



BANK OF AMERICA MERRILL LYNCH
19TH ANNUAL SUN CITY
CONFERENCE 2018

Creating sustained value for all stakeholders



We're not landlords. We're people.

Our conversation

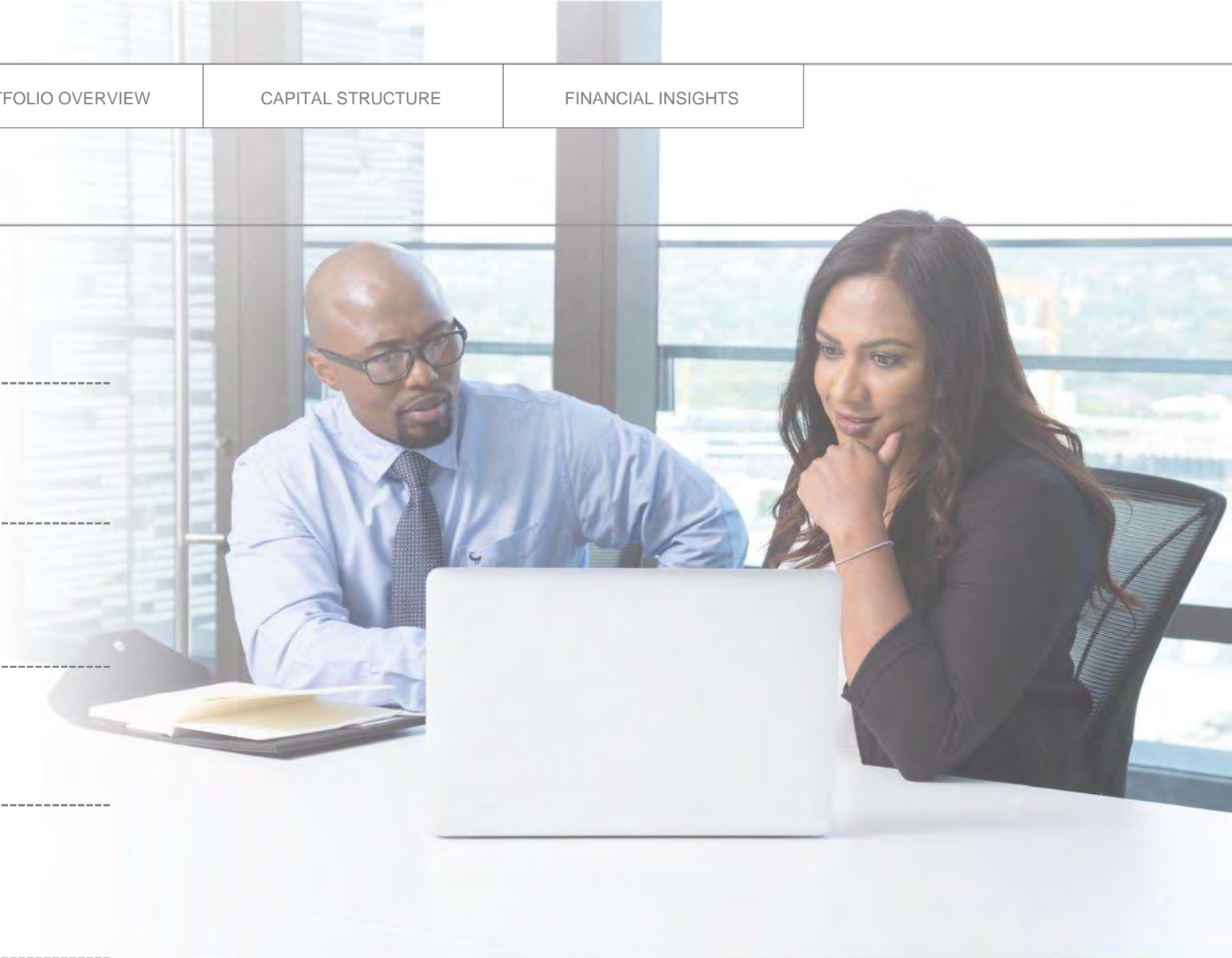
Section **01** COMPANY OVERVIEW

Section **02** STRATEGIC FOCUS

Section **03** PORTFOLIO OVERVIEW

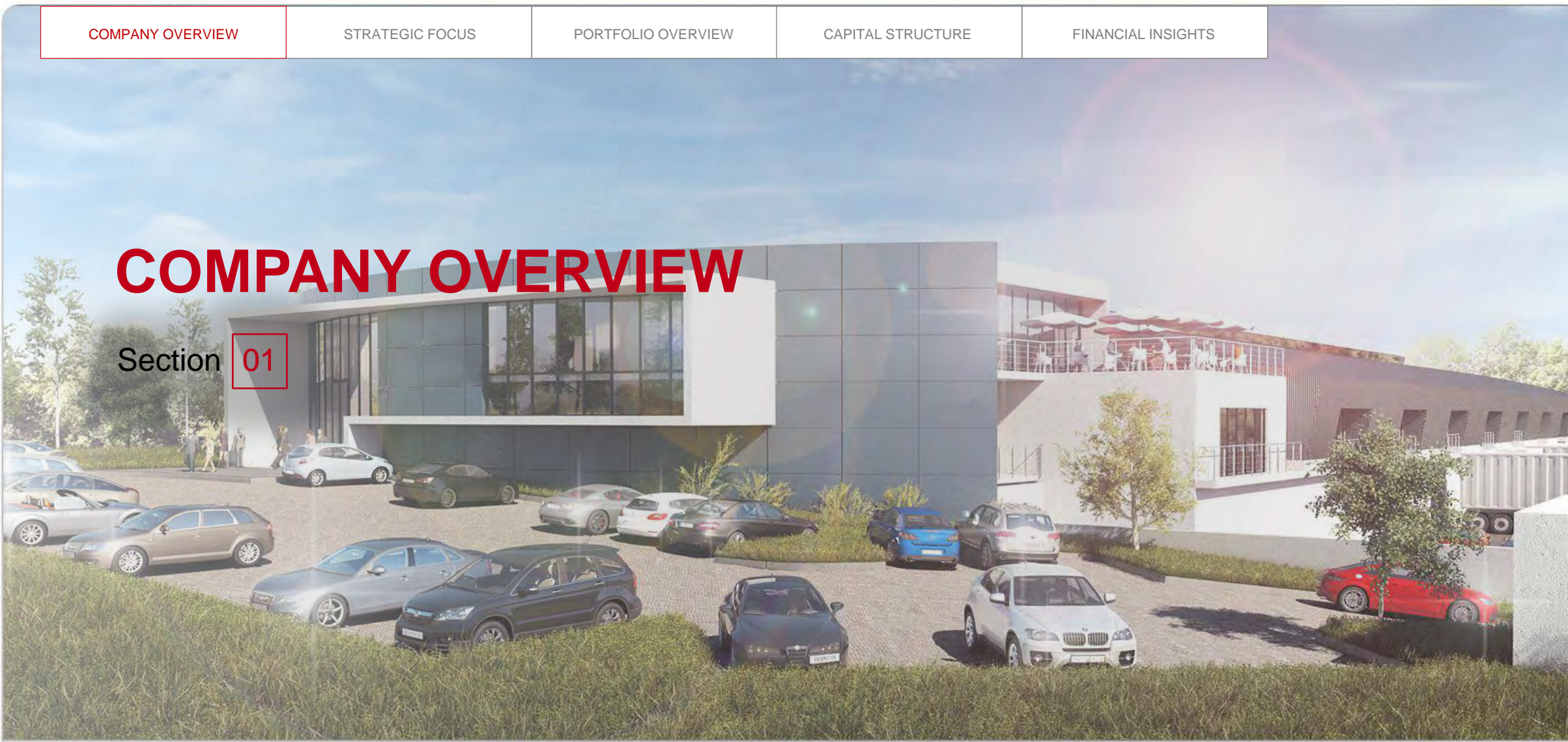
Section **04** CAPITAL STRUCTURE

Section **05** FINANCIAL INSIGHTS



COMPANY OVERVIEW

Section 01



About Redefine

Redefine is an internally managed Real Estate Investment Trust (REIT)

Our primary goal is to grow and improve cash flow to deliver quality earnings, to underpin **sustained growth in distribution, which supports growth in total return per share.**

**Top
40**

We are listed on the Johannesburg Stock Exchange (JSE) and are included in the **JSE Top 40 index.**



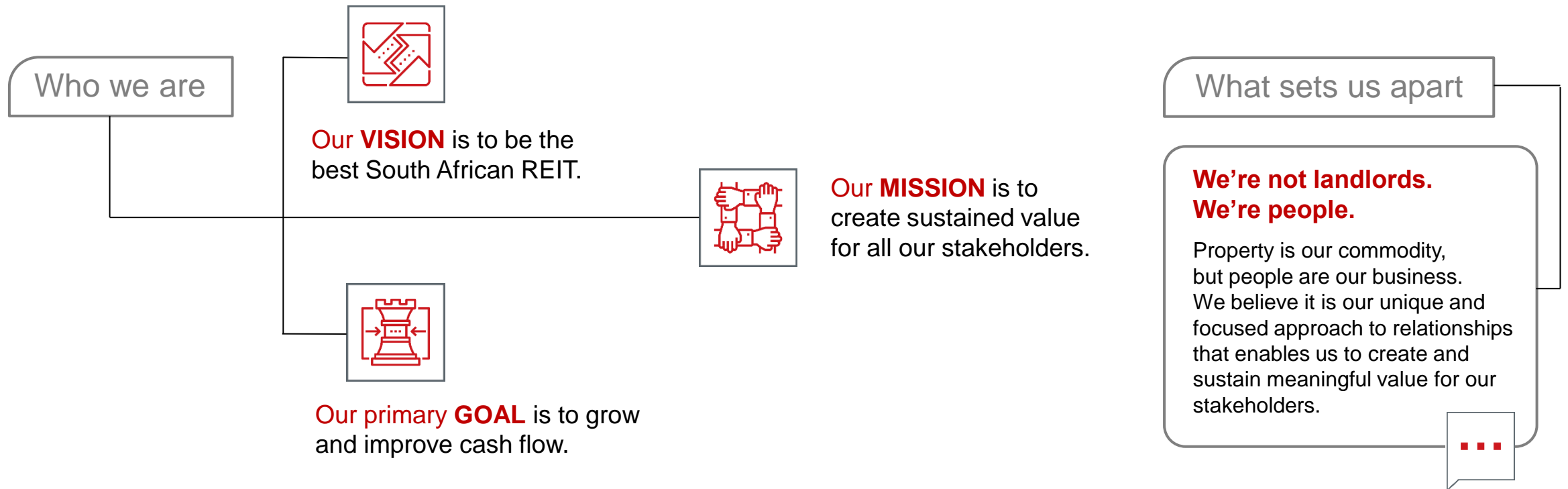
We manage a diversified property asset platform with a **value of R84.1 billion, comprising local and international property assets.**



Our shares are among the **most actively traded on the JSE, making them a highly liquid, single-entry point** for gaining exposure to quality domestic properties, and a spread of international commercial real estate markets.

Who we are

We believe it is our unique approach to relationships that sets us apart



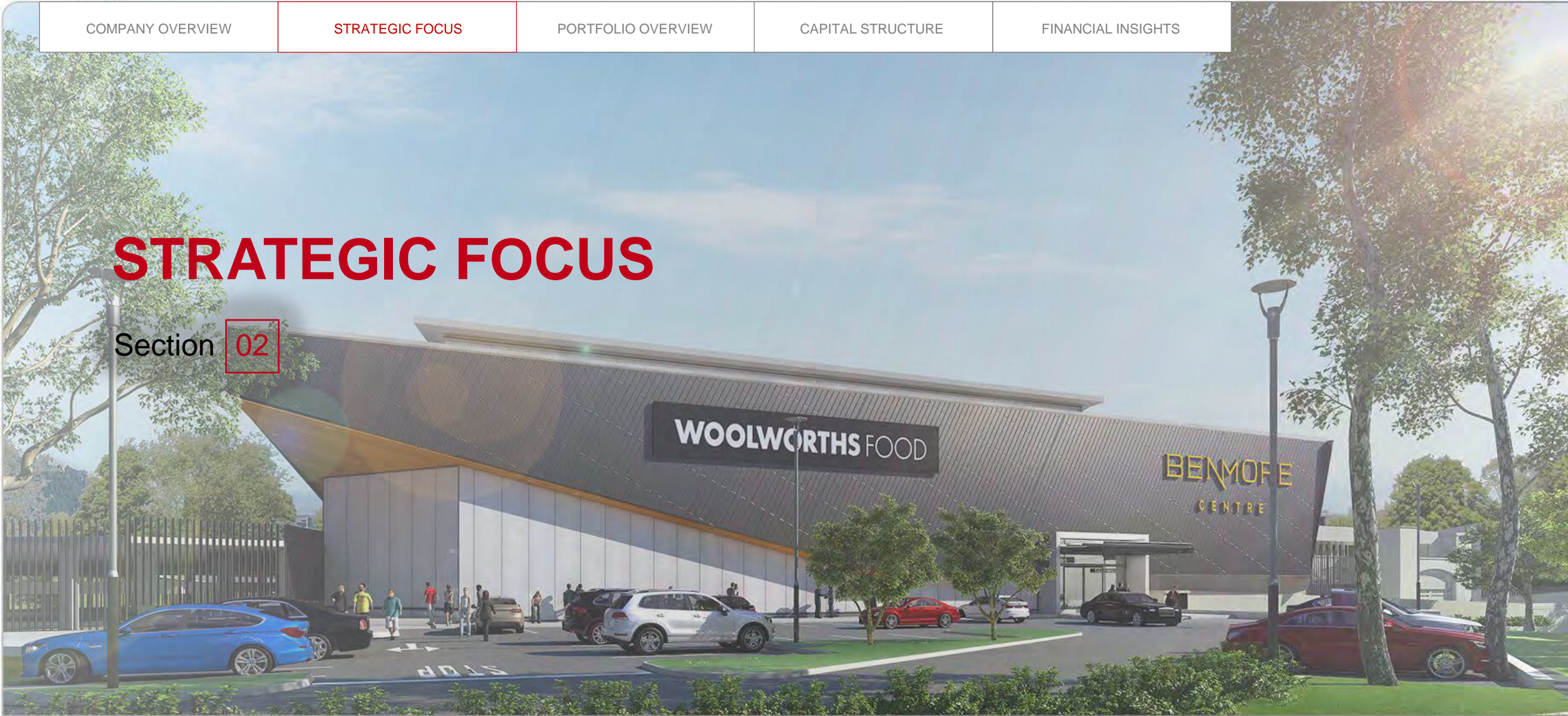
What matters most

We execute our strategic objectives in an integrated manner, by focusing on what matters most



STRATEGIC FOCUS

Section 02



Operating context

Recent events have set the scene for an optimistic 2018

Macro environment

- Uncertainty and change has become inevitable and in 2018 we can expect business unusual to escalate
 - Disruption levels the playing field and creates opportunities for those who are willing to learn, unlearn and relearn
 - A large element of South Africa's problems are not likely to be fixed overnight
 - The appointment of President Ramaphosa brings a much needed boost to sentiment, and anticipated political certainty and policy consistency
 - The local economy is looking somewhat stronger, except on the fiscal front – fiscal policy and state-owned enterprises remain significant concerns with no easy answers
 - In many ways, we continue to face the same old economy with the same old constraints
 - Internationally, central bank behaviour will continue to be a key driver of offshore markets
-

Top of mind risks

Risk management underpins sustained value creation

Escalating risks

- The looming threat of Day Zero in the Western Cape necessitates us to refine our contingency plans to ensure continuous and quality water supply to all our buildings, deal with operational issues such as air-conditioning and manage fire risk to ensure that insurance cover is not compromised
 - Our values, reputation and success of our offshore strategy are in the hands of in-country partners. Relationship management has been invigorated to maintain aligned interests with our local representatives and governance practices in each of the offshore markets in which we operate are closely monitored
 - The impact of disruptive technologies on our tenants' business models must be anticipated; to this end we are establishing an innovation hub to ensure that our real estate offering remains relevant to their long-term requirements
-

Strategy

To prosper over time, all stakeholders must benefit

	Strategic matter	Strategic challenge	Strategic response
	Operate efficiently	Finding the best possible way to harness the resources at our disposal	Continue to drive innovation to ensure that our cost base remains proportionate to our revenue growth. Ensure business processes remain relevant in an ever-changing environment
	Invest strategically	Deploy our capital selectively to create benefit for our stakeholders	Address our NAV growth through active asset management and carefully considered capital allocation
	Optimise capital	Ensuring optimal funding to bolster total returns and ensure sustained and predictable growth	Contain our LTV ratio through recycling assets, funding local acquisitions with equity and conservative balance sheet management
	Engage talent	Fostering an engaged workforce to deliver to their best potential to achieve our vision to be the best in all aspects of what we do	Encourage a culture of innovation and deepen levels of accountability
	Grow reputation	Creating sustained value for all our stakeholders built on enduring trust	Adopt renewed vigour to stakeholder engagement a key challenge for everyone at Redefine

Local portfolio game plan

Centred on optimising risk and reward

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
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International game plan

Centred on geographic diversification and exploiting attractive yield spreads

Investment criteria

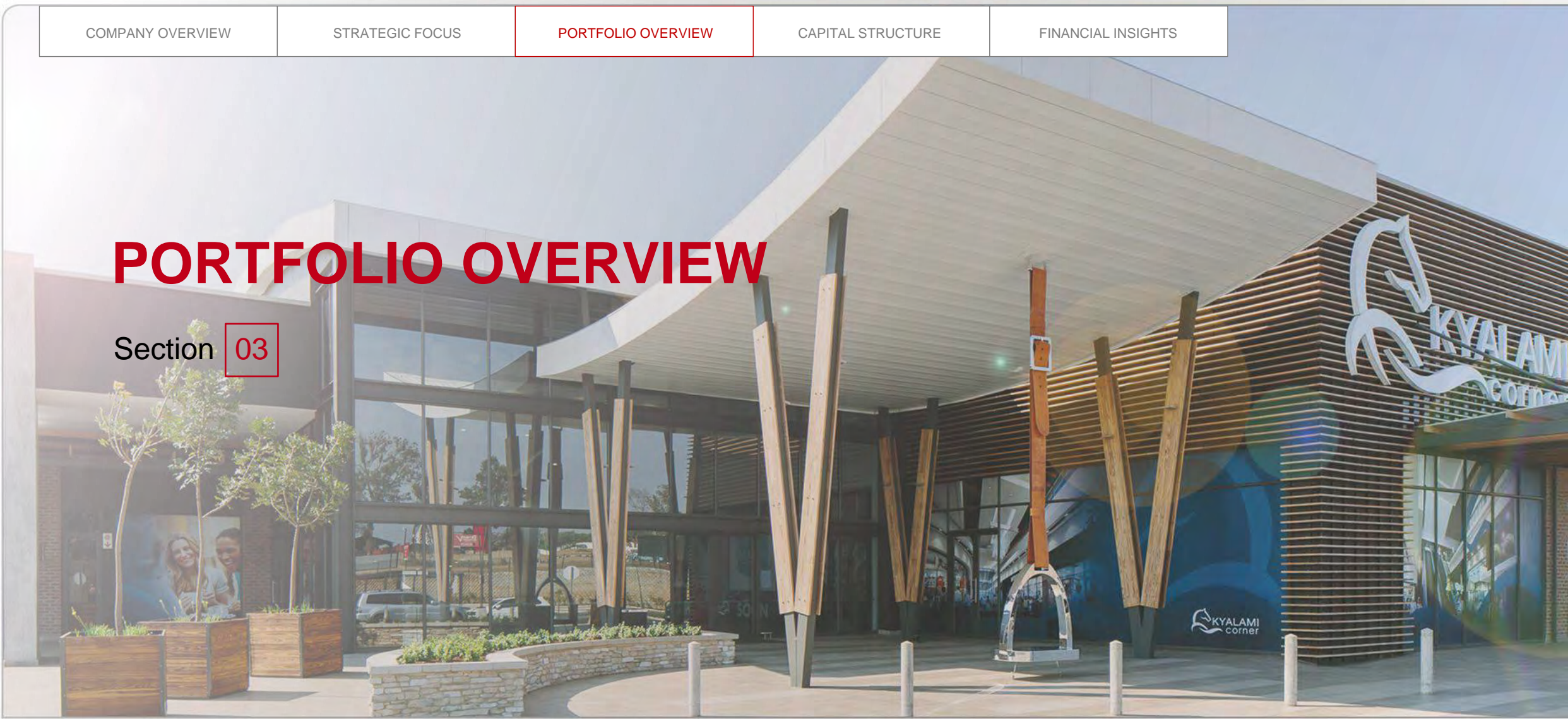
- Local partner representation and aligned interests
- Opportunities for scale
- Real estate market is liquid
- Free flow of currency
- Tax regime and rules of law sophisticated

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
-

PORTFOLIO OVERVIEW

Section **03**



Our diversified property asset platform

A platform positioned 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
		R68.1bn

■ Carried at fair value
■ Equity accounted

Direct international properties

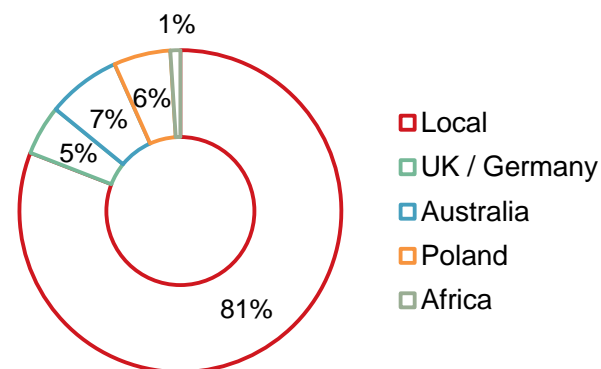
Journal Student Accommodation Fund	90.0%	R0.5bn
Oando Wings Development Limited	37.2 %	R0.6bn
Northpoint	50.0%	R0.9bn
		R2.0bn

International listed securities

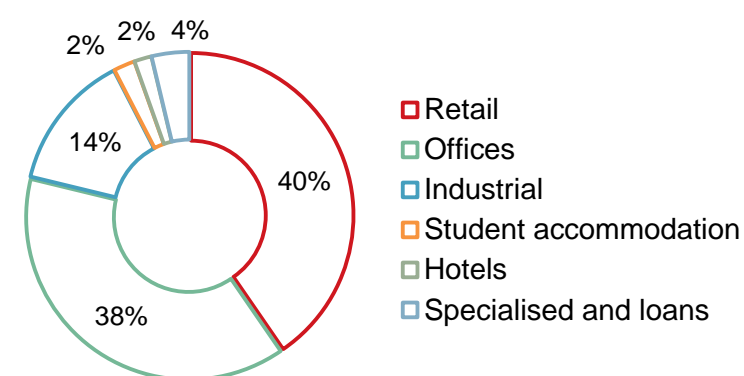
Redefine International PLC	29.8%	R3.9bn
Cromwell Property Group	25.4%	R4.9bn
Echo Polska Properties N.V.	39.5%	R4.8bn
International Hotel Properties Limited	27.5%	R0.2bn*
Grit Real Estate Income Group	6.3%	R0.2bn
		R14.0bn

*sold subsequent to 31 August 2017

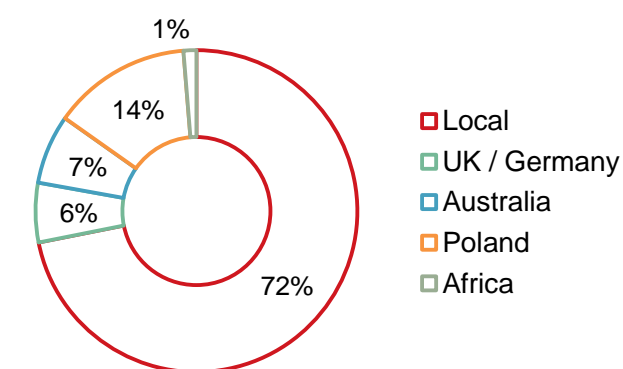
GEOGRAPHIC SPREAD BY VALUE



GROUP ASSETS BY SECTOR



CONTRIBUTION TO DISTRIBUTABLE INCOME



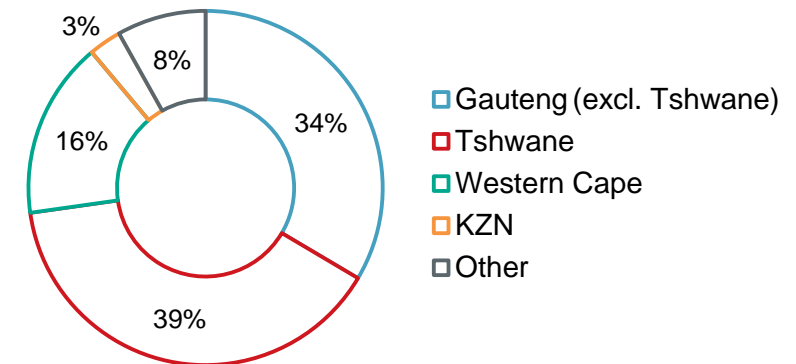
As at 31 August 2017

Domestic retail portfolio

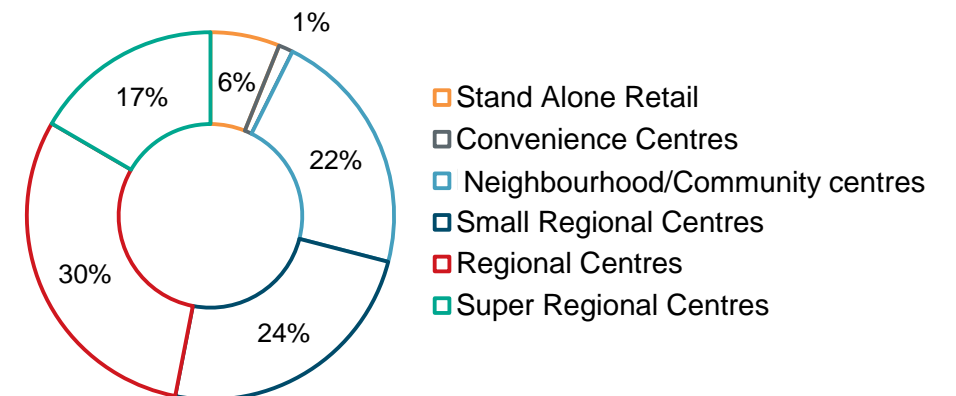
Differentiate by creating outstanding places for modern consumer lifestyles

- Performance metrics remain similar to last year
- Smaller retail formats have become more appealing to consumers (convenience driven), with positive trading density growth and spend per head
- Festive season sales growth positive with Black Friday sales making up a large part of Christmas shopping
- Major refurbishments and developments include: Benmore Gardens, Stoneridge Centre, Centurion Mall and Little Falls
- Redefine's exposure to Steinhoff (STAR) is limited to 5.3% of total GLA and contributes 4.4% to total GMR. Trading performance of South African brands in the portfolio not affected

SPLIT BY NODE



SPLIT BY TYPE



Top 5 retail properties by value

Remaining relevant to the communities in which we operate

CENTURION MALL



Location	Pretoria, Gauteng
GLA	118 533 m ²
Property valuation	R4.1 billion
Occupancy	96%
Average footcount per month	1.2 million
Major anchor tenants	Woolworths, Pick n Pay, Checkers Hyper, Dis-Chem, Game, Edgars, Truworths and Foschini

EAST RAND MALL (50% OWNERSHIP)



Location	Boksburg, Gauteng
GLA (50%)	34 389 m ²
Property valuation (50%)	R1.3 billion
Occupancy	98%
Average footcount per month	1.0 million
Major anchor tenants	Edgars, Woolworths, H&M, Ster-Kinekor, Truworths and Foschini

KENILWORTH CENTRE



Location	Claremont, Western Cape
GLA	53 387 m ²
Property valuation	R1.3 billion
Occupancy	100%
Average footcount per month	0.8 million
Major anchor tenants	Pick n Pay, Checkers, Woolworths, Game, Edgars and Virgin Active

GOLDEN WALK



Location	Germiston, Gauteng
GLA	45 251 m ²
Property valuation	R1.1 billion
Occupancy	99%
Average footcount per month	1.3 million
Major anchor tenants	Shoprite, Pick n Pay and Woolworths

BLUE ROUTE MALL



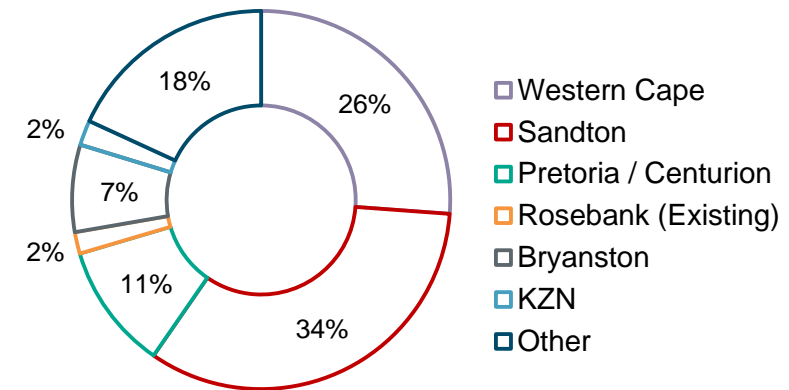
Location	Tokai, Western Cape
GLA	55 496 m ²
Property valuation	R1.0 billion
Occupancy	100%
Average footcount per month	0.7 million
Major anchor tenants	Checkers, Woolworths, Ster-Kinekor and Edgars

Domestic office portfolio

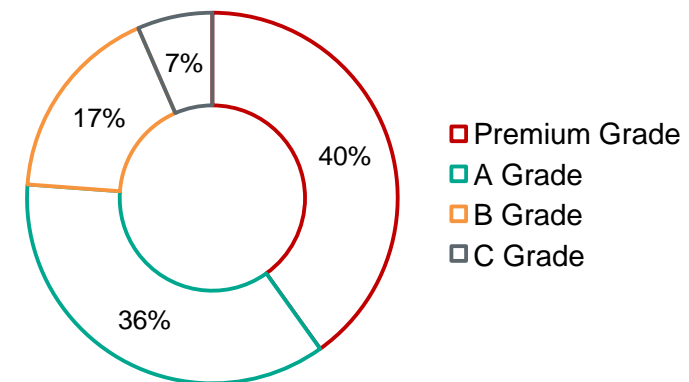
Moving to younger, more efficient, modern facilities to enable work/life integration

- Lacklustre employment growth, increased vacancy and over-supply continues to put pressure on the office portfolio
- Primary focus remains tenant retention and attraction, weighed against lease renewal rental growth
- Acquired remaining 50% of 115 West Street (Alexander Forbes)
- Ongoing major developments and refurbishments include Rosebank Link, 155 West Street, 2 Pybus, 16 Fredman, Loftus Park, Hill on Empire.
- We see potential in developments that offer a lifestyle solution, as opposed to just offices (example Alice Lane piazza)

SPLIT BY NODE



SPLIT BY GRADE



Top 5 office properties by value

Remaining relevant through redevelopment and refurbishment

ALICE LANE



Location	Sandton, Gauteng
GLA	70 758 m ²
Property valuation	R2.6 billion
Occupancy	87%
Key tenants	Bowman Gilfillan, Marsh and Sanlam

BLACK RIVER OFFICE PARK



Location	Observatory, Western Cape
GLA	71 474 m ²
Property valuation	R1.5 billion
Occupancy	97%
Key tenants	Dimension Data and Adidas

90 RIVONIA ROAD



Location	Sandton, Gauteng
GLA	39 864 m ²
Property valuation	R1.2 billion
Occupancy	97%
Key tenant	Webber Wentzel

THE TOWERS



Location	Foreshore, Western Cape
GLA	59 358 m ²
Property valuation	R1.1 billion
Occupancy	98%
Key tenants	Standard Bank, Vodacom, City of Cape Town and Innovation Holdings

115 WEST STREET



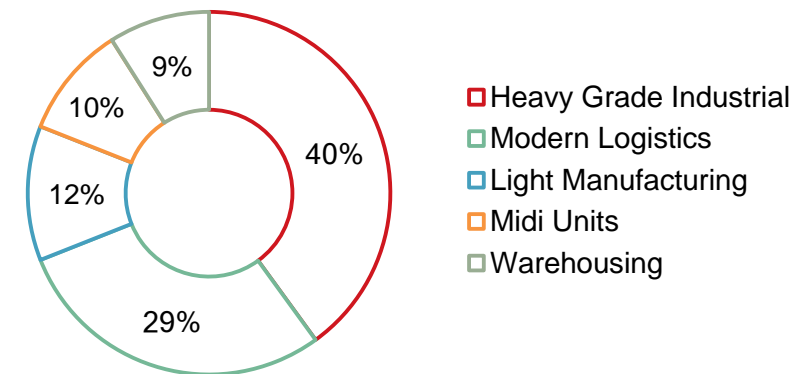
Location	Sandton, Gauteng
GLA	20 546 m ²
Property valuation	R1.6 billion
Occupancy	100%
Key tenant	Alexander Forbes

Domestic industrial portfolio

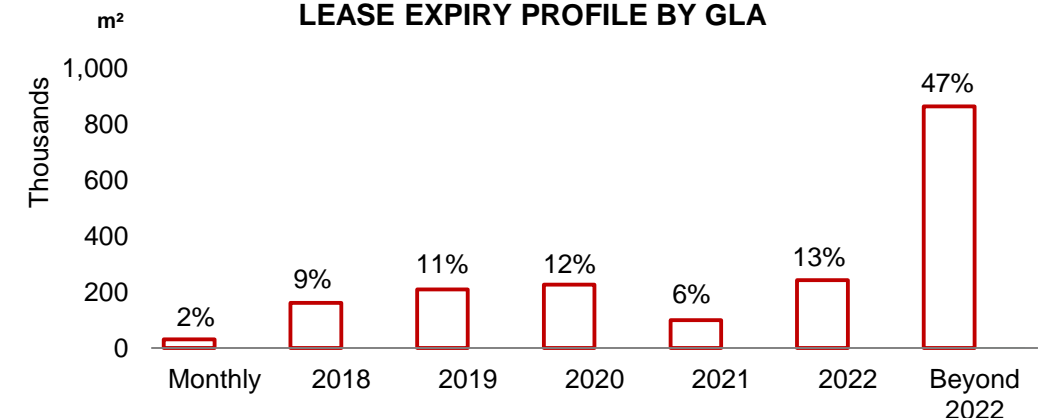
Location, functionality and efficiency key in cost sensitive market

- Primary focus remains tenant retention weighed against renewal rental growth
- Vacancy levels remain low although leasing of 34 Wrench Road has been unsuccessful
- Ongoing major developments include:
 - Hirt & Carter – Cornubia Phase 1 hand over end May 2018
 - Atlantic Hills – Phases 1 & 2 proclamation mid 2018
- S&J Industrial Estate
 - Land sales covering 100 000m² under negotiation
 - Initial spec development (15 000m²) mid 2018
- Brackengate
 - Stikland 90% sold
 - Triangle 100% sold
 - Mainland initial development (20 000m²) completion mid 2018

SPLIT BY GRADE



LEASE EXPIRY PROFILE BY GLA



Top 5 industrial properties by value

Incorporating key design elements to functionally differentiate offering

MACSTEEL PORTFOLIO



Location	Various
GLA	552 641 m ²
Property valuation	R3.4 billion
Occupancy	100%
Key tenant	Macsteel

PEPKOR ISANDO



Location	Isando, Gauteng
GLA	107 017 m ²
Property valuation	R0.8 billion
Occupancy	100%
Key tenant	Pepkor Trading

ROBOR



Location	Elandsfontein, Gauteng
GLA	120 277 m ²
Property valuation	R0.6 billion
Occupancy	100%
Key tenant	Robor

CATO RIDGE DC



Location	Cato Ridge, KwaZulu-Natal
GLA	50 628 m ²
Property valuation (R'million)	R0.3 billion
Occupancy	100%
Key tenants	Massmart and Pepkor Trading

WINGFIELD PARK



Location	Boksburg, Gauteng
GLA	56 486 m ²
Property valuation (R'million)	R0.3 billion
Occupancy	93%
Key tenants	Sandvik and Kintetsu World Express

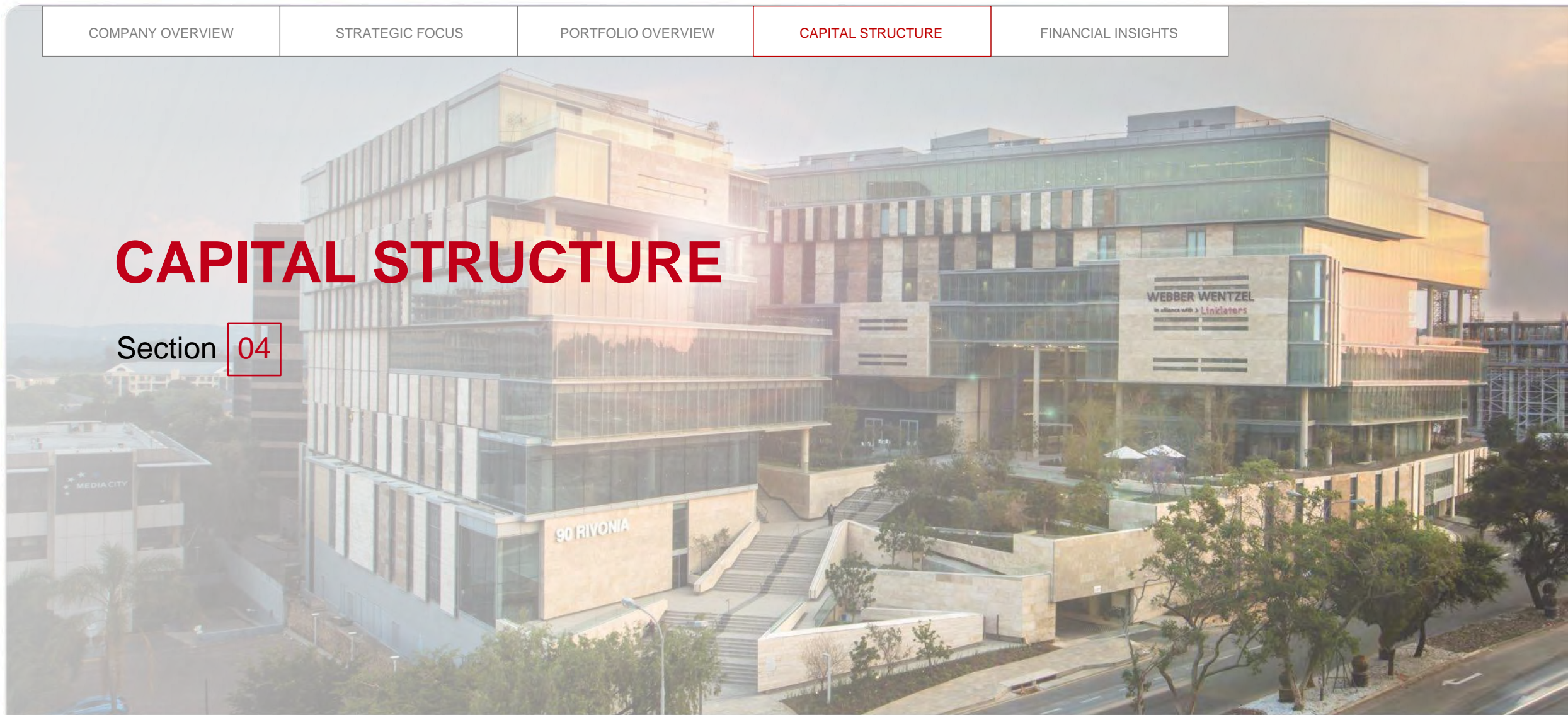
International operations and other investments

Continued progress in geographic and sectoral diversification

	United Kingdom	Australia	Poland	Other
Interests	RDI REIT PLC 28.6%	<ul style="list-style-type: none"> • Cromwell 22.6% • Northpoint joint venture • Journal 90% 	<ul style="list-style-type: none"> • EPP 36.0% • Chariot Top Group BV 25% 	<ul style="list-style-type: none"> • Respublica 53.6% (Student accommodation) • GRIT 6.3% (Africa) • Oanda Wings 37.2% (Africa)
First half 2018 activity	Concluded disposal of the entire holding in International Hotel Properties to RDI	<ul style="list-style-type: none"> • IPO of Cromwell European REIT on the Singapore stock exchange was successful, securing one-third of the European assets under management • Completion of Northpoint redevelopment on track for mid-March 2018 • Development of Leicester Street student accommodation currently underway, amounting to A\$85.5 million 	<ul style="list-style-type: none"> • Undertaking provided to EPP to support an equity raise of €37.5 million (as the office proceeds were recycled into M1) to fund potential new acquisition • Provided investor relations support to EPP on the back of the detention of a non-executive director for alleged corruption, in his personal capacity, involving a politician • The Metro portfolio transaction, through Chariot Top Group, closed on 4 January 2018 	<ul style="list-style-type: none"> • Enrolments significantly up on last year's applications and momentum is looking favourable for Respublica • Student accommodation bed capacity increased to 6 803 beds through completion of Lincoln House in Bloemfontein (469 beds) • Developments, totalling 2 424 beds underway, include: <ul style="list-style-type: none"> • Yale Village – 195 beds • Paton House (Pmb) – 539 beds • Claremont (CT) – 570 beds • Hatfield Square – 1 120 beds
Focus for 2018	Support corporate activity to expand portfolio and recycle secondary assets to secure growth	<ul style="list-style-type: none"> • Potential sale of Northpoint • Develop purpose-built student accommodation 	<ul style="list-style-type: none"> • Support EPP to become a pure retail play • Expand through acquisition, development and extensions 	<ul style="list-style-type: none"> • Continued expansion of student accommodation • Talks underway to dispose of African assets

CAPITAL STRUCTURE

Section 04



Currency analysis of property assets and borrowings

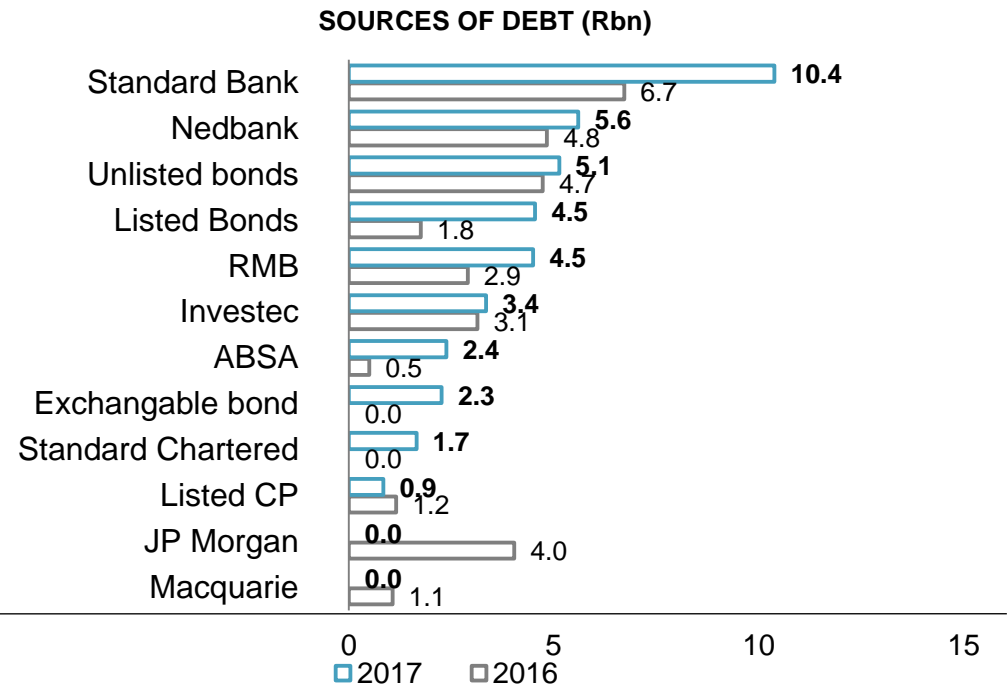
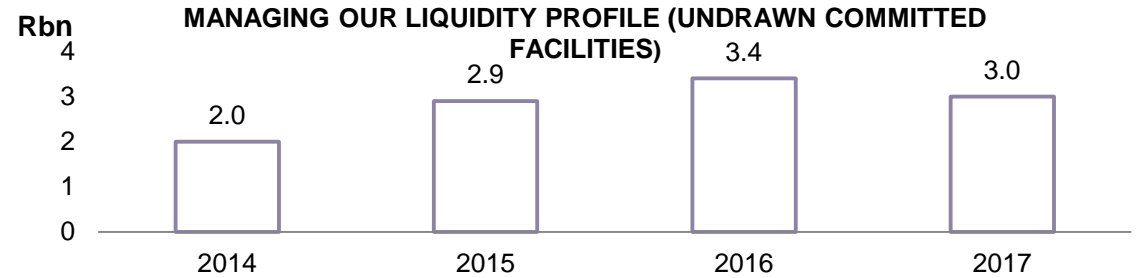
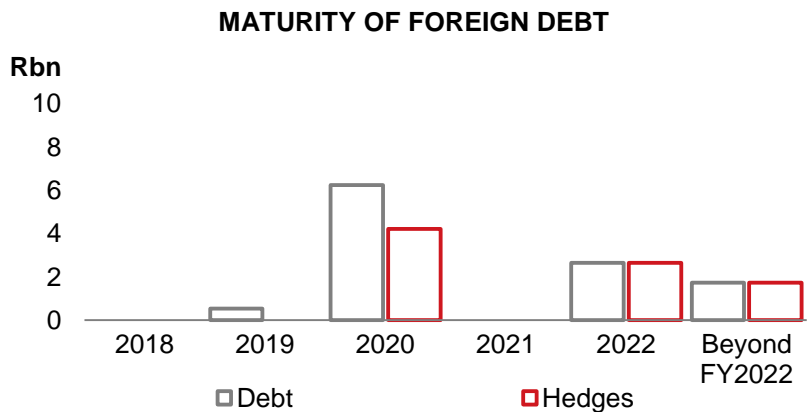
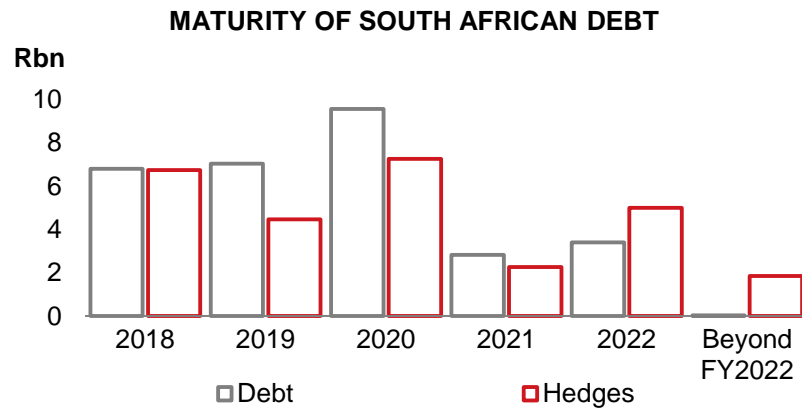
Conservative local LTV to counterbalance aggressive offshore LTV

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%	-	-	-	-
Total	84.1	34.6	41.1%	7.3%	72.7	28.0	38.5%	7.7%
% debt hedged		88.7%				79.7%		

* Net of cash

Debt profile

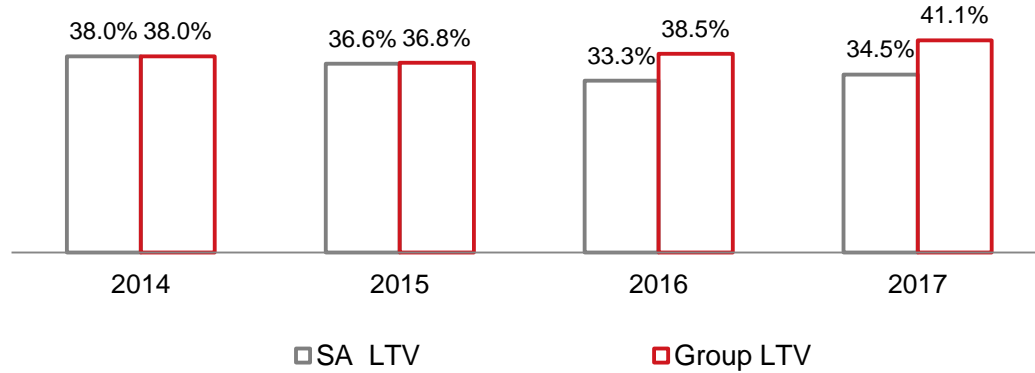
Securing capital in constrained environment



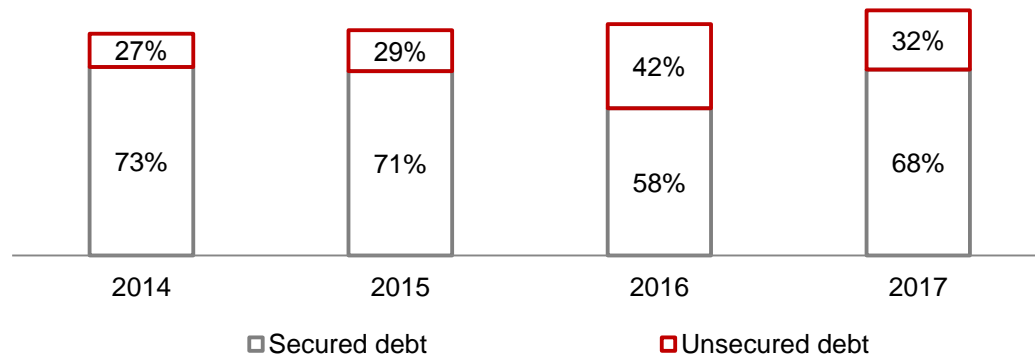
Credit metrics

Investment grade credit rating underpinned by sound credit metrics

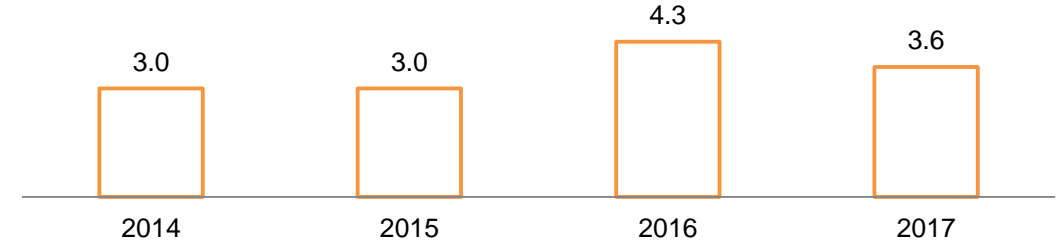
LTV



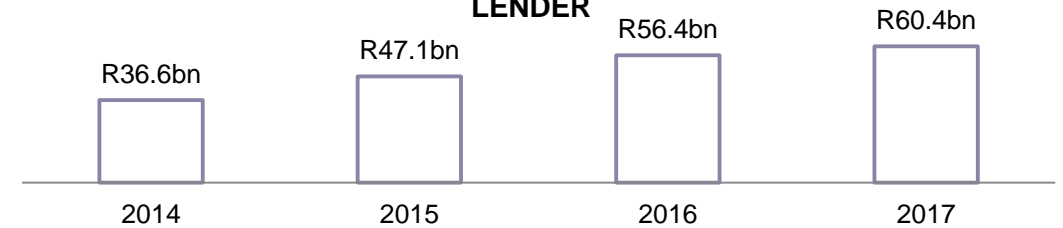
SECURED VERSUS UNSECURED SOURCES OF DEBT (%)



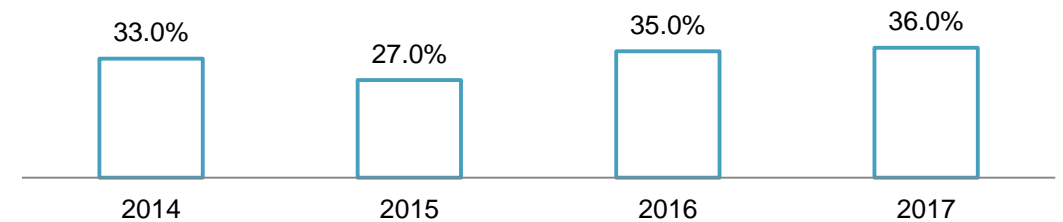
INTEREST COVER



EQUITY HEADROOM ON TOTAL ASSETS FOR UNSECURED LENDER



UNSECURED DEBT/UNENCUMBERED ASSETS



Optimising capital

Unusual times call for responsible balance sheet management

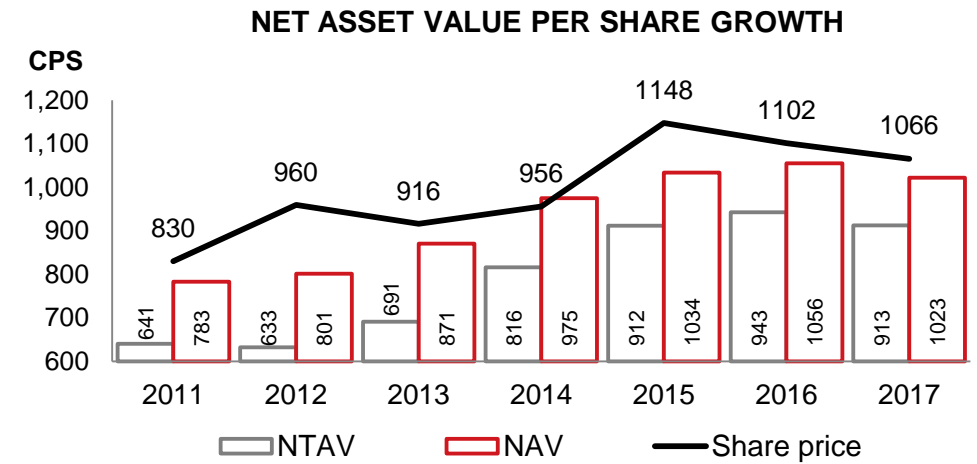
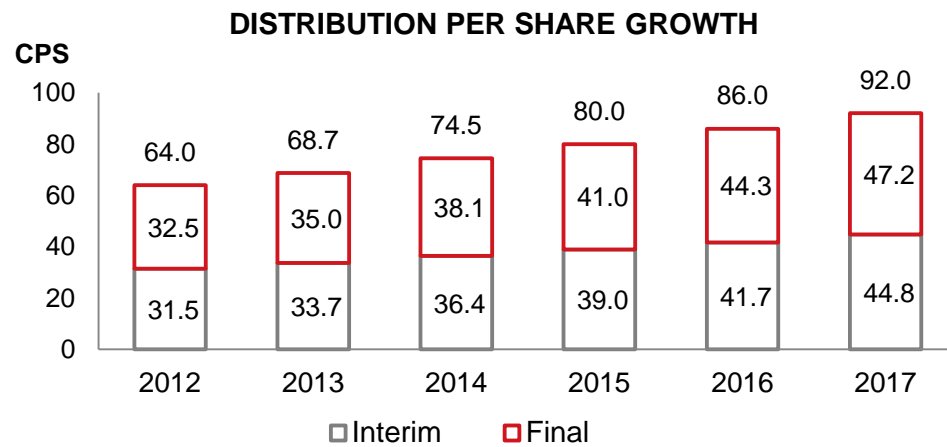
- Containing and reducing group LTV ratio below 40%
 - Fund development pipeline from recycling secondary assets and existing cash resources
 - Fund local acquisitions with equity on a yield neutral basis
 - Look to realise a capital uplift on Northpoint
 - Optimising cash resources as revolving credit facilities across most funders are becoming a challenge
 - Gearing international investments to create natural NAV hedge and to take full advantage of positive yield spreads
 - Maintaining strong credit metrics for Moody's credit rating thresholds
 - Focus on liquidity
 - Local credit rating qualifies RDF paper as High Quality Liquid Assets
 - Continued risk of sovereign credit downgrade and consequential impact on corporate ratings
-

FINANCIAL INSIGHTS

Section 05

Financial performance

Sustained value creation



Trading outlook for 2018

A renewed focus on sustained organic growth

- Domestic trading conditions continue to remain very challenging, which requires a tireless emphasis on
 - tenant retention through a deepened tenant engagement strategy
 - maintaining operating margins by optimising cost management and maximizing recoveries
 - improving occupancy through innovative lease offers
 - optimizing energy and water use in our buildings through implementation of sustainability interventions
 - generating new sustainable revenue streams through non GLA income
 - Interest rate and currency volatility mitigated through our interest rate and foreign income hedging strategies – interest rates on debt and net international income are circa 88% and 75% respectively fixed
 - Phasing out non-recurring income with sustainable recurring income streams is a strategic priority and will take time
 - We maintain our previous distribution guidance of growth on 2017 in distribution per share of 5% to 6%
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Investor value proposition

A strategy that is centred on sustained value creation

What we promise

At Redefine, we know that top investors see great strategy beyond the brick and mortar, you see it in our results

These results are accomplished through an astute, investor-driven strategy

A strategy that informs our value proposition for you, our investors

