	Committed future projects (R'000)
Office	1 537 921	1 187 650	1 003 713
Industrial	404 112	1 369 283	772 736
Retail	1 127 478	714 556	325 552
Specialised	89 552	1 979 659	891 751
<b>Total</b>	<b>3 159 063</b>	<b>5 251 148</b>	<b>2 993 752</b>

# The macro environment

## OPERATING CONTEXT



Source: ABSA

## Top risks

- Uncertainty and impact from potential for further sovereign credit downgrades
- Prolonged sluggish or negative economic growth
- Impact of disruptive technologies
- Financial market volatility
- Mis-alignment with international (in-country) partners
- Lack of sustainable growth in total return
- Inability to achieve transformation targets
- Increased competition for capital, tenants and assets
- Failure to comply with local and international laws and regulations
- Utility supply failure
- Damage to property and security related threats

# Direct investment in Poland - transaction overview

## The consortium

- Redefine 25%, Pimco 37.5% and Oaktree Capital 37.5%

## The portfolio

- Shopping center portfolio comprising 9 mid-market hypermarket-anchored properties with a GLA of 383 000m<sup>2</sup>
- Power Park portfolio comprising 4 properties anchored by big box retailers with a GLA of 114 000m<sup>2</sup>
- Hypermarket portfolio comprising 12 hypermarkets with small line shop retail components with a GLA of 181 000m<sup>2</sup>
- DIY portfolio comprising 3 standalone stores with GLA of 26 000m<sup>2</sup>

## Sale to EPP

- The consortium has concluded agreement to sell 12 properties to EPP for €692 million
- Portfolio comprises 8 hypermarket properties and 4 retail parks
- Sale will occur in 3 tranches as and when properties are stabilised

## Transaction metrics

- Initial equity requirement for the consortium circa €232 million
- Redefine's 25% equity consideration €58m
- Anticipated average initial income yield of the portfolio 7.7%

## Timing

**The transaction is subject to sensitive negotiations, which are anticipated to be concluded in the first half of 2018**