REDEFINE PROPERTIES LIMITED

reflect

INTEGRATED REPORT 2015

REDEFINE PROPERTIES

CONTENTS

FORWARD-LOOKING STATEMENTS

This report may contain forward-looking statements. Words such as 'believe', 'anticipate', 'intend', 'seek', 'will', 'plan', 'could', 'may', 'endeavour' and similar expressions, are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements.

While these forward-looking statements represent our judgements and future expectations, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations. These include factors that could adversely affect our businesses and financial performance.

We are not under any obligation to (and expressly disclaim any such obligation) to update or alter our forward-looking statements, whether as a result of new information, future events or otherwise.

Investors are cautioned not to place undue reliance on any forward-looking statements contained herein, as they have not been reviewed or reported on by Redefine's independent external auditors.

HOW TO NAVIGATE OUR REPORT

Icons have been developed to make this report easier to read.

Capitals

- Financial
- Manufactured
- Human
- Social and relationship
- Intellectual
- Natural

Sector

- O Office
- R Retail
- I Industrial

Interactive PDF navigation

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Report references

- IR Integrated report
- AFS Annual financial statements
- MC Full manufactured capital review
- SES Social, ethics and sustainability report
- CGR Corporate governance report

This report also has interactivity enabled. Buttons appear at the top of each page as a quick tool. Please see the list of interactivity functions above.

ABOUT OUR REPORT

REDEFINE'S INTEGRATED REPORT 2015 SUITE:

Click on any of the covers to download the PDF

IR AFS MC SES CGR

We are pleased to present the group's 2015 integrated report. This report was developed to communicate primarily with the providers of financial capital, while taking into account the needs of all our remaining stakeholders.

Each year, we critically examine our reporting and identify areas for improvement. In preparing the report, we have further incorporated the key principles contained in the IIRC's framework. This has supported our progressive approach to integrated reporting. This year, in order to make the report more concise, we have moved our full corporate governance review, as well as our full manufactured capital review online, and we have included a summary in this report.

We have produced a comprehensive suite of reports as outlined below to meet the needs of our stakeholders. We would also like to direct readers to our company website www.redefine.co.za, which provides up to date information on a variety of matters, including the latest financial results as well as our suite of reports.

FEEDBACK

Your feedback is important to us and will help enhance our reporting processes and ensure that we report those issues that matter to you.

Visit www.redefine.co.za or email investorenquiries@redefine.co.za

INTEGRATED THINKING AND REPORTING

Our ability to create value depends on our capitals, how we use them and our impact on them. Our report aims to explain how we use and affect the capitals. We recognise that the capitals are inter-related and fundamental to the long-term sustainability of our business.

We believe that our integrated report is only as good as the level of integrated thinking in our business. We will continue to embed the guiding principles and fundamental concepts contained in the IIRC Framework. While we continue to entrench these principles, we believe that this report fairly reflects integrated thinking within Redefine. This year we have, once again, selected to report on our value creation in terms of the six capitals.

IR INTEGRATED REPORT

This report contains a holistic and integrated presentation of the group's performance in terms of financial, manufactured, human, intellectual, social and relationship and natural capital.

The report is primarily aimed at financial capital providers and includes a review of our strategy, performance during the year and prospects.

Frameworks applicable
- IIRC's Framework
- The Companies Act 2008
- The JSE Listings Requirements
- King III

AFS ANNUAL FINANCIAL STATEMENTS

The annual financial statements provide a detailed analysis of the group's performance for the year. The integrated report, read together with the annual financial statements provides a comprehensive overview of Redefine's performance and prospects.

- IFRS
- The Companies Act 2008
- The JSE Listings Requirements
- King III

MC FULL MANUFACTURED CAPITAL REVIEW

This review details our property portfolio and discusses market trends, the performance, acquisitions, disposals and developments of our properties during the year.

- The JSE Listings Requirements

SES SOCIAL, ETHICS AND SUSTAINABILITY REPORT

The report of the social and ethics committee details the group's broader impacts and is aimed at a wider audience than the integrated report.

- The Companies Act 2008
- King III

CGR CORPORATE GOVERNANCE REPORT

This report details our corporate governance structures, committee performance and other issues relating to the governance of the group, including our compliance with the principles of King III.

- The Companies Act 2008
- King III

ABOUT OUR REPORT CONTINUED

BOUNDARY AND SCOPE

This report covers Redefine's activities for the financial year ended 31 August 2015 conducted by the holding company, subsidiaries, joint ventures, jointly controlled assets and associates over which it has significant influence. Details of investments in subsidiaries, joint ventures, jointly controlled assets and associates appear in the annual financial statements. A simplified group structure can be found on page 11. The report also identifies any risks, opportunities or events between 31 August 2015 and the date of this report that could have a material impact on the group. The major emphasis is placed on the group's South African operations as they account for 83% of the group's distributable earnings and 85% of the group's property asset base.

RI PLC and Cromwell are separately listed and managed entities. Detailed information on their financial and operational activities is provided in their annual reports which are available on their websites (www.redefineinternational.com and www.cromwell.com.au).

During the year, two significant transactions which impact the comparability of the prior year's numbers, were concluded:

- On 24 July 2015 Fountainhead unit holders approved the acquisition by Redefine of all of Fountainhead's assets, including the entire property portfolio and the assumption by Redefine of all of Fountainhead's liabilities. The transaction was implemented on the 3 August 2015
- Redefine acquired a portfolio of 14 high-quality commercial property assets, valued at R4,1 billion, situated in the key nodes of the Western Cape and Gauteng from Leaf. All conditions precedent were fulfilled on 15 April 2015, and the transaction had a commercial effective date of 1 March 2015

For financial purposes and in terms of IFRS, Fountainhead was consolidated for the year ended 31 August 2014. However, as Fountainhead was a separately listed entity, producing its own integrated report, its non-financial performance indicators were excluded from the 2014 integrated report disclosure. Therefore non-financial and financial performance indicators included in this report include the Leaf and Fountainhead portfolios for 2015 but are not included in the 2014 comparatives.

This report does not discuss social or environmental aspects of the group's supply chain but does address legitimate issues considered important by a variety of stakeholders outside the group.

BOARD RESPONSIBILITY STATEMENT

Redefine's board of directors acknowledges its responsibility to ensure the integrity of the integrated report for the 2015 financial year. The board has accordingly applied its collective mind and, in its opinion, this integrated report addresses all material matters, and offers a balanced view of the performance of the organisation and its impact on the environment and society.

Marc Wainer
Executive chairman

Bernie Nackan
Lead independent non-executive director

Andrew König
Chief executive officer

David Nathan
Independent non-executive director

David Rice
Chief operating officer

Günter Steffens
Independent non-executive director

Harish Mehta
Non-executive director

Leon Kok
Financial director

Michael Watters
Non-executive director

Mike Ruttell
Executive director: development

Phumzile Langeni
Independent non-executive director

Marius Barkhuysen and Ntombi Langa-Roydes were appointed in November 2015 and have therefore not been involved in the preparation of this report.

LOCAL AND INTERNATIONAL BENCHMARKING

We benchmark our performance against our peers, adopt international best practices, and are proud to be one of the leading South African REITs in several key corporate responsibility indices.

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

top EMPLOYER SOUTH AFRICA 2016
CERTIFIED EXCELLENCE IN EMPLOYEE CONDITIONS

ASSURANCE

Redefine continues to develop and apply a combined assurance model, providing all stakeholders with confidence regarding the information disclosed in this report. At this stage in its reporting journey, and given the lack of any universally accepted assurance guidelines, we believe it is premature for Redefine to obtain independent assurance on the report as a whole.

The group financial statements were audited by Grant Thornton and prepared under the supervision of L Kok CA (SA), Redefine's financial director.

The group's BBBEE contributor levels were verified by Honeycomb BEE Ratings Proprietary Limited. The group's carbon footprints were prepared with the assistance of Terra Firma Solutions Proprietary Limited.

WHAT IS VALUE?

At Redefine we see value as more than simply financial returns. Our pursuit of value encompasses the provision of sustainable total returns, remaining relevant in the societies in which we operate, being cognisant of our impact on the environment and its impact on our business.

ISSUES THAT ARE MATERIAL TO OUR SUCCESS

Our business model drives us towards our goal of being the first choice in real estate, that is, the best in all aspects of what we do. To achieve this, we have an integrated understanding of our stakeholder needs, as well as the issues management are dealing with on a day-to-day basis.

We have used feedback from our stakeholder engagement processes, including an investor perceptions report, and discussion with senior management to identify matters with the greatest possible impact on our ongoing ability to meet our strategic objectives through the implementation of our business model. We have used these matters as points of reference to ensure we have only reported on those matters that could have a substantial effect on our ongoing commercial viability.

THE MATERIAL MATTERS WE IDENTIFIED THIS YEAR ARE:

1 ENHANCING OPERATIONAL EFFICIENCY

Operational efficiency is not only about cutting costs. It is about finding the best possible way to do what we do. In the current economic climate, we need to protect our market share by maintaining our margins while preserving a superior product offering.

2 INVESTING STRATEGICALLY

We are seasoned property professionals. We use our years of experience to make decisions that benefit our organisation, while creating value for our investors, tenants and other stakeholders. This insight sets us apart and is material to our success going forward.

3 OPTIMISING CAPITAL EFFICIENCY

We need to have the capital available to invest in the right property opportunities as they arise. We also need to ensure that our investments are optimally funded so as to increase our returns and ensure ongoing sustainability. By doing this we provide sustained and growing income for our shareholders.

4 MITIGATING THE SKILLS SHORTAGE IN THE PROPERTY INDUSTRY

Recruiting individuals who have both the qualifications/know-how and people skills necessary to support our people-orientated business is an ongoing challenge that we seek to address in order to continue on our growth trajectory.

5 SOLIDIFYING THE REDEFINE BRAND PROMISE IN AN INCREASINGLY COMPETITIVE MARKET PLACE

Our brand is the essence of who we are in the market. We differentiate ourselves through a dedicated people-centric approach to business, focusing on excellence in the context of relationships. The value of our brand is the key factor in our success in a market that is fiercely competitive and showing limited growth.

These material matters inform our strategic priorities which guide management in the execution of their daily tasks. Our strategic priorities are set out on pages 20-22 of this report.

PERFORMANCE BY FORMS OF CAPITAL

People are fundamental to our company and ensure that we have a sustainable business. We believe our people make our business and our capitals revolve around this notion.

FINANCIAL

Included in the **JSE Top 40**

7.3% growth in distribution to 80.0 cents per share

50.1% increase in market capitalisation to R54.8 billion

Tangible NAV **up 9.9%** to 900.4 cents per share

R14.1 billion of capital raised

LTV improved to 36.8% despite high level of acquisitions

Total assets exceed **R70 billion**

MANUFACTURED

R11.2 billion acquisitions concluded during the year

R3.8 billion developments in progress

R1.4 billion in developments completed

R2.8 billion increase in international investments to R11.1 billion

Conclusion of **Fountainhead merger**

Recycled **R2.2 billion** of properties no longer meeting our investment criteria

HUMAN

Accredited as a **Top Employer**

R11.1 million net property income per employee

Over R5 million invested in employee training

Employee structures realigned to meet our **strategic priorities**

112 increase in staff headcount

Engagement survey results achieved score of 73% – ahead of 60% benchmark

22 Fredman Drive, Sandton, Johannesburg

INTELLECTUAL

Awarded SAPOA's Innovative Excellence in Property Development Award for 90 Grayston

Developed our **sustainability** strategy and policy

Redefine was ranked 6th in the top ten positions in both Ernst & Young and Nkonki Integrated Reporting Awards 2015

SACSA Retail and Development award for Matlosana Mall

149 years combined executive management experience

NATURAL

13% decrease in Scope 1 and 2 emissions

Inclusion in Dow Jones Sustainability Index

Best performing REIT in 2015 CDP

Black River Park first full office park to have all of its buildings **green star SA rated**

Black River Park, Central Building, **first green 6-star rated existing building** in South Africa

Pioneering a green star South African industrial rating tool

SOCIAL AND RELATIONSHIP

R3.0 billion Redefine Empowerment Trust established

BASA award for partnership with Buskaid Music Academy

R3.4 million spent on CSI initiatives

Redefine's brand awareness grew as a result of a multi-media campaign

Improved BBBEE rating to a level 3

Ethics survey extended to tenants and suppliers

WHO WE ARE

We're not landlords. We're people.

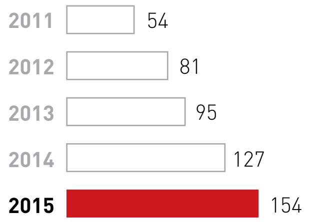
Redefine is a diversified South African REIT, with a strategic focus centred on delivering sustained value to stakeholders. We control a property income earning asset base with a market value of R64.5 billion and are capitalised on the JSE at R54.8 billion.

In our 15 years since listing, we have shown consistent performance. As we execute our strategic priorities, we are confident that we will continue to meet the expectations of our stakeholders.

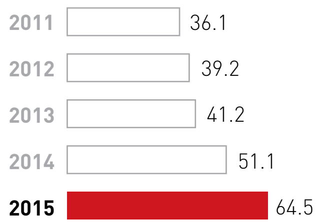
Redefine has made significant progress in implementing our strategy of diversifying, growing and improving the quality of our property portfolio. The portfolio bears little resemblance to what it was four years ago with the average value per property increasing from R54 million to R154 million.

Redefine's focus remains on adding value to growing and diversifying the property portfolio. To this end, Redefine has continued investing in higher-value, well-located properties, with a focus on blue-chip tenants, which helps improve management efficiency and secure growth in rentals. Redefine has a diversified local and international portfolio focused on the office, retail, and industrial sectors.

AVERAGE VALUE PER PROPERTY
(R million)



GROWTH IN PROPERTY ASSETS UNDER MANAGEMENT
(R billion)



2015 YEARS OF GROWTH

WHAT WE BELIEVE

Property is our commodity, but people are our business. We believe it is our unique and focused approach to relationships that enables us to create and sustain meaningful value for our business partners.

WHAT WE STAND FOR

We strive for professionalism with personality, delivered through:

Unconventional thinking	Simplicity and straight talk
Decisive action	Trusting partnerships

OUR VALUES UNDERPIN OUR SUCCESS

- Oneness
- Make it happen
- Respect personal relationships
- Mean it
- Challenge the norm

HOW YOU BENEFIT

- Innovative solutions
- Proactive service
- Always in the know
- Peace of mind
- Enabled for success
- Sustained value creation

REDEFINE PROPERTIES

Direct local property portfolio

- Industrial
- Retail
- Office
- Specialised

R51.2 billion

Local listed securities

11.5%
Emira
R0.9 billion

Loans receivable

R1.8 billion

Direct international properties

50%
German portfolio
R0.7 billion

50%
Northpoint
R0.7 billion

Cromwell

25.6%
R4.3 billion

RI PLC

30.1%
R4.9 billion

TOTAL PROPERTY ASSETS UNDER MANAGEMENT

R64.5 billion

REDEFINE AT A GLANCE

	2015	2014
Total distribution per share (cents)	80.0	74.5
Total annual investor return (%)	28.5	12.5
Total return on equity (%)	19.6	20.7
Closing share price (cents)	1 148	956
Trading volume (%)	54.1	41.7
Market capitalisation (R billion)	54.8	36.4
Total property assets under management (R billion)	64.5	51.1
Direct local portfolio (R billion)	53.0	44.2
Listed securities and investments in associates (R billion)	11.5	6.9
Borrowings (R billion)	23.6	19.8
LTV (%)	36.8	38.0
Weighted average cost of borrowings (%)	8.4	8.2

28.5%
TOTAL ANNUAL INVESTOR RETURN

50.1%
INCREASE IN MARKET CAP

R53.0 billion
PROPERTY PORTFOLIO

TOP 10 PROPERTIES BY VALUE

O Office R Retail

CENTURION MALL

Location: Pretoria, Gauteng
Sector: Retail
GLA (m²): 119 089
Property valuation (Rm): 3 885
Occupancy: 94%
Average footcount per month: 1.3 million
Major anchor tenants: Checkers Hyper, Woolworths, Edgars, Pick 'n Pay, Truworths, Foschini and Mr Price
Project redevelopment cost (Rm): 318

BLUE ROUTE MALL

Location: Tokai, Western Cape
Sector: Retail
GLA (m²): 55 501
Property valuation (Rm): 1 256
Occupancy: 98%
Average footcount per month: 0.7 million
Major anchor tenants: Checkers, Woolworths, Edgars, Foschini, Truworths and Mr Price

EAST RAND MALL

Location: Boksburg, Gauteng
Sector: Retail
GLA (m²): 31 257
Property valuation (Rm): 1 187
Occupancy: 97%
Average footcount per month: 1.0 million
Major anchor tenants: Woolworths, Edgars, Truworths, Mr Price and Foschini
Project redevelopment cost (Rm): 227
Ownership: 50%

BLACK RIVER PARK

Location: Observatory, Western Cape
Sector: Office
GLA (m²): 52 603
Property valuation (Rm): 1 054
Occupancy: 100%
Key tenants: Dimension Data and Times Media Group

GOLDEN WALK

Location: Germiston, Gauteng
Sector: Retail
GLA (m²): 45 129
Property valuation (Rm): 898
Occupancy: 99%
Average footcount per month: 1.3 million
Major anchors tenants: Pick 'n Pay, Shoprite, Woolworths, Edgars and Mr Price

O Office R Retail

MATLOSANA MALL

Location: Klerksdorp, North West
Sector: Retail
GLA (m²): 64 624
Property valuation (Rm): 893
Occupancy: 88%
Average footcount per month: 0.3 million
Major anchor tenants: Pick 'n Pay, Checkers, Woolworths, Edgars, Truworths, Foschini and Mr Price

THE TOWERS

Location: Foreshore, Western Cape
Sector: Office
GLA (m²): 54 316
Property valuation (Rm): 878
Occupancy: 90%
Key tenant: Standard Bank
Project redevelopment cost (Rm): 533

KENILWORTH CENTRE

Location: Claremont, Western Cape
Sector: Retail
GLA (m²): 48 947
Property valuation (Rm): 869
Occupancy: 98%
Average footcount per month: 0.8 million
Major anchor tenants: Pick 'n Pay, Woolworths, Checkers and Game
Project redevelopment cost (Rm): 196

N1 CITY MALL

Location: Goodwood, Western Cape
Sector: Retail
GLA (m²): 37 241
Property valuation (Rm): 844
Occupancy: 100%
Average footcount per month: 0.9 million
Major anchor tenants: Checkers, Pick 'n Pay, Woolworths, Edgars
Ownership: 58%

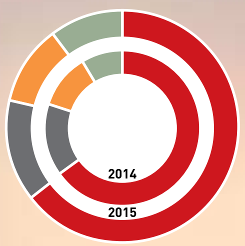
90 RIVONIA ROAD

Location: Sandton, Gauteng
Sector: Office
GLA (m²): 35 636
Property valuation (Rm): 776
Occupancy: 74%
Key tenant: Webber Wentzel
Projected development cost (Rm): 980
Expected completion date: November 2015

GEOGRAPHICAL SPREAD

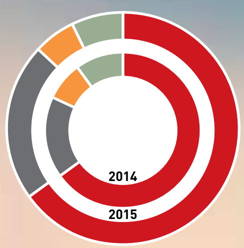
EUROPE		SOUTH AFRICA		AUSTRALIA	
8.5%	7.5%	83.0%	84.7%	8.5%	7.8%
of total distribution	of property assets	of total distribution	of property assets	of total distribution	of property assets

NUMBER OF PROPERTIES



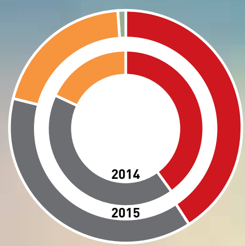
	2015	2014
Gauteng	215	176
Western Cape	47	40
KwaZulu-Natal	37	31
Other	34	23

GEOGRAPHIC SPREAD BY VALUE (%)



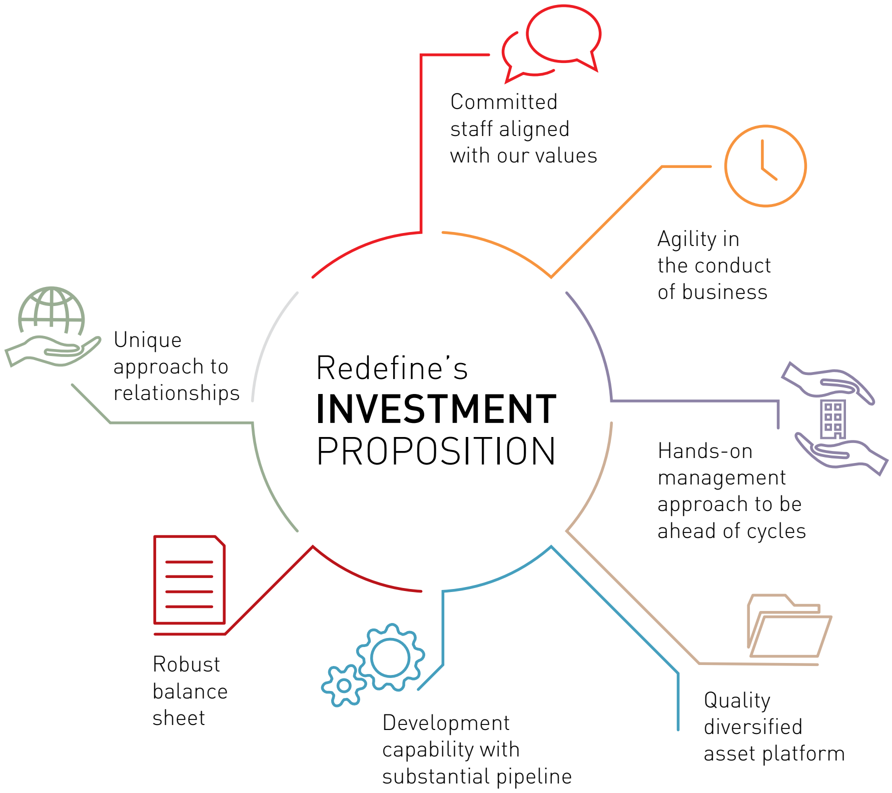
	2015	2014
Gauteng	65	65
Western Cape	22	17
KwaZulu-Natal	6	8
Other	7	10

SECTORAL SPREAD BY VALUE (%)



	2015	2014
Retail	41	40
Office	38	42
Industrial	20	18
Specialised	1	–

OUR INVESTMENT PROPOSITION



HANDS-ON MANAGEMENT
approach to be ahead of cycles

We believe this is the only way to truly engage effectively with all the individuals involved and in so doing, to deliver on our key stakeholder goals

DEVELOPMENT CAPABILITY
with substantial pipeline

Our development capability, including refurbishments and greenfield developments, offers us the opportunity to refine and improve the quality of our assets, unlock new income streams, strengthen client relationships and extend the lifespan of our core properties. Among these projects, and those in our substantial pipeline, are many significant and innovative concepts, which strongly position Redefine for the future in a competitive market

COMMITTED STAFF
aligned with our values

We target finding extraordinary people for the Redefine team, people who embody the values of our organisation, because we believe there is nothing more powerful than employees' passion, skill and initiative in our determination to be the best in all aspects of what we do

AGILITY
in the conduct of business

Redefine is a nimble company. When interesting deals are offered, executive management swiftly assess the potential without first having to filter through layers of bureaucracy. This agility is a key Redefine competitive advantage

QUALITY
DIVERSIFIED ASSET PLATFORM

OUR LOCAL PROPERTY PRESENCE:

333 geographically diversified properties valued at R51.2 billion across mainly the retail, office and industrial asset categories

INTERNATIONAL DIVERSIFICATION THROUGH:

30.1% direct holding in LSE and JSE listed RI PLC

25.6% direct holding in ASX listed Cromwell

50.0% direct interest in North Sydney's landmark tower, Northpoint in joint venture with Cromwell

50.0% direct investment in a retail portfolio in Germany, in joint venture with RI PLC

ROBUST BALANCE SHEET
and platform to execute large-scale transactions

Our robust balance sheet provides a strong platform to fund our continued growth

UNIQUE APPROACH
to relationships sets us apart

We recognise that our business extends beyond the bricks and mortar to people and relationships with them

OUR GLOBAL CONTEXT

POSITIVE FACTORS

- Broadening recovery, fuelled primarily by the recovery in the United States
- Reducing imbalances in many emerging markets

NEGATIVE FACTORS

- Increasing global financial market volatility
- Slowdown in China faster than was originally expected

OUR RESPONSE

SO WE:

- Diversify geographically through exposures to multiple economies and currencies
- Investigate opportunities of positive yield spreads between income yields and low interest rate environments while being mindful of limited growth prospects
- Exploit development and asset management opportunities to counter low growth rates

Low growth rates, with marginal improvement expected in 2016

PROPERTY MARKET CONTEXT

O OFFICE
R RETAIL
I INDUSTRIAL

OFFICE TRENDS

OVERSUPPLY IN THE MARKET...

- Sluggish economic growth leading to stagnant demand
- Multiple new developments coming online
- Greener more efficient buildings

RESULTING IN fierce competition, putting pressure on rental reversions and initial rentals on new lets

OUR RESPONSE

SO WE:

- Focus on tenant retention
- Improve our product offering through redevelopment
- Work proactively to incentivise prospective tenants to relocate through deal structures and tenant installation offerings combined with competitive rentals
- Invest in areas which offer ease of access to transportation hubs
- Divest from older inefficient buildings in less desirable areas

OUR SOUTH AFRICAN CONTEXT

POSITIVE FACTORS

- Liquidity and appetite in capital markets
- Emergence of alternative asset classes
- International retailers looking to expand locally
- One positive spin-off of the energy crisis is the financial viability of investing in renewable sources of electricity, such as solar PV

NEGATIVE FACTORS

- Local trading conditions have become tougher with the economy under severe pressure from a number of areas including electricity supply constraints, weak demand, a weak global environment and lower commodity prices
- Resultant negative GDP growth rates for the second quarter of 2015, as well as declining business confidence levels
- Unemployment remains a concern, with too few South Africans formally employed, while the property sector faces major skill shortages
- Water supply security exacerbated by the impact of climate changes on rainfall patterns

OUR RESPONSE

SO WE:

- Convert existing properties for alternative uses such as student accommodation
- Develop to expand in under-representative defensive asset categories
- Establish new asset categories
- Recycle secondary assets which no longer meet Redefine's investment criteria
- Remain mindful that acquisition opportunities that would meet our investment criteria are limited
- Focus on redevelopments to improve and expand existing properties in well-located areas

R

RETAIL TRENDS

BATTLE FOR MARKET SHARE...

Across almost all LSM levels throughout the country we see consumers:

- Continuing to grapple with debt
- Experiencing high unemployment
- With modest salary increases and low levels of confidence

RESULTING IN continued modest growth in retail sales volumes

OUR RESPONSE

SO WE:

- Continue to seek opportunities to unlock additional value and maintain market share
- Focus on trading trends and managing tenant mix when opportunity arises
- Improve centre market offerings
- Grow the contribution of non-rental income
- Recognise that load-shedding offers the opportunity to differentiate our properties through the use of back-up power and green technology

I

INDUSTRIAL TRENDS

A DEFENSIVE SECTOR...

The industrial sector, particularly heavy industry and manufacturing have been hard hit by:

- Retailers looking to optimise distribution networks
- Weak commodity prices
- Disruptive electricity supply

RESULTING IN tenants wanting buildings to facilitate operational efficiency in terms of both productivity and cost management. There is also a marked increase in the consolidation of distribution facilities in core nodes.

OUR RESPONSE

SO WE:

- Focus on logistics and distribution businesses, which have proven to be defensive, primarily due to the current drive for efficiency and scale in logistics and distribution
- Further enhance the industrial portfolio through the development of assets
- Remain sensitive to the economic environment, focusing on implementing the best design elements at the lowest costs
- Acquire land for development purposes to rebalance sectoral as well as geographic exposure
- Focus on improved efficiency and in design of warehousing and DCs

WHERE WE'RE GOING

Our vision is to be the best

not necessarily the biggest SA REIT

HOW WE GET THERE

In order to achieve our vision, we are cognisant of the fact that we need to be perceived as the best in the eyes of all our stakeholders.

OUR KEY STAKEHOLDER GOALS

For more information on our approach to our key relationships, www.redefine.co.za

BE THE BUSINESS PARTNER OF CHOICE

TENANTS

Their needs
- Safe environment that meets their operational needs
- Service delivery
- Utility continuity

Our needs
- Honour lease commitments
- The opportunity to address tenants needs
- Sustainable business practices

INVESTMENT PARTNERS

Their needs
- Opportunities to partner with a sustainable co-investor
- Collaboration and efficiency in the way we conduct our business
- Adherence to compliance and regulations

Our needs
- A partner aligned with our interests and values

SUPPLIERS

Their needs
- Conduct business in a transparent manner that is mutually beneficial and sustainable

Our needs
- Provision of products and services which will preserve and enhance our properties and enable us to meet our business objectives

SHOPPERS

Their needs
- An interesting and safe environment to relax in
- The correct mix of tenants to meet their needs
- Service delivery

Our needs
- Their continued support of our shopping centres

BE THE **EMPLOYER** OF CHOICE

EMPLOYEES

Their needs
- The opportunity to further their ambitions
- Training and development
- An engaging work environment
- Fair compensation and rewards

Our needs
- An engaged and motivated work force that embodies our brand promise and delivers on our strategic objectives

BE THE **COMMUNITY PARTNER** OF CHOICE

COMMUNITIES

Their needs
- Targeted interventions and support to effect meaningful change

Our needs
- Socio-economic development in South Africa
- Enhanced brand and reputation

BE THE **INVESTMENT** OF CHOICE

INVESTORS AND FUNDERS

Their needs
- Sustained financial returns
- Experienced asset and property management
- Sound risk management
- Strong corporate governance structures and processes

Our needs
- Their support, feedback and financial investment in Redefine

OUR **STRATEGIC** PRIORITIES

- Refine asset allocation and active portfolio management
- Focused and efficient shared services
- Disciplined growth and diversification of local property asset base
- Prudent management of funding
- Growth and geographic diversification in international real estate markets
- Unlock value-add opportunities to existing properties

Refer to our social, ethics and sustainability report SES for our full stakeholder engagement table.

STRATEGIC PRIORITIES

Strategic priorities	2015 Priorities	2015 Outcomes	2016 Priorities
REFINE ASSET ALLOCATION AND ACTIVE PORTFOLIO MANAGEMENT Associated top of mind risks: 1 4 6 8 9 10 11	✔ Introduce specialist sector-specific asset management teams ∞ Refine master plan for each property ✔ Implement strategy to improve BBBEE score ✘ Introduce energy/ electricity supply through alternative means	• Asset managers for office, retail and industrial sectors appointed • Development of refined master plans for each property is ongoing • Improved BBBEE score to a level 3 • PV solar power and backup generator installation is ongoing	• Realign staffing structures and improve skills • Improve market awareness of second-tier management and succession planning • Critical assessment of each property's investment life cycle • Deal with the electricity supply crisis • Increase awareness of physical and IT security threats • Heighten risk awareness and sustainable business practices • Improve tenant mix to bolster market share for existing assets • Refine BBBEE strategy to align with changes in codes and maintain rating • Continue to refine master plan for each property
FOCUSED AND EFFICIENT SHARED SERVICES Associated top of mind risks: 1 4 7 8 9 11	∞ Refine business processes ∞ Maintain margins despite continued above-inflation increases in rates and utility costs ✘ Introduce technology-based applications to improve communication with staff ✘ Introduce electronic communication platforms to serve shoppers/support tenants ✘ Outsource specialist non-core functions	• Refining our processes is ongoing • We maintained our margins • Some progress was made on introducing technology based applications and communications platforms. Due to the ever-changing IT environment and demand this is subject to ongoing review • Our outsourcing strategy of non-core functions is ongoing	• Entrench Redefine's values • Continue to focus on maintaining margins and maximising our cashflow • Let vacant space • Manage tenant credit and concentration risk • Maintain strong focus on tenant retention and relationships • Integrate management and property portfolios acquired in 2015 • Improve capability, availability and use of electronic communication platforms • Increase focus on parking and non-GLA income • Critically evaluate specialist non-core functions

ASSESSMENT OF 2015 PRIORITIES:

✔ Completed
✘ Unfinished business
∞ Continuous process

Refer page 24 to 25 for top of mind risks.

Strategic priorities	2015 Priorities	2015 Outcomes	2016 Priorities
DISCIPLINED GROWTH AND DIVERSIFICATION OF THE LOCAL PROPERTY ASSET BASE Associated top of mind risks: 1 2 5 7 8	✔ ∞ Continue to acquire good quality assets and dispose of non-core assets to recycle capital ✔ ∞ Ongoing restructuring without diluting earnings ✘ Selectively dispose of the government-tenanted office portfolio ∞ Monitor market for possible takeover targets ✘ Investigate new asset classes outside of the traditional property sectors	• Merger of the Fountainhead portfolio • Acquired Leaf office portfolio • Acquired the Macsteel portfolio • Disposed of R2.2 billion of properties and recycled the capital • Sold R400 million of government-tenanted office buildings • Entered into an agreement to acquire 51% of Respublica (student housing)	• Strong focus on enhancing value of core assets • Redevelop in retail assets to defend their market position • Dispose of non-core office assets to recycle capital • Invest in assets suitable to logistics and fast moving consumer goods operations • Diversify exposure to new asset classes outside of the traditional property sectors • Ongoing restructure without diluting earnings • Complete the disposal of the government tenanted office portfolio • Continue to monitor the market for possible take-over targets
PRUDENT MANAGEMENT OF FUNDING Associated top of mind risks: 1 2 3 8	✔ Spread the debt maturity profile ✘ Broaden funding sources ✔ Improve the loan-to-value ratio ✔ Restructure expensive debt ✘ Expand presence in debt capital market ✔ Optimise funding of international investments ∞ Close current discount to property sector forward yield	• Debt maturity was extended with no major maturities in the next three years • We continue to pursue means of broadening our sources of funding by looking at other funding sources outside of the traditional banking sector • Our loan to value ratio slightly improved despite significant number of transactions during the year • Expensive debt was restructured • Our goal of expanding our presence in the debt capital market is ongoing, however, liquidity and pricing pressure in the debt capital market has reduced our participation • We improved the funding of our international investments by sourcing in country funding structures • Our discount to the property sector forward yield was reduced	• Proactive capital management • Diversify funding sources • Reduce level of secured assets and debt • Improve liquidity • Focus on balance sheet management • Maintain our credit rating

STRATEGIC PRIORITIES CONTINUED

Strategic priorities	2015 Priorities	2015 Outcomes	2016 Priorities
GROWTH AND GEOGRAPHIC DIVERSIFICATION IN INTERNATIONAL REAL ESTATE MARKETS Associated top of mind risks: 1 5 8	✔ ∞ Invest in listed offshore securities and direct property at attractive yields ✔ Gear up the RI PLC and Cromwell holdings ✔ Increase holding in Cromwell to 26% ✔ Improve the tax efficiency of the Australian structure ✘ Consider implementing hedging of dividend income from international investments	• During the year we invested in offshore securities as well as direct property assets such as the German portfolio. This remains an ongoing initiative • Gearing in both RI PLC and Cromwell holdings were increased • Holding in Cromwell was increased to 25.6% • We have hedged a portion of our RI PLC dividend income	• Expand into markets offering growth and secure income streams • Support expansion of existing investments in listed securities • Invest in improving existing directly held assets • Implement hedging of income • Improve investor sentiment of international exposure
UNLOCK VALUE-ADD OPPORTUNITIES TO EXISTING PROPERTIES Associated top of mind risks: 1 8 10	∞ Identify yield enhancing development opportunities around owned properties ∞ Pursue pre-let/ tenant demand-driven development opportunities ✔ Provide redevelopment services to Fountainhead ∞ ✔ Completion of a number of developments totalling R2.3 billion ∞ Establish long term master plans for development of key assets ∞ Explore yield enhancing opportunities in new market segments outside of traditional property sectors ✘ Focus on reducing existing buildings' energy consumption through efficiency improvements	• While much redevelopment was undertaken during the year, identifying yield enhancing development opportunities around owned properties remains a priority. • During the year we completed developments of R1.4 billion • We continue to pursue pre-let/tenant demand-driven development opportunities • Merger with Fountainhead now complete • The establishment of a long-term master plan for development of key assets is ongoing • We continue to explore yield enhancing opportunities in new market segments outside of traditional property sectors such as our Respublica acquisition during the year • We continue to improve our green technology use and implement measures to reduce building energy consumption across our portfolio	• Refine long-term master plans for development of key assets • Roll-out sustainability interventions on existing buildings • Heighten market awareness of development capability and capacity • Alternative uses to be considered before disposal of non-core assets such as conversion of assets to student accommodation • Identifying yield enhancing development opportunities around owned properties • Pursue pre-let/tenant demand-driven development opportunities • Focus on reducing existing buildings' energy consumption through efficiency improvements • Explore yield-enhancing opportunities in new market segments outside of traditional property sectors

TOP OF MIND RISKS

For Redefine, risk management involves achieving an appropriate balance between realising opportunities for gain while minimising adverse impacts.

The group is committed to managing risk in a proactive and effective manner with the purpose of remaining a competitive and sustainable business, enhancing its operational effectiveness and continuing to create value for the benefit of employees, shareholders and other stakeholders in pursuance of its long-term strategy and goals. Day to day management of risk lies with line, senior and executive management and is underpinned by formal risk reviews conducted across all functional areas of the group. Redefine's enterprise risk management approach ensures that any changes in risk likelihood and impact are identified and managed appropriately.

Risk management process

Identify

The risks that are fundamental to achieving our strategy are identified using a top-down and bottom-up approach. The ERM framework and policy are utilised to guide the ERM process.

Assess and measure

Risks are assessed based on their potential impact on the business (tenants, investors, business systems and employees), financial position and reputation, including the likelihood of the risk occurring.

Response and action

In line with the ERM policy, mitigating actions are assigned to each risk. The appropriateness of these responses is overseen by the audit and risk committee. Internal audit, as part of the risk-based audit plan, provides assurance as to the appropriateness and effectiveness of these mitigating actions.

Monitor and report

The risks are managed and monitored on an ongoing basis. Quarterly risk reports are provided to the audit and risk committee which in turn provides feedback to the board.

"REDEFINE'S ENTERPRISE RISK MANAGEMENT APPROACH ENSURES THAT ANY CHANGES IN RISK LIKELIHOOD AND IMPACT ARE IDENTIFIED AND MANAGED APPROPRIATELY."

The board identified and ranked in order of severity the following top of mind risks that could impact the ability of Redefine to achieve its strategic priorities:

Risk ranking	Risk and impact	Mitigation	Strategic priority impacted	Capital impacted
1	**SLUGGISH OR NEGATIVE ECONOMIC GROWTH** Macro environment weaknesses could reduce demand for space and increase the potential for tenant defaults thereby undermining rental income levels.	• Ensuring appropriate tenant selection criteria for good quality tenants, monitoring of tenant strength and effective credit management • Appropriate diversification of foreign and local assets • Increased focus on the development of a sound defensive asset base	1-6	
2	**DOWNGRADING OF SOUTH AFRICA'S SOVEREIGN RATING** The impact of a downgrading on South Africa, potential downgrading of banks and that of Redefine's own rating, would result in reduced availability of funding which could limit liquidity leading to restriction of investing and operating activities and/or increase in funding costs.	• Appropriate diversification of foreign and local assets • Diversification of funding • Hedging of funding	3 and 4	
3	**RISE IN INTEREST RATES** A rise in interest rates could limit our ability to access further funding, reduce distributable earnings or influence capitalisation rates for property valuations/renewal values.	• Hedging policy in place • Diversifying funding sources • Spreading debt maturity profile • Geographical diversification	4	
4	**DISRUPTION TO SUPPLY OF UTILITY SERVICES AND/OR SIGNIFICANT INCREASES IN MUNICIPAL CHARGES AND ELECTRICITY TARIFFS** Challenges experienced with electricity supply including the imminent water crisis puts pressure on tenants to run their businesses profitably and potentially increases our operating costs. Significant increases in utility expenses may reduce demand for our space, potentially impact tenant affordability and reduce returns.	• Smart-metering project implementation to further enhance the management of consumption, supplier utility billings and tenant recoveries • PV solar and backup generators project implementation • Focus on building efficiencies to reduce consumption • Maintenance of relationships with appropriate management in local councils • Location of properties in well-serviced areas	1 and 2	
5	**INCREASED COMPETITION FOR TENANTS AND PROPERTY ASSETS** The pool from which future acquisitions can be sourced is diminishing which could increase the cost of property investments. With property supply levels exceeding tenant demand, increased competition for tenants could increase vacancies and result in poorer rentals.	• Appropriate sector and geographical diversification of assets • Exploration of alternative asset classes	3 and 5	
6	**INADEQUATE RATE OF COMPLIANCE AND INABILITY TO COMPLY WITH THE AMENDED BBBEE REQUIREMENTS** A poor BBBEE rating has a direct impact on our ability to attract and retain tenants, in particular those tenants who require a landlord with a rating that will maintain or improve their own rating. It also impacts on our ability to compete on development bids and leases.	• Implementation and monitoring of the BBBEE compliance strategy that focuses on the requirements of the relevant legislation and property sector scorecard, whilst keeping abreast of any changes in the legislation and scorecard	1	

Risk ranking	Risk and impact	Mitigation	Strategic priority impacted	Capital impacted
7	**TENANT CONCENTRATION** High concentration of specific tenants could have a material impact on rental income in the event of a tenant insolvency or withdrawal from the portfolio.	• Extending and improving lease portfolio • Review of the portfolio with the view to retain or dispose of certain properties • Ongoing monitoring of tenant strength	2 and 3	
8	**FAILURE TO COMPLY WITH LAWS AND REGULATIONS** The volume and increasing complexity of new and amended legislation that is being introduced in South Africa often requires the reallocation of financial and human resources to implement and address the legislation requirements. With geographic expansion into new markets, there is a need to understand the local regulatory requirements.	• Implementation of the compliance framework, which includes the monitoring and assessment of new and amended legislation by the legal team as well as measures being implemented by business to ensure compliance • International expansion is conducted in collaboration with local partners	1-6	
9	**FAILURE TO ATTRACT OR RETAIN KEY EXECUTIVES AND STAFF** Limited skills' availability in the property sector may impact our ability to retain high-performing staff and to react to market opportunities in a timely manner.	• Implementation and monitoring of the succession planning strategy (includes talent retention) • Responsible/proactive management of the long-term incentive programme • Ongoing communication to ensure an engaged workforce • Salary benchmarks to ensure employees are appropriately remunerated • Performance management process	1 and 2	
10	**PROPERTY OBSOLESCENCE** Change in tenant needs, the appeal of property locations, a property's aesthetic appeal or poor energy efficiency may lead to the inability to attract or retain tenants as well as potentially increasing our operating costs.	• Increased focus on the development of a sound defensive asset base • Refurbishment and redevelopment programme • Design and implementation of a formal programme to address the sustainability initiatives required for appropriate client and other stakeholder satisfaction	1 and 6	
11	**INCREASE IN SECURITY THREATS** Increase in crime (including cyber) as well as civil unrest could adversely impact the safe and secure environment provided for our stakeholders, leading to financial and/or reputational damage.	• Appropriate sector and geographical diversification of assets • Effective security programme and evacuation procedures including closer liaison with SAPS • Appropriate insurance programme in place • Continuous improvement of the cyber security programme • Awareness training	1 and 2	

LINK TO STRATEGIC PRIORITIES (refer to pages 20 to 22)

1 – Refine asset allocation and active portfolio management
2 – Focused and efficient shared services
3 – Disciplined growth and diversification of the local property asset base
4 – Prudent management of funding
5 – Growth and geographic diversification in international real estate markets
6 – Unlock value and opportunities in existing properties

CAPITALS:

Financial · Manufactured · Human · Intellectual · Natural · Social and relationship

As part of the risk assessment process, risks are assessed over the short, medium and long term. The heatmap below provides an overview of the assessment of the strategic risks considered from an

18-month time horizon

Impact on Redefine	RARE	UNLIKELY	MODERATE	LIKELY	ALMOST CERTAIN
MAJOR					
CRITICAL					• Downgrading of South Africa's sovereign rating
SERIOUS				• Sluggish or negative economic growth • Rise in interest rates	
MODERATE		• Failure to comply with laws and regulations • Failure to attract and retain key executives and staff	• Increased competition for tenants and property assets • Inadequate rate of compliance and inability to comply with BBBEE requirements	• Disruption to supply utility services and with significant increases in municipal charges and electricity tariffs	
MINOR			• Tenant concentration • Property obsolescence • Increase in security threats		

Likelihood of risk occurring within 18 months

The risks have been depicted utilising their residual rating (assessment of the risk after taking mitigating actions into consideration)

The heatmap below provides an overview of the assessment of the strategic risks considered from a

5-year time horizon

Impact on Redefine

Impact	RARE	UNLIKELY	MODERATE	LIKELY	ALMOST CERTAIN
MAJOR					
CRITICAL					• Sluggish or negative economic growth • Downgrading of South Africa's sovereign rating
SERIOUS			• Failure to comply with laws and regulations • Property obsolescence		• Rise in interest rates • Disruption to supply utility services and with significant increases in municipal charges and electricity tariffs
MODERATE			• Inadequate rate of compliance and inability to comply with BBBEE requirements • Tenant concentration	• Failure to attract and retain key executives and staff	• Increased competition for tenants and property assets
MINOR				• Increase in security threats	

Likelihood of risk occurring within 5 years

SOURCES OF CAPITAL

The resources used by our operations to create value are the following:

FINANCIAL CAPITAL

As a REIT we are tasked with investing the capital received from our shareholders to deliver capital appreciation on their investment, as well as income in the form of distributions.

We also obtain financial capital from various funders, which we return to them in the form of interest and loan payments.

HUMAN CAPITAL

The knowledge, skill, attitude and innovation of our employees enables us to commit to being the best (but not necessarily the biggest) South African REIT.

INTELLECTUAL CAPITAL

Our organisational, knowledge-based intangible assets and ethos are critical to our ability to sustain and grow the business.

SOCIAL AND RELATIONSHIP CAPITAL

Constructive interaction makes our day-to-day operations more effective, ensuring we remain socially relevant in the communities where we operate.

MANUFACTURED CAPITAL

We use our manufactured capital to generate cash flow from rental and property related income, which translate into capital appreciation.

NATURAL CAPITAL

Our business model is heavily dependent on natural capital, namely constructing, operating, occupying and redeveloping buildings.

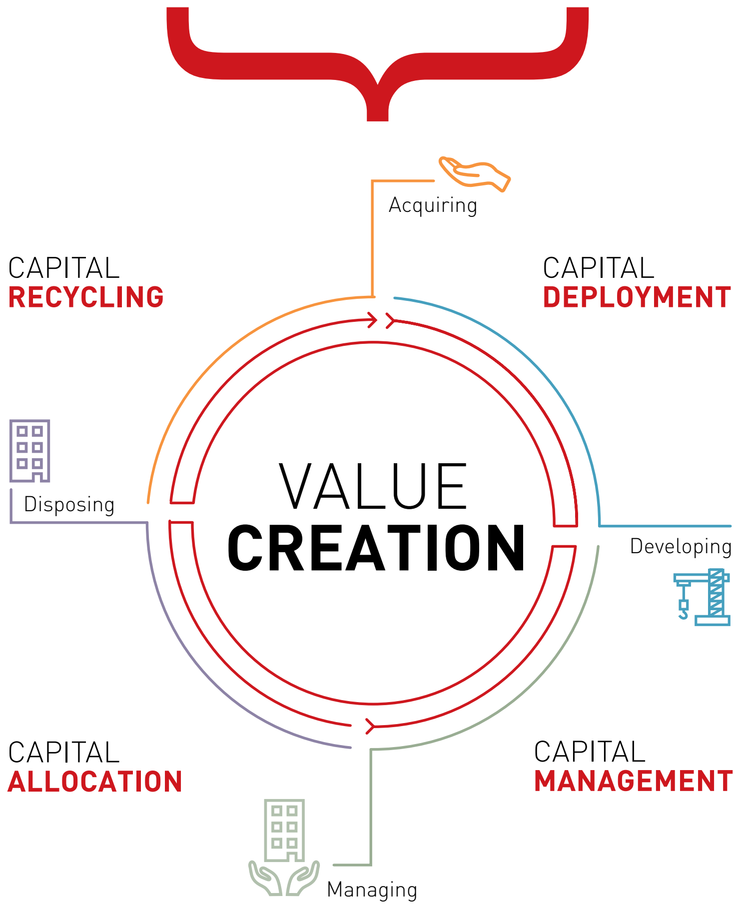
OUR BUSINESS ACTIVITIES

ASSET MANAGEMENT

Effective capital management is the core of our business. We create value by active asset management of our property portfolio, carefully reviewing the portfolio, strategy, exploiting development and expansion opportunities, considering alternative uses and recycling capital to optimise returns.

PROPERTY MANAGEMENT

We create value through the careful management of the property portfolio, finding and retaining the right tenants and tenant mix. We ensure the maintenance of our properties is of the highest standards and deliver value added services to our tenants.



WHAT WE DELIVER

Our output is the product and services we deliver to our stakeholders

Convention Tower, Foreshore, Cape Town

Quality spaces embedded in society

Our outcomes are the result of our business activities which inevitably have both positive and negative consequences, for our stakeholders and for ourselves. We focus on reporting on those outcomes over which we have direct control or influence.

OUR OUTCOMES

OUR SHAREHOLDERS

- ➕ Delivered distributions of 80.0 cents per share, amounting to R3.2 billion during the year
- ➕ Tangible NAV growth of 9.9%

OUR EMPLOYEES

- ➕ Welcomed 112 new employees; 364 now employed
- ➕ Invested R4.8 million in training and development
- ➕ Paid R193 million in remuneration

OUR COMMUNITY

- ➕ Enhanced our brand awareness through targeted media campaigns
- ➕ Established the R3 billion Redefine Empowerment Trust
- ➕ New developments contributed to job creation and community upliftment

OUR FUNDERS

- ➕ Paid interest of R1.7 billion

GOVERNMENT

- ➕ Contributed R1.4 billion through municipal rates and taxes and corporate taxes

OUR ENVIRONMENT

- ➕ Seven new buildings developed; two additional buildings are in the process of being developed
- ➕ New developments are more environmentally friendly by design and will reduce consumption of water and electricity
- ➖ Consumed natural resources, through developments, that are not replenished
- ➖ Total carbon footprint of 642 676 tonnes CO_2e

➕ Positive outcome
➖ Negative outcome

UNDERSTANDING THE IMPACTS OF OUR BUSINESS BY CAPITAL

OUR **PRIMARY** BUSINESS ACTIVITIES

	Acquiring	Developing	Managing	Disposing
	Our strategy is to grow and improve the quality of our core portfolio through acquisitions of buildings, wherever possible with triple net leases to blue-chip tenants who offer secure cash flows and negligible vacancy rates	Driven by demand and opportunity, we develop innovative, operationally efficient and cost-effective, sustainable buildings in addition to redeveloping existing properties to realise further value	We actively manage our diversified portfolio to enhance efficiency and returns	Property and strategic equity stakes are continuously evaluated for their long-term capital appreciation prospects as well as sustained income-earning potential. If the price is right and all other options have been exhausted, we will sell secondary assets to reinvest the capital into opportunities that have better long-term capital growth prospects
Financial capital	+ − When we invest in property and related assets, our available financial capital is temporarily reduced. However, we buy assets that we believe will generate returns above our cost of capital which will increase our financial capital in the long term	+ − Developing property reduces our financial capital in the short-term but increases our ability to increase financial capital in the long-term	+ − Managing our property effectively requires that financial capital be paid to our employees managing the properties. By hiring excellent people with the right know-how, and the ability to generate value through relationships, the active internalised management of our portfolio saves us money and increases the value of the property and the company	+ By selling properties that no longer fit our investment criteria, we are able to generate financial capital to reinvest elsewhere into high-return assets
Manufactured capital	+ When we invest in property and related assets, our manufactured capital is increased	+ Developing new property or extending existing properties adds to our manufactured capital	+ The effective management of our properties increases the longevity of our manufactured capital	− When we sell property, our manufactured capital is depleted
Human capital	+ Our human capital is increased when we acquire new properties as we often integrate staff from these buildings, or hire staff to manage the properties and to ensure that we realise maximum value from each building	+ Through the process of development we either increase our staff complement to meet the needs of the additional building, or the effect is neutral as the existing staff complement take responsibility for this addition	+ − Managing our property portfolio requires that our exceptional people apply their know-how. This process does not increase or decrease our human capital	− When we sell properties we either reduce our staff complement or reassign them to manage other buildings in our portfolio

Black River Park, Observatory, Cape Town

OUR **PRIMARY** BUSINESS ACTIVITIES

	Acquiring	Developing	Managing	Disposing
Intellectual capital	+ Through the process of each acquisition, our intellectual processes and know-how increases	+ The process of developing new buildings and uplifting existing buildings through development is inherently knowledge-based, requiring that we keep abreast of the latest trends and apply what we have learnt in an optimal way	+ In our quest to be the best in all that we do, we constantly challenge our people to seek opportunities in our existing buildings that others may not see. This drive for excellence and innovation in our building management approach increases the effectiveness of our internal processes and practices	+ Disposal of our non-core assets is a process that increases our intellectual capital as we grow in our ability to assess the market and process these disposals. If not carefully monitored there is potential to lose intellectual capital
Natural capital	− Adding new properties to our portfolio increases our carbon footprint and the amount of natural resources consumed. We attempt to offset this negative impact by purchasing buildings that incorporate green technologies and minimise natural resource consumption	− Developing buildings is a natural resource intensive activity. We try to offset this negative impact by building all new developments to a minimum GBCSA Green Star Rating level 4 and enhancing the sustainability of our existing buildings	+ − Reducing the resource consumption of our buildings is a key concern in our building management approach. Redefine has implemented the roll-out of smart-meters in order to monitor consumption of water and electricity. This will allow us to identify inefficiencies and wasteful consumption and take action	+ Reducing the number of properties in our portfolio decreases our carbon footprint, especially considering our strategy to dispose of older buildings, which are generally less efficient and therefore more natural capital intensive
Social and relationship capital	+ − The manner in which we buy, sell, develop and manage our properties has the potential to either increase or decrease our social and relationship capital. As an organisation we seek to increase this valuable capital through our unique approach to relationships, living Redefine's values and our continued focus on creating meaningful value for our business partners			

+ Positive outcome

− Negative outcome

BOARD OF DIRECTORS

Marc Wainer | Bernie Nackan | Andrew König | Marius Barkhuysen | Leon Kok | Ntombi Langa-Royds | Phumzile Langeni

MARC WAINER (67)

Executive chairman

Appointment to the board:
Appointed to the board in 1999, chief executive officer in 2009 and subsequently became executive chairman in August 2014

Committee membership:
Executive and investment committees

External appointments:
Director of RI PLC and Cromwell. He is also a non-executive director of Elwain Investments Proprietary Limited.

Previous experience:
Until August 2014, Marc was chief executive officer of Redefine Properties, thereafter moving to the executive chairman role. He has 40 years' experience in all aspects of real estate. He was previously an executive director of Fountainhead Manco.

Marc's primary focus is on acquisitions and disposals and international investments, and he plays a role in the strategic development at Redefine.

BERNIE NACKAN (71)

Lead independent non-executive director

BA Econ (Wits), SEP (Stanford – USA)

Appointment to the board:
Appointed in 2009

Committee membership:
Chairman of the Nomination and Investment committees, member of the audit and risk and remuneration committees

External appointments:
Non-executive director of RI PLC and the Rezco Asset Management Group

Previous experience:
Bernie was financial editor of the Rand Daily Mail, managing director of Sage Unit Trusts and an executive director of Sage Group from 1974 until his retirement in 2003. He was previously an independent non-executive director of Fountainhead Manco.

He was for many years in the forefront of development in the unit trust industry and was a member of the Collective Investment Schemes Advisory committee for 10 years.

ANDREW KÖNIG (48)

Chief executive officer

BCom, BAcc, CA (SA)

Appointment to the board:
Appointed as financial director and to the board in 2011 and elected as chief executive officer in August 2014

Committee membership:
Chairman of the executive committee and member of the investment committee

External appointments:
Executive director of Fountainhead Manco, director of Cromwell and an alternate director to Marc Wainer on the RI PLC board.

Previous experience:
A qualified chartered accountant with 23 years of commercial and financial experience, Andrew was previously group financial director of Independent News and Media.

He is responsible for the management of Redefine and for ensuring the board's strategy is implemented. He has oversight of all aspects of regulatory compliance, corporate activity, communications and investor relations.

MARIUS BARKHUYSEN (59)

Independent non-executive director

Appointment to the board:
Appointed in November 2015

External appointments:
None

Previous experience:
Marius has over 30 years' experience in the retail trading environment and an in-depth understanding of retail property. He was previously an independent non-executive director of Fountainhead Manco and a director and member of the executive committee of Pepkor Holdings Proprietary Limited.

LEON KOK (44)

Financial director

BCom, BCom (Hons) (Acc), CA (SA)

Appointment to the board:
Appointed in October 2014

Committee membership:
Executive committee and social and ethics committee

Previous experience:
Leon is a chartered accountant with an excellent blend of operational experience, sound business acumen and technical accounting knowledge. He joined Redefine in 2014 after a 13-year career at Peermont Global Limited.

He is responsible for all aspects of finance, IT, administration, legal and human resources management and supports the chief executive officer in corporate activities, regulatory compliance and investor relations.

NOMALIZO BERYL (NTOMBI) LANGA-ROYDS (53)

Independent non-executive director

BA (Law), LLB (National University of Lesotho)

Appointment to the board:
Appointed in November 2015

External appointments:
Independent non-executive director of Murray & Roberts Holdings Limited, Mpact Limited and African Bank Investments Limited.

Ntombi is also a trustee of the Murray & Roberts Trust and the Mpact Share Incentive Scheme.

Previous experience:
Ntombi has more than 25 years' experience in human resources. She was previously a non-executive director of the Pretoria Portland Cement Company Limited and the owner of Nthake Consulting, a human resources consultancy business.

PHUMZILE LANGENI (41)

Independent non-executive director

BCom (Natal), BCom Hons (UNISA)

Appointment to the board:
Appointed in May 2015

External appointments:
Executive chairman of Afropulse Group Proprietary Limited and non-executive chairman of Astrapak Limited and the Mineworkers Investment Company Proprietary Limited.

Harish Mehta David Nathan David Rice Mike Ruttell Günter Steffens Michael Watters

Non-executive director of Imperial Holdings Limited, Massmart Holdings Limited, Primedia Proprietary Limited, Transaction Capital Proprietary Limited, Metrofile Holdings Limited and other unlisted companies. Phumzile is also a trustee of the KZN Growth Fund.

Previous experience:
Phumzile is a stockbroker by training and was previously the economic adviser to the Minister of Minerals and Energy.

HARISH MEHTA (65)

Non-executive director

BSc, MBA

Appointment to the board:
Appointed in September 2009

Committee membership:
Remuneration and nomination committees

External appointments:
Non-executive chairman of Times Media Group Limited and The Waste Group Limited. non-executive director of the Spar Group Limited, the KwaZulu-Natal Provincial board of First National Bank and Cibapac Proprietary Limited. Harish is the executive chairman of Clearwater Capital, a strategic BEE shareholder in Redefine.

Previous experience:
Harish was formerly the managing director of the Universal Print Group Proprietary Limited.

DAVID NATHAN (66)

Independent non-executive director

CA (SA)

Appointment to the board:
Appointed in March 2014

Committee membership:
Chairman of the audit and risk and social and ethics committees

External appointments:
Non-executive director and member of Audit and Risk as well as Social and Ethics committees of Karan Beef Proprietary Limited. David is also a director of various other local and foreign companies.

Previous experience:
Before retiring, David was a senior partner at Grant Thornton with close on 40 years of experience at the firm, of which 35 years were as a partner. He has extensive experience of board, governance, finance, investment and risk matters and a thorough knowledge of exchange control matters, property and investment trusts.

DAVID RICE (59)

Chief operating officer

Appointment to the board:
Appointed to the board in August 2009 and subsequently became chief operating officer in March 2011

Committee membership:
Executive and investment committees

Previous experience:
David was managing director of ApexHi Properties Limited from 2006 until the merger of Redefine, ApexHi and Madison Property Fund Managers Holdings Limited. He was previously an executive director of Fountainhead Manco.

He is responsible for all aspects of the asset and property management of the business. David has more than 30 years' experience in the property industry.

MIKE RUTTELL (57)

Executive director: development

BSc, QS, PrQS, PMAQS, MRICS, HBS, AMP

Appointment to the board:
Appointed in September 2013

Committee membership:
Executive and social and ethics committees

Previous experience:
Mike is a quantity surveyor by profession with over 36 years of technical and commercial experience in the construction and property development sectors, both in South Africa and internationally. He is responsible for all aspects of Redefine's development activities.

GÜNTER STEFFENS (78)

Independent non-executive director

CA (SA)

Appointment to the board:
Appointed in September 2013

Committee membership:
Chairman of the remuneration committee and member of the audit and risk and nomination committees

External appointments:
Director of Astrapak Limited and Imara Holdings Limited (listed in Botswana) and serves on the boards of several non-listed companies.

Previous experience:
Günter established Dresdner Bank AG in London and ran it for 25 years. He subsequently oversaw the bank's interests in Southern Africa. He was chairman of the German-British Chamber of Commerce and The Foreign Banks and Securities Houses Association and is a member of the Worshipful Company of International Bankers.

MICHAEL WATTERS (56)

Non-executive director

BSc Eng (Civil), MBA

Appointment to the board:
Appointed in August 2014

External appointments:
CEO of RI PLC, non-executive chairman of Redefine BDL Hotel Group Limited and non-executive director of International Hotel Group Limited.

Previous experience:
Mike has over 27 years' experience in the investment banking and real estate industries. He has held directorships of some of South Africa's top-rated listed property funds including Sycom Property Fund, Hyprop Investments Limited as well as the Sapphire Retail Fund in the United Kingdom.

OUR LANDSCAPE OF SUCCESS

TOTAL RETURN IN 15 YEARS

Category	2000	VS 2015	Change
Share price	R2.00	R11.48	>5x larger
Shares in issue	220.5 million	4.7 billion	21x larger
Property assets	R1.1 billion	R64.5 billion	59x larger
Average value per property	R10 million	R154 million	15x larger
Property assets vs listed securities	50% / 50%	85% / 15%	
International income contribution	–	17%	
Listed property sector market cap	R8 billion	R431 billion	54x larger
Market cap	R400 million	R54.8 billion	136x larger

2011

MARKET CAP INCREASED TO

R22.3 BILLION

2012

MARKET CAP INCREASED TO

R26.6 BILLION

2013

MARKET CAP INCREASED TO

R30.2 BILLION

Wembley Square, Gardens, Cape Town

2015 MILESTONES

- Secured the merger of Fountainhead's portfolio, shifting the direct property portfolio to a retail bias
- Acquired the Macsteel portfolio for R2.7 billion
- Acquired the R4.1 billion Leaf property portfolio
- First direct property investment in Europe
- Establishment of Redefine Empowerment Trust
- Direct holding in Cromwell increased

2015 YEARS OF GROWTH

Inclusion in the JSE

TOP 40

INDEX

2015

MARKET CAP INCREASED TO

R54.8 BILLION

2014

MARKET CAP INCREASED TO

R36.4 BILLION

EXECUTIVE CHAIRMAN'S INTERVIEW

HOW WOULD YOU DESCRIBE THE OPERATING ENVIRONMENT IN 2015?

I think we can all agree that it has been a tough year. We are primarily a South African property company, so we've felt the effects of the stagnant GDP environment in South Africa. Business and consumer confidence is low. We feel the effects of this in our operations, as do our tenants and suppliers.

The reality is that the operating environment is unlikely to change drastically in the short to medium term. So we need to roll up our sleeves and capitalise on the opportunities that are available, both locally and internationally. You can complain about the field or the conditions, or you can play the game. We are tough competitors, focused on building the best REIT on the JSE.

GIVEN THIS CHALLENGING OPERATING ENVIRONMENT, HOW WOULD YOU DESCRIBE THE GROUP'S RESULTS FOR THE 2015 YEAR?

Within the current context, the group has performed exceptionally well. We've met our earnings targets, but more than that, we continue to build an organisation that I am personally very proud of. A values-driven culture underpins everything we do and it is this internal culture that drives our performance.

WHAT WERE THE MAIN CHALLENGES THE GROUP FACED DURING THE YEAR?

As I mentioned earlier, the macro-economic environment, both locally and abroad, remains challenging and volatile. There is a high level of financial volatility in bond yields and currency fluctuations. Locally, the risk of a sovereign downgrade poses a potential threat, as it would negatively affect our bond yields and thus our share price, as well as the cost of capital and funding.

WHAT WOULD YOU SAY WERE THE MAIN OPPORTUNITIES THAT EMERGED DURING THE YEAR? HOW DID THE BUSINESS RESPOND TO THESE?

We are an agile company that values unconventional thinking, simplicity and proactive solutions. This focused determination is key to our success. Being cognisant of the long-term nature of this challenging operating environment, we are focused on ensuring that our portfolio is optimised and that we manage our assets well.

The impetus to expand internationally is increasingly compelling and we remain positioned to capture these opportunities as they arise. The cost of funding globally remains low, and this means that yield spreads are attractive. However, these investments come with the challenge of a low-growth operating environment. Despite this, we think that there are currently attractive opportunities offshore.

That doesn't mean we aren't primed to capitalise on opportunities in South Africa, or that we aren't focused on our South African portfolio. But going forward, we will be selective and circumspect with regard to our South African acquisitions, given the higher cost of funding.

THIS YEAR REDEFINE CELEBRATED ITS 15TH YEAR SINCE LISTING. WHAT DO YOU THINK YOU'VE LEARNT OVER THAT TIME?

I believe we've learnt a lot, but most importantly for me, we've grown as people and as an organisation. We listed in February 2000. We've grown from literally a handful of employees and a R1 billion portfolio to 364 employees and R64.5 billion in property assets in 2015. Over the last 15 years, we've established a track record of delivery with all our stakeholders. We've established ourselves as trusted business partners, as a group that makes commitments and delivers on them. I'm proud of the legacy we've built.

WHAT DO YOU BELIEVE SETS REDEFINE APART FROM ITS COMPETITORS?

As a REIT, what we do is simple. We invest in property and we pay the net rentals on to our shareholders. What differentiates us is the way we do it. Our unique approach to people and relationships is what enables us to create and sustain meaningful value for our business partners.

Marc Wainer
Executive chairman

R64.5 billion

"IN PROPERTY ASSETS."

We say: property is our commodity – people are our business. We want to build a business that is based on people who are passionate about developing relationships of trust. We want to grow those relationships through accountability and integrity in all parts of our business.

We believe that this is what makes us the first company people think of when they're looking for space, a top-of-mind property owner. This is what will make us an employer of choice and a landlord people want to work with.

YOU HAVE AN UNUSUAL EXECUTIVE STRUCTURE. DO YOU THINK THIS IS WELL UNDERSTOOD BY THE MARKET?

We remain committed to the principles of King III. Although King III does not support the concept of an executive chairman, the board weighed up the changes thoroughly before making a decision it felt was in the best interests of the group and our stakeholders.

Internally, our roles are clearly defined, and I think are the best for the business. Externally, there may be some confusion around our roles and certain concerns about independence. In this regard, Bernie Nackan, lead independent non-executive director, continues to chair the board when necessary to maintain independence and ensures we operate transparently and with integrity. Additionally, the relationship that exists between Andrew König, our chief executive officer, and me is one of mutual respect and I believe it is working well. Andrew handles the day-to-day operations, affording me the opportunity to contribute to the group in new ways that I believe are more value adding.

364

"PROPERTY PROFESSIONALS EMPLOYED."

REDEFINE IS RENOWNED FOR THE SPEED AND EFFECTIVENESS OF ITS DEAL-MAKING. WHAT DO YOU BELIEVE MAKES THIS POSSIBLE?

I think it comes down to our team. We have an experienced and passionate team. We don't believe in bureaucracy. We debate decisions exhaustively but remain nimble and decisive. We have a relatively flat structure and as executives, we are hands-on. We aren't here to rubberstamp decisions. I think it is important that stakeholders understand that deal-making is not the only way we create value. It's a part of our business, but it is not the focus. We are property people.

HOW DO YOU BELIEVE THE GROUP CREATES VALUE?

This is a long-term business. We want to emphasise that the value we are building is for the future. This means we need to make decisions today that will only bear fruit, in some cases, later on. Sometimes that means taking hard decisions that are right for the business in the long term but have negative short-term consequences. For instance, we are looking to increase and improve the number of environmentally friendly buildings in our portfolio. For that investment, we may not always see a direct reciprocal increase in rent. But we know it's the right decision for the long term, for us, for our tenants and the environment. It's a trade off against short-term costs and preserving long-term value in our portfolio.

We're not just deal-makers though. We do, and will continue to, manage our assets actively and efficiently. We have almost 333 properties and a staff complement of 364 individuals, roughly a person per building. We've grown our staff to ensure that we are getting the most out of each and every building.

IS THERE ANYTHING ELSE YOU WOULD LIKE TO ADD?

We have a very supportive board. I'd like to thank them for their leadership during the year. My heartfelt thanks go out to our management team, Andrew and the rest of our executive committee, for their commitment and support.

Finally, to our employees, tenants and investors – thank you for your continued support and effort. You are the reason we are in business.

LOOKING AHEAD, WHAT DO YOU EXPECT IN THE SHORT TO MEDIUM TERM?

We expect the operating context to remain challenging. For us, it's a question of what you invest in, where you invest and at what price. Sometimes the best deals are the ones you walk away from. We are always looking to build and enhance our portfolio in a sustainable manner.

As a group, we remain committed to our vision. We want to be the best REIT on the JSE. For us, that means being the landlord, employer and investment of choice.

CHIEF EXECUTIVE'S REVIEW

OVERVIEW

It gives me great pleasure to report to you, our stakeholders, on our performance during 2015.

Against a backdrop of financial volatility and sluggish GDP growth, we achieved 7.3% growth in our full year distribution to 80.0 cents per share, in line with market expectations.

More significantly for me, though, is the progress we have made against our strategic priorities, demonstrating our commitment to execution within the group. We continued to refine our portfolio composition and believe that we have achieved another sound performance in each aspect of our business: financial, operational, social and environmental.

Our vision, "to be the best, but not necessarily the biggest South African REIT" is bold and it requires our continued drive for excellence. We believe that while property is our commodity, it is our unique approach to relationships that enables us to create and sustain meaningful value for all our stakeholders.

RESPONDING TO OUR CONTEXT

The economic environment has been and is expected to remain challenging. Our job, as real estate managers, is to anticipate the expected risks and identify opportunities that emerge from this context and nimbly respond to these.

In the current environment, quality retention is a priority for us. We need to retain quality tenants and employees. There is fierce competition in the property industry for high-calibre tenants and skilled staff. This tough environment challenges us to work harder, to continually examine ourselves, ensuring we are doing our best to foster meaningful, mutually beneficial relationships with all our stakeholders.

FUNDING OUR PROGRESS

Our access to flexible and cost-effective funding is a key differentiator and allows us to respond with agility and react within the volatile operating environment. Our financial flexibility not only allows us to have readily available access to funding but also enables us to access the equity markets at the optimal time.

We continue to evaluate our property and strategic equity stakes for their long-term capital appreciation prospects, as well as sustained income-earning potential. If the price is right and we have exhausted all options to redevelop or expand/change the use of the asset, we sell secondary assets to recycle the capital into opportunities that have better long-term capital upside to offer. Capital recycling requires a disciplined approach, as the sale of these higher yielding assets have the potential to dilute distributable income.

PROPERTY IS OUR COMMODITY

Our local investment strategy is centred on optimising risk and reward (income and capital growth); while our international investment strategy is focused on geographic diversification (protecting revenue streams) and taking advantage of attractive yield spreads.

INVESTING LOCALLY

We continue to assess the local property portfolio to establish the optimal size of each component, including the number of properties, tenant composition, sector and geographic jurisdictions. We believe we need to maintain a balance between defensive investments and assets that can be improved with active asset management.

The continued restructure of the local portfolio could not have been timed better to cope with the challenging macro-economic environment, and it is encouraging to see the growing demand for space in the well-located properties, albeit in a fiercely competitive market.

Andrew König
Chief executive officer

"WE ACHIEVED **7.3%** GROWTH IN OUR DISTRIBUTIONS TO 80.0 CENTS PER SHARE."

41

"THE PORTFOLIO COMPRISES 41 PROPERTIES, OF WHICH 70% BY VALUE ARE PRIME RETAIL ASSETS."

Growing our portfolio

During the year, we finalised the merger of Fountainhead's portfolio, a strategic milestone for the group. The Fountainhead comprises 41 properties, of which 70% by value are prime retail assets. Obtaining direct control over Fountainhead's retail property portfolio, independently valued at R8.3 billion, has transformed Redefine's retail portfolio and to a large extent completes the portfolio restructure that began during 2011.

We also acquired the Leaf portfolio of properties. The transaction was priced at R4.1 billion producing an initial income yield of 8%. The portfolio is underpinned by high-quality income streams from its large, excellently located, premium grade office precinct assets, significantly enhancing the Western Cape portfolio.

While the industrial manufacturing sector has been hard hit by load-shedding and weak commodity prices and demand, Redefine's industrial property portfolio is positioned away from these direct impacts. The portfolio is anchored by Macsteel portfolio (a steel merchant) acquired for R2.7 billion, during the year, which places us in good stead going forward with a 12-year triple net lease. The portfolio comprises 28 properties, and the agreement includes the option to sell the assets back to Macsteel should we wish to exit the investment.

We continue to find new and innovative ways to enhance the portfolio. During the year, Redefine announced a 51% investment in the student housing company, Respublica. This acquisition provides a springboard into a new asset class and alternative use redevelopment opportunities for a number of our properties that are appropriately located.

Developing for long-term value

Significant local developments to expand, protect and improve properties are underway with R1.8 billion invested during the year. Projects totalling R3.8 billion are currently in progress.

With regard to our retail portfolio, considering the challenging operating environment, we remain focused on exploiting opportunities across the portfolio to grow market share, re-develop or expand centres, improve tenant mix and manage occupancy cost ratios. Consequently, we are in the process of making significant improvements to some of our major centres such as Centurion Mall, South Coast Mall, East Rand Mall and Kenilworth Centre to expand and protect the markets they serve.

The 90 Rivonia Road office development is progressing well with a completion date of end November 2015. There are a number of parties interested in the 10 000m^2 north wing of this iconic building.

In Cape Town, the transformation of the Towers has been completed and Rosebank Towers, a new development in which Redefine has a 42.5% interest, will be completed by the end of October 2016 and has confirmed tenants for 65% of the building and strong possible tenants for a further 23% of the lettable space.

We continue to enhance our industrial portfolio through the development of assets suitable for logistics and fast-moving consumer goods operations. Redevelopment of a number of well-located, older properties such as Waltloo DC, Fabric Park and 21 Wrench Road are underway. In addition, sizeable parcels of industrial land have been acquired for development purposes in Brackengate, Cape Town and in the east of Germiston, which along with Cornubia, will provide Redefine with a significant industrial development pipeline in the three main economic hubs of South Africa.

Reducing our impact

Focusing on greening our buildings is, for us, sound business practice. In our South African context, we are facing rising administered costs, severe electricity interruptions and security over water supply constraints. Taking these challenges into consideration, it is no wonder that green buildings, i.e. buildings that are highly resource efficient, are seeing growing demand. According to a report recently released by the IPD SA, green buildings outperformed their conventional counterparts by almost 30% during 2014. By doing good, we can do well.

Our environmental strategy, therefore, focuses on facilitating the reduction of the company's environmental footprint while having a positive effect on asset values and reducing vacancy rates. While we remain committed to decreasing the environmental impact of the portfolio, we have to balance financial and commercial constraints.

DIVERSIFYING OUR PORTFOLIO

Our international investments are centred on geographic diversification and on exploiting attractive yield spreads. In constant currency, our international investments are on track to deliver their forecast earnings. It is interesting to note that we are facing increased competition for assets internationally, particularly from Asian investors, many of whom are seeking capital preservation rather than income yields. Our international strategy is to find direct property investment opportunities where Redefine's proven team and local partners can unlock potential through development or asset management. Despite the aggressive bidding on international properties, we remain on the lookout for offshore expansion opportunities that meet our investment criteria.

During the year, we made our first direct property investment in Germany. This R704 million investment is already showing good returns, yielding revenue and capital uplift opportunities through active asset management. Cromwell is one of Australia's leading property investment and fund management groups. Redefine acquired a further 171.5 million shares, taking our holding in Cromwell to 25.6%.

PEOPLE ARE OUR BUSINESS

Our ethos is to redefine our approach to relationships, to ensure we walk the talk as people and not landlords through the course of our day-to-day interactions. We want to become a trusted partner in the creation of sustained value for all our people.

BUILDING OUR BRAND

The essence of Redefine's brand promise is to prioritise stakeholder communication and relationships, as captured in our pay-off line: "We're not landlords. We're people."

During the year, we sought to enhance this brand positioning, changing perceptions and deepening common understanding amongst our various stakeholders through an ongoing corporate advertising campaign, which included a series of radio and television adverts developed to convey the 'human' face of the brand.

CREATING THE RIGHT ETHOS

In the end, it all comes down to people. We understand that our employees are the on-the-ground face of Redefine. We endeavour to hire extraordinary people, those who embody the values of our organisation. We also work to create a corporate culture that embodies this promise. During the year, a 'Let's Talk People' roadshow was undertaken to the entire staff complement. The purpose was to foster an environment that encourages open communication, shared values and innovation. The company's strategy was explained to instill a sense of confidence in the future of the company and to ensure alignment to Redefine's ethos and priorities.

All staffing structures and business procedures were reviewed during the year. We subsequently began the process of aligning our staffing structures and business procedures to our strategy. While the restructure has only recently taken place, we believe this operating model will deliver ongoing value to the group and ensure we maximise the potential of our portfolio.

We annually test employee perceptions by way of an independent employee engagement survey to assess whether we are meeting employees' expectations. Redefine's engagement capital overall score improved from 70% in 2014 (benchmark 61%) to 73% in 2015 (benchmark 60%).

"WE WALK THE TALK AS PEOPLE AND NOT LANDLORDS THROUGH THE COURSE OF OUR DAY-TO-DAY ACTIONS."

6%-7%

“GROWTH IN DISTRIBUTABLE INCOME PER SHARE FOR 2016 IS ANTICIPATED TO BE 6%-7%.”

INVESTING IN OUR COMMUNITIES

Our properties are deeply embedded in the community and the economy. We realise that the socio-economic challenges facing South Africa are immense and we are committed to being a responsible and active corporate citizen.

In line with our goal of creating sustainable long-term value for stakeholders, we established The Redefine Empowerment Trust during the year, issuing shares to the trust valued at approximately R3 billion. The trust, which has been structured as a capital preserving trust, will continue in perpetuity. Its primary focus is on education and training through the provision of scholarships, bursaries and community development programmes.

OUTLOOK

Looking ahead, we anticipate the operating context to remain challenging, with looming interest rate hikes, a generally soft currency, a tough leasing market, as well as cash flow and cost pressures. With this backdrop, there is no compelling reason for us to believe that the prevailing domestic trading conditions will dramatically change during the coming financial year.

The challenges presented by our external context require additional vigilance on our part when it comes to assessing risk and responding to opportunities and a relentless focus on disciplined and decisive execution of our strategic priorities.

Knowing our capabilities, and being confident of the quality of our portfolio, we believe that the outlook for Redefine remains positive. We will continue to seek long-term value for shareholders by investing strategically, managing our assets through the property market's cycles and adjusting the portfolio ahead of changing conditions to maximise total return and minimise risk. We remain dogged in our determination to drive cost efficiencies, especially in the face of above inflation increases in administered prices.

Growth in distributable income per share for 2016 is anticipated to be between 6% and 7%, but we point out that this forecast has not been reviewed or reported on by our independent auditors and that the forecast is made on the assumption that current trading conditions will prevail.

APPRECIATION

My first year as CEO has been an eventful one. I believe that all our achievements were made possible by our excellent team. My appreciation, therefore, goes to all my colleagues, ably directed by David Rice, Leon Kok and Mike Ruttell, for their relentless efforts to be better.

I would like to extend a special word of thanks to Marc Wainer for his mentorship, vision and drive to keep us focused. I would also like to thank the board for their guidance during the year, as well as our investors and funders for their continued support of Redefine.

Our vision is to be the best South African REIT. We want to own the right assets in the right locations, managed by the right people. Looking at the progress made in the year gone by, I truly believe we are well on our way to achieving this vision.

Yours sincerely,

Andrew König
Chief executive officer

HIGHLIGHTS

Distribution per share growth of 7.3% to 80.0 cents
Distributable income for the year increased by 36.3%
Property income producing assets up by R13 billion to R64 billion
Total assets over R70 billion for the first time
Tangible net asset value up 9.9% to 900.4 cents per share

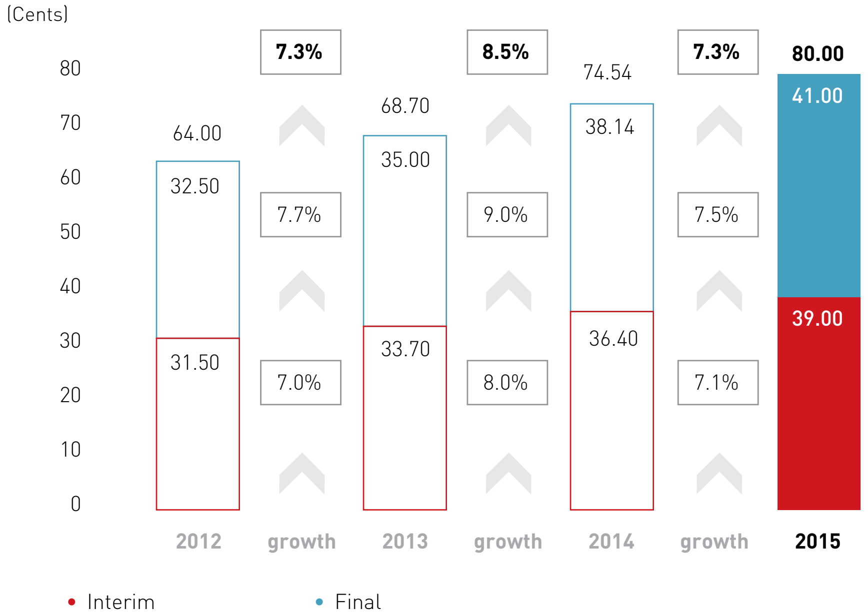
Our financial performance and the resultant creation of shareholder value are measured through the increase in distribution per share and the generation of growth in tangible net asset value per share which amounts on a total return basis to 19.6% (2014: 20.7%).

This report should be read in conjunction with the consolidated annual financial statements, available separately on our website, which set out the financial position, results and cashflows for the group for the financial year ended 31 August 2015.

DISTRIBUTION

Redefine has delivered full-year distributable income of R3.3 billion (2014: R2.4 billion), translating to a distribution of 80.0 cents (2014: 74.54 cents) per share, which is in line with market guidance and represents year-on-year growth of 7.3% (2014: 8.5%). In Rand terms, distributable income grew by 36.3% (2014: 19.9%) benefiting from a number of substantial quality investments made in recent years. Please see our annual financial statements. AFS

DISTRIBUTION PER SHARE GROWTH



The simplified distributable income statement provides a functional analysis of the contributors to this result. A comprehensive reconciliation between distributable income and the traditional IFRS income statement is provided in note 32 of the consolidated annual financial statements, available on our website. Please see our annual financial statements. AFS

Leon Kok
Financial director

The company's use of distribution per share as a relevant measure of results for trading statement purposes remains unchanged from prior periods.

"REDEFINE HAS DELIVERED FULL-YEAR DISTRIBUTABLE INCOME OF R3.3 BILLION."

Net property income

Net operating income from the property portfolio grew year-on-year by 28.6% (2014: 15.4%), with the active portfolio growth in net operating income of 3.1% (2014: 5.9%).This modest growth is as a result of a tough letting environment and general cost pressures.

We define properties owned for the full period in both years as the active portfolio.

The active office portfolio achieved revenue growth of 3.4% (2014: 5.1%), which was eroded by cost increases resulting in growth in net operating income of only 1.4% (2014: 7.4%). The revenue performance was negatively affected by an increase in vacancies and negative rental reversions.

The active retail portfolio achieved reasonable revenue growth of 5.7% (2014: 4.4%) which was offset by cost growth of 7.1% resulting in growth in net operating income of 5.5% (2014: 5.2%). The cost increases were driven by an increase in bad debt provisions and unrecovered utility costs.

The active industrial portfolio's subdued revenue growth of 1.8% (2014: 5.7%) was further decimated by double digit cost increases resulting in net operating income growth of 0.1% (2014: 4.1%). The poor revenue performance was primarily driven by negative rent reversions on renewals at two properties. Unrecoverable utility charges and additional security expenses drove the increase in costs for the year.

SIMPLIFIED DISTRIBUTABLE INCOME STATEMENT

	Change %	2015 R million	2014 R million
Net property income	28.6	**3 155**	2 453
Listed security income	47.3	**685**	465
Fee income	17.6	**107**	91
Trading (loss)/income	200.0	**(1)**	1
Total revenue	31.1	**3 946**	3 010
Administration costs	22.3	**(170)**	(139)
Net operating profit	31.5	**3 776**	2 871
Net interest	21.1	**(1 038)**	(857)
Taxation	-50.0	**(7)**	(14)
South African distributable income	36.6	**2 731**	2 000
International distributable income	35.0	**559**	414
Distributable income	36.3	**3 290**	2 414

Listed security income

The growth in listed security income on the prior year of 47.3% is driven by the acquisition of the Emira listed investment in the first quarter of the year, as well as by the accrual for the minorities' share of the Fountainhead distribution with effect from March 2015, following the successful merger.

Net interest

Net finance charges increased by 21.1% on the prior year due to the higher average cost of borrowings, up 35 basis points to 8.4%, as well as Redefine's increased interest bearing borrowings, as explained in the financial capital section.

Administration costs

The growth in administration costs on the prior year of 22.3% is largely driven by payroll related costs given the increased headcount.

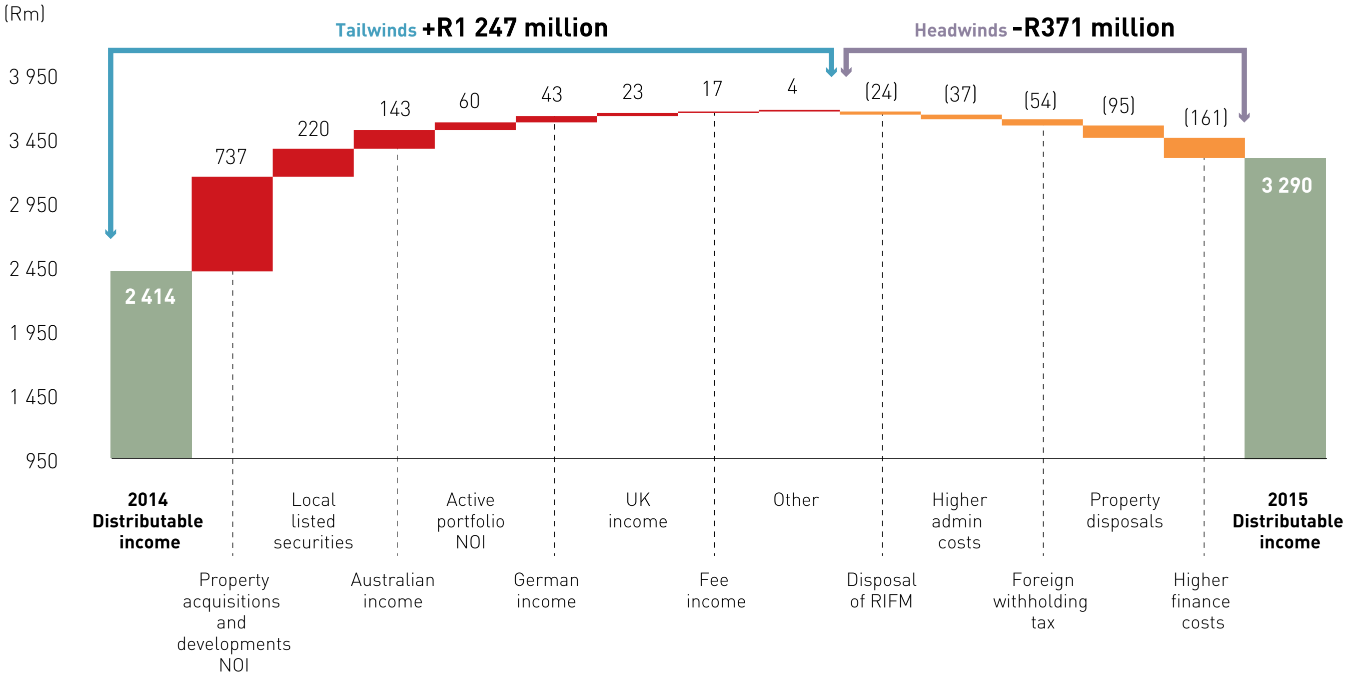
International distributable income

The increase in international distributable income on the prior year of 36.6% is principally due to the inclusion of the income from the German portfolio and interest received on the Bondi loan in the current year.

ACTIVE PROPERTY PORTFOLIO RATIOS

	2015 %	2014 %	2013 %	2012 %	2011 %
Operating costs as a % of active property income	**17.0**	17.1	17.7	20.7	21.9
Property management costs as a % of collections	**3.5**	3.6	3.9	3.7	3.4
Municipal recoveries as a % of municipal charges	**73.5**	73.0	75.4	67.8	67.3
Electricity recoveries as a % of electricity charges	**105.9**	109.5	99.0	56.4	51.4

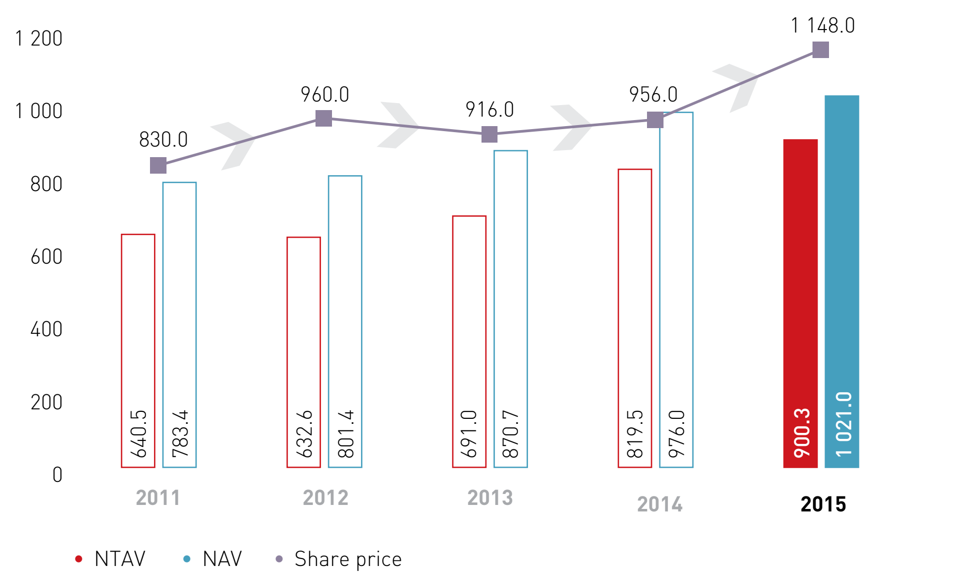
CONTRIBUTION TO GROWTH IN DISTRIBUTION
(Rm)



GROWTH IN NET ASSET VALUE

The NAV per share for the group excluding deferred tax and NCI as at 31 August 2015 was 1 021.00 (2014: 976.03) per share representing a 4.6% (2014: 12.1%) increase for the year. The increase in NAV is predominately as a result of an increase in the independent valuation of the investment property portfolio, capital raised and statutory profit excluding revaluation and forex losses.

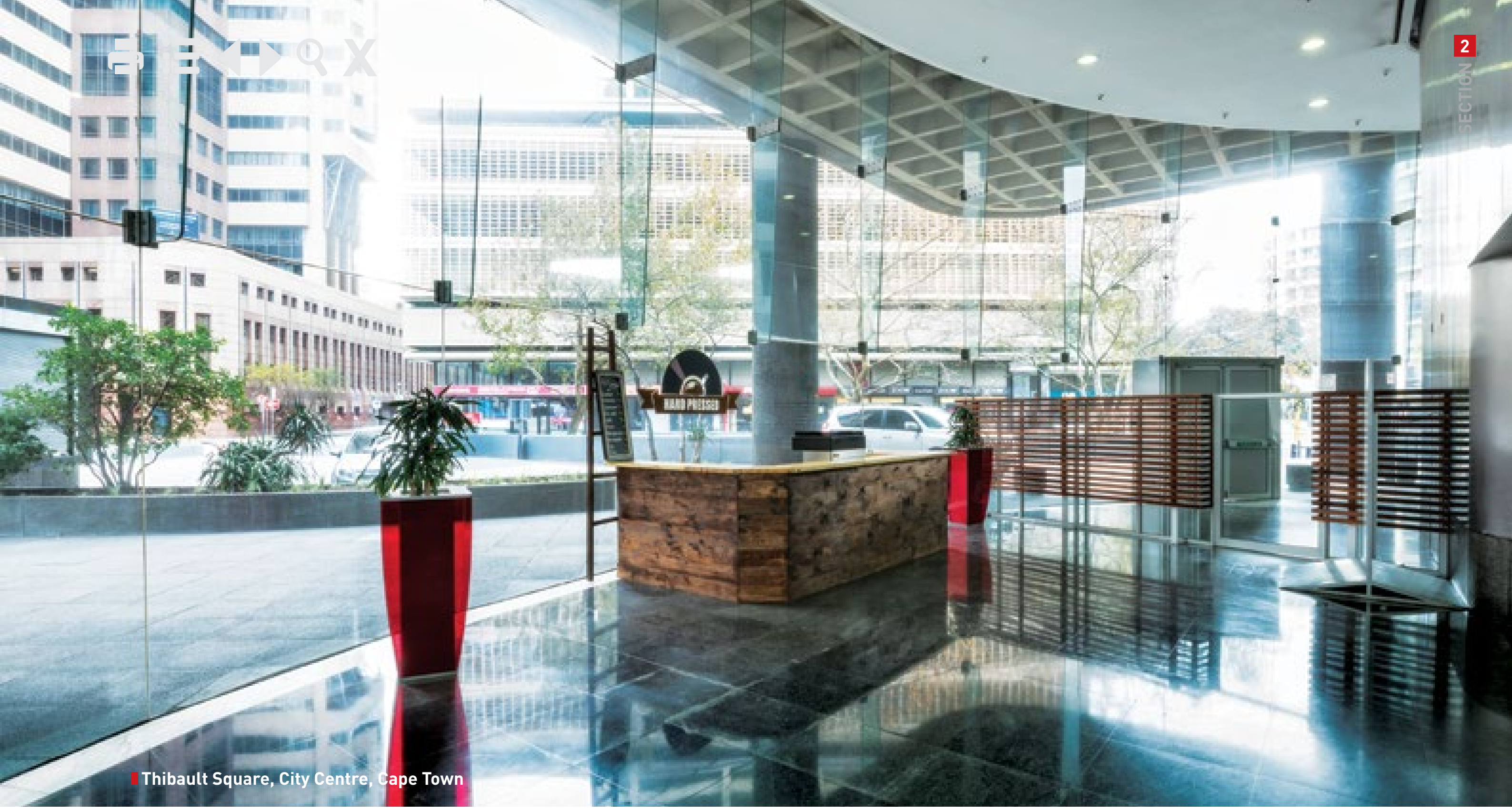
FIVE YEAR GROWTH IN NAV AND NTAV
(CPS)



1 148.0
SHARE PRICE 2015

900.3
NTAV 2015

1 021.0
NAV 2015



Thibault Square, City Centre, Cape Town

SOURCES AND USES OF CAPITAL

The following funding and investment activities were undertaken to create a platform for sustained value creation as evidenced in our growth in net asset value.

Funding of R19.8 billion raised

(financial capital created)

Recycling of capital	R1.9 billion
Raising of debt	R3.8 billion
Issuance of equity	R14.1 billion

Application of R19.8 funding

(manufactured capital created)

Local acquisitions	R8.4 billion
Acquisition of Fountainhead minorities	R3.8 billion
International investments	R2.8 billion
Development activity	R1.8 billion
Establishment of Empowerment Trust	R3.0 billion

VALUE CREATED

Redefine is in the business of generating cash.

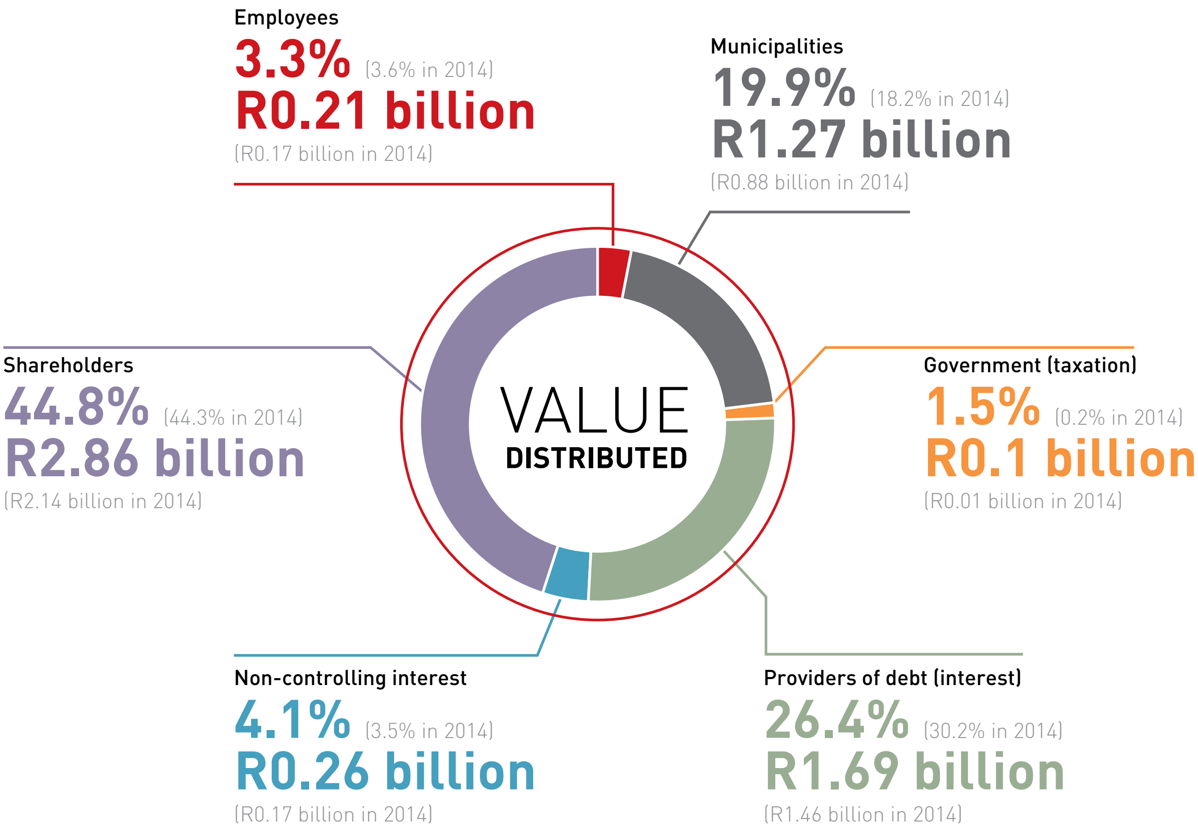
During the 2015 financial year

R6.39 billion was created from:

	Change %	2015 R billion	2014 R billion
Revenue	18.1	**6.53**	5.53
Interest received	93.8	**0.31**	0.16
Equity accounted result of associates	125.0	**0.36**	0.16
Profit from discontinued operations	(100.0)	**0**	0.02
Property and other operating expenses	(22.1)	**(0.81)**	(1.04)
Cash value created	**32.3**	**6.39**	**4.83**

CASH VALUE DISTRIBUTED

R6.39 billion (R4.83 billion in 2014)



SENSITIVITY ANALYSIS

Redefine has a diversified asset base which is robust and capable of absorbing risks to provide a platform for sustainable growth. Given the environment we operate in and the current economic conditions we are subject to a number of variable factors outside of management control. The analysis below provide some insight to these and the potential impact thereof on the distributable income per share:

	Forecast 2016 impact (cents per share)
Change in vacancy by 10 000m²	0.3
Increase in municipal charges by 5%	0.3
Increase in electricity cost by 5%	0.5
Bad debts increase by R5 million	0.1
All acquisitions change by one month	0.1
Change in administration costs by 5%	0.2
Change in interest rate by 50bps	0.2
Change in Cromwell's distribution by 1%	0.1
Change in Redefine International's distribution by 1%	0.1
Change in ZAR/GBP exchange rate by 25 cents	0.2
Change in ZAR/AUD exchange rate by 25 cents	0.2

"REDEFINE HAS A DIVERSIFIED ASSET BASE WHICH IS ROBUST AND CAPABLE OF ABSORBING RISKS."

“I BELIEVE THAT OUR ACHIEVEMENTS WERE A FUNCTION OF THE ETHOS OF OUR PEOPLE.”

APPRECIATION

During the year Redefine received multiple recognitions for the quality of its integrated reporting. Our 2014 integrated report was ranked joint sixth overall out of the Top 100 JSE listed entities by Nkonki and also received an Excellence Award for achieving an A-rating (above 80%) for this report. We were also ranked sixth in the top ten positions in the Ernst Young’s Excellence in Integrated Reporting Awards 2015.

To receive these awards for excellence in integrated reporting is testimony to our commitment to transparent stakeholder communication in all of our reporting. Our integrated report represents an opportunity for us to share our story of value creation and business strategy as well as our plans to align environmental and social challenges and opportunities with our stakeholders. We are, therefore, extremely pleased to receive recognition that our integrated reporting journey is on the right track and encourages us to strive for further improvement.

I believe that our achievements were a function of the ethos of our people and a desire to be the best in everything we do. The energy, commitment, passion and tireless efforts displayed by my colleagues are a source of great inspiration, which I sincerely thank them for.

Leon Kok
Financial director

Essex Gardens, Westville, Durban