INTEGRATED REPORT

2018

Where **purpose** and responsibility meet.

IR Capability

REDEFINE PROPERTIES

We're not landlords. We're people.

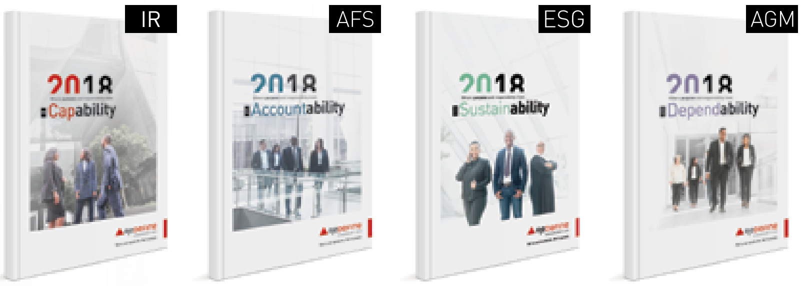
About Redefine

Redefine Properties (Redefine) is a leading South African-based Real Estate Investment Trust (REIT), with the primary goal of growing and improving cash flow to deliver quality earnings which will underpin growth in distributions and sustained value creation for all stakeholders.

- We are listed on the Johannesburg Stock Exchange (JSE) and are included in the **Top 40 Index**
- We actively manage a diversified property asset platform with a **value of R91.3 billion** comprising local and international property assets
- Our shares are among the **most actively traded on the JSE,** making them a highly liquid, single-entry point for gaining exposure to quality domestic properties and multiple international real estate markets
- We differentiate ourselves by placing **people at the heart of what we do**

Our reporting suite

We are committed to report openly and honestly to our broad range of stakeholders. To view the full suite, please visit our website www.redefine.co.za



Our **integrated report (IR)** is the primary report to our stakeholders. It is structured to show the relationship between the interdependent elements involved in our value creation story

Group annual financial statements (AFS) is a comprehensive report of the group's financial performance for the year

Environmental, social and governance report (ESG) is a detailed account of the group's holistic performance for the year, covering environmental, social and governance elements. The report also includes the **remuneration report**, as well as the social, ethics and transformation committee report

Notice of annual general meeting (AGM) provides supporting information for shareholders to participate in the AGM

Our reporting suites are in compliance with:	IR	AFS	ESG	AGM
The International Integrated Reporting <IR> Framework				
The Companies Act, No 71 of 2008, as amended (Companies Act)				
The JSE Limited Listings Requirements				
King IV report on Corporate Governance for South Africa 2016 (King IV)				
International Financial Reporting Standards (IFRS)				

How to navigate our report

Throughout our integrated report, the following icons are used to show the connectivity between sections:

CAPITALS

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

MATERIAL MATTERS

- Operate efficiently
- Invest strategically
- Optimise capital
- Engage talent
- Grow reputation

Contents

Feedback

Your feedback is important to us and we welcome your input to enhance the quality of our reporting.

Please visit www.redefine.co.za or email investorenquiries@redefine.co.za

About **our report**

Integrated thinking

We understand that sustainable value creation does not happen in isolation. In fact, it is only through the careful consideration of the relationship between the capitals that we use or affect, and the potential trade-offs inherent in our strategic choices, that we can deliver on our mission of creating sustained value for all stakeholders over the short, medium and long term.

OUR INTEGRATED REPORTING BOUNDARY

Risks and opportunities arising from **our operating context – page 15**

Risks and opportunities arising from our **property investments – page 25**

FINANCIAL REPORTING BOUNDARY

Redefine Properties Limited

Joint ventures and jointly controlled assets

Investment in associates over which Redefine has significant influence

Subsidiaries

Risks and opportunities arising from our **stakeholder engagement – page 19**

Boundary and scope

This report covers the performance of the group for the **year ended 31 August 2018**. The major emphasis is placed on the group's South African operations as they account for 76.0% of the group's distributable earnings and 79.3% of the group's property asset platform. Details of our investments in subsidiaries, joint ventures, jointly controlled assets and associates appear in our AFS. Comprehensive information on our separately-listed and -managed interests in associates and listed investments, which comprises the majority of our offshore property assets, is provided in their annual reports, which are available on their websites.

We have used top risks and opportunities arising from our operating context and stakeholder relationships as key in determining which material matters to report on.

Materiality

This report aims to disclose information about matters that substantively affect our ability to create value over the short, medium and long term. For us, short term refers to the next eighteen months, while 18 months to five years is considered medium term. Anything beyond that is deemed long term.

We use our material matters to inform our strategic choices to ensure we are able to mitigate risk and capture opportunity in those areas that are most significant to our ability to create value over all three timeframes.

We discuss our materiality determination process on **page 30** of this report.

Forward-looking statements

This report may contain forward-looking statements with respect to Redefine's future performance and prospects. While these statements represent our judgements and future expectations at the time of preparing this report, a number of emerging risks, uncertainties and other important factors could cause actual results to differ materially from our expectations. These include factors that could adversely affect our business and financial performance.

Integrated risk management and combined assurance

Redefine believes that an effective risk governance model contains checks and balances to support appropriate consideration of risk and opportunity management throughout the organisation. Redefine, therefore, considers integrated risk management practices supplemented by the combined assurance model to be an optimal approach that facilitates coordinated risk management and governance efforts. This model provides assurance that there are clearly defined risk ownership responsibilities with functionally independent levels of oversight and independent assurance. (Refer to our ESG report for a detailed discussion of the oversight role of the board and relevant sub-committees.)

Board responsibility statement

Redefine's board of directors acknowledges its responsibility to ensure the integrity of the integrated report. The board has accordingly applied its collective mind and, in its opinion, this integrated report addresses all material matters, offers a balanced view of its strategy and how it relates to the organisation's ability to create value in the short, medium and long term. The report adequately addresses the use of, and effects on the capitals and the manner in which the availability of these capitals is impacting on Redefine's strategy and business model. We, as the board, believe that this report has been prepared in accordance with the International Integrated Reporting <IR> Framework.

Board of directors

Marc Wainer
Executive chairman

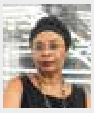
Bridgitte Mathews
Deputy chairperson and lead independent non-executive director

Andrew König
Chief executive officer

Leon Kok
Financial director

Harish Mehta
Non-executive director

Marius Barkhuysen
Independent non-executive director



Ntombi Langa-Royds
Independent non-executive director

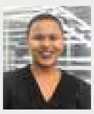
OUTGOING BOARD MEMBERS

Bernie Nackan
Independent non-executive director

David Nathan
Independent non-executive director

Phumzile Langeni
Independent non-executive director

INCOMING BOARD MEMBERS



Amanda Dambuza
Independent non-executive director

Lesego Sennelo
Independent non-executive director

Sindi Zilwa
Independent non-executive director

The essence of who we are

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

PURPOSE

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

Our vision is to be the best South African REIT

Our mission is to create sustained value for all our stakeholders

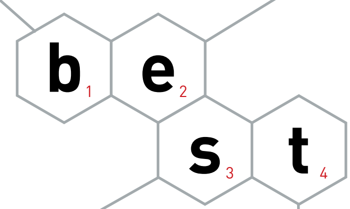
Our primary goal is to grow and improve cash flow

OUR VALUES

are what connect us

BRAVE
We strive to be excellent
We pursue innovation
We embrace change

ETHICAL
We show integrity
We are fair and consistent
We are honest and caring



SUSTAINABLE
We create lasting value
We consider long-term impacts
We grow together

TRUSTWORTHY
We earn trust
We show respect
We place people at the heart of everything we do

WHAT SETS US APART

We're not landlords. We're people.

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 stakeholders.

MATERIAL MATTERS

We formulate our medium- and long-term business strategy by using our material matters as our guiding principles.

OUR STRATEGY

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

Delivering on our value creation indicators

The primary purpose of this integrated report is to explain to our stakeholders how we create sustained value. To understand how we create value, you must first understand what value means to Redefine.

For us, value encompasses more than profitability. Our approach is centered around people and this is communicated through our tagline: **"We're not landlords. We're people."** Relationships are central to who we are and what we want to achieve.

Value for Redefine, therefore, means to achieve our stakeholder goals which are measured through tangible, as well as intangible indicators.

Investors and funders

Goal: Source of sustained growth in total returns

	Value creation indicators	Value creation outcome
1	Total return to shareholders of **17.7%** for the year (2017: 6.6%)	▲
2	Full-year distribution **up 5.5% to 97.1 cents** (2017: 92.0 cents) per share	▲
3	Perception score on **strategy** (consistency on delivery)	▼
4	Perception score on **governance** (particularly board independence)	▬
5	Perception score on **disclosure and communication**	▲

Employees

Goal: Employer of choice

	Value creation indicators	Value creation outcome
1	Annual employee remuneration at **R174.7 million** (2017: R179.2 million)	▼
2	**4th year** accredited Top Employer status	▬
3	**17 728** man hours spent on training and development (2017: 36 947)	▼
4	**R8.8 million** investment in employee engagement programme	▬
5	Total staff turnover **10.5%** (2017: 12.6%)	▲

Tenants

Goal: Provider of relevant space

	Value creation indicators	Value creation outcome
1	Total gross lettable area (GLA) space provided **4 874 236**m^2 (2017: 4 398 121m^2)	▲
2	Tenant retention **90.4%** (2017: 92.6%)	▼
3	**103** tenants directly engaged with *The Mentorship Challenge* through the first *Challenge Convention*	▲
4	**R21 billion** tenant-generated turnover in retail spaces (2017: R20 billion)	▲
5	**44 Green Star-rated** buildings (2017: 43)	▲

Brokers and suppliers

Goal: Preferred business partner

	Value creation indicators	Value creation outcome
1	**Level 3** broad-based black economic empowerment (BBBEE) rating	▲
2	**97%** of procurement spend towards empowering suppliers (2017: 89%)	▲
3	**R1.8 million** spent on REACH programme and commissions	▲

Communities

Goal: Responsible community participant

	Value creation indicators	Value creation outcome
1	**R5.8 million** contribution to community engagement (through CSI and *Challenge Convention*)	▬
2	**224** stakeholders engaged with the first *Challenge Convention* at Maponya Mall	▲
3	**193 mentors and 2 700 mentees** registered for *The Mentorship Challenge*	▲

For a detailed discussion on the value we create for our stakeholders, refer to **page** 39.

Outcomes: ▲ Positive ▼ Negative ▬ Neutral

IR 2018

Essential **reads**

Driving positive change and sustainable business growth, while being accountable for our actions, is where purpose and responsibility meet.

Executive chairman's review

On behalf of our board and leadership team, it gives me great pleasure to present the 2018 integrated report.

The theme of our reporting suite centers on **purpose and responsibility**, which we believe are the key enablers of our **ability** to meet our stakeholders' needs and expectations in an environment that is characterised by increasing uncertainty and growing volatility. This, in turn, ties to the titles of our reporting suite:

- IR **Capability**
- ESG **Sustainability**
- AFS **Accountability**
- AGM **Dependability**

In this rapidly evolving context, I believe that the onus is on business as much as government to address the issues we are facing, finding new ways to look at old problems and collaborating to find innovative solutions that will facilitate a better operating environment for us all.

Driving positive change and sustainable business growth, whilst being accountable for our actions, is where purpose and responsibility meet.

PURPOSE-DRIVEN STRATEGY

My years of experience in this industry have afforded me the opportunity to recognise that strategy is less about what you do, and more about being different at what you do.

Our people-centric approach to business has been a pervasive part of Redefine since the beginning, and is our key differentiator. It is particularly pleasing to have articulated our purpose this year in line with this thinking – **to create and manage spaces in a way that changes lives.**

We want to create and manage spaces in a way that changes lives

We say that property is our commodity, but people are our business. Our purpose stretches us to think beyond the brick and mortar of our buildings to our role in crafting the South Africa we want to see.

Embracing and inspiring change

For us at Redefine, innovation is more than a concept. It's a practice we embrace and encourage daily.

Moreover, we believe that this is not something that is developed in isolation. Real innovation starts with real connection. It comes from the realisation that social problems are economic problems. It's understanding how our business agenda relates to the needs of our stakeholders – whether it's the need for a trained workforce or a more stable operating environment.

To enable this, we look to identify and create collaborative ways of unlocking informal business structures, value chains and entrepreneurial potential by providing opportunities for a new generation of future tenants, employees and suppliers. In this way, we make a broader impact, while addressing critical business challenges such as transformation, filling the skills gap, remaining relevant and offering better experiences in our spaces.

In reality, this new focus is less about social investment and more about future-proofing our business, unearthing new knowledge and capabilities that will set us apart.

In line with this thinking, we launched an initiative during the year, called the *Challenge Revolution*, which brings together several major business initiatives seeking to drive our short-, medium- and long-term goals and ultimately achieve our purpose. The *Challenge Revolution* is the umbrella concept under which the *Challenge Convention* series, the *Innovation Challenge* and *The Mentorship Challenge* all lie (see **page 97** for more information).

Truthfully, when we launched *The Mentorship Challenge* last year, I could not have anticipated the response to the show. The number of mentors who have willingly offered their time and insight to knowledge-hungry mentees, and the impact that it has made in the lives of both, cannot be quantified. Indeed, the experience has changed me and opened my eyes to the synergy that can exist between social responsibility and business success. And the *Challenge Revolution* is now an extension of this approach.

I believe that these initiatives align strongly with our purpose and that it will be this type of out-of-the-box thinking that will drive business success in the future.

Looking ahead

During the year, I announced my intention to step down as executive chairman of the board. I will remain in the role until we appoint an independent non-executive chairperson, and the recruitment process remains a top priority for us all.

In my new role as an executive director, I look forward to supporting the growth of the business. While my day-to-day responsibilities will be largely unchanged – still concentrating on acquisitions, disposals and some aspects of leasing – I believe that it is time for a shift in the role I play. While mentorship, in a broader sense, has been a priority for me, my future focus will be on imparting skills and knowledge internally and embedding a mentorship culture across the business.

Appreciation

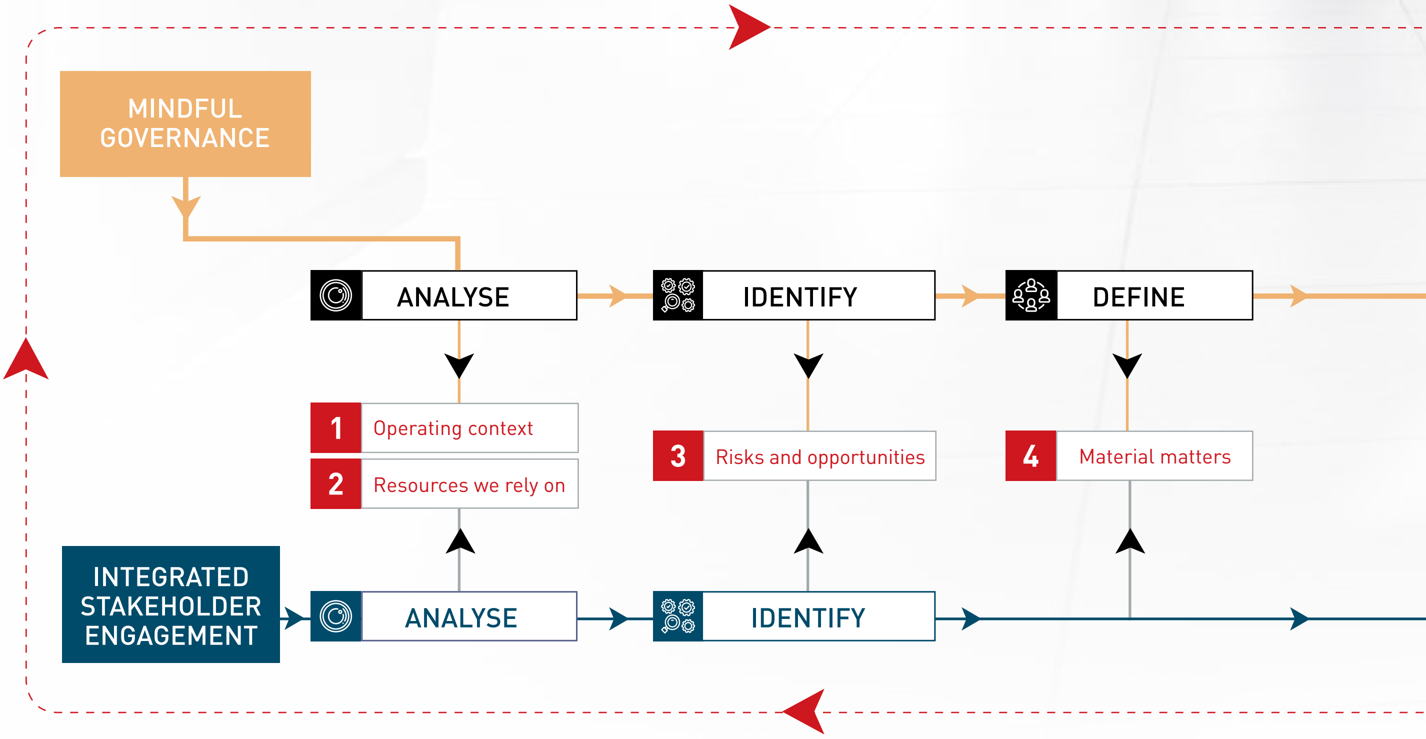
I would like to take the opportunity to thank my board colleagues for their support and wise counsel during my time as executive chairman. Our management team, ably led by Andrew König, have demonstrated commitment and ethical leadership in pursuing the group strategy – and for that I thank them.

I am confident that Redefine is well-positioned to continue delivering value to all its stakeholders, and contributing to our purpose of managing spaces in a way that changes lives – one day at a time.

MARC WAINER
Executive chairman

Our value creation story

Our value creation story illustrates our journey of creating sustained value for all our stakeholders and, within that journey, the various elements we consider and that impact on our ability to achieve our stakeholder goals. By analysing our operating context and stakeholder needs and concerns, we identify risks and opportunities. By considering this, we have determined which matters are most important to Redefine's value creation in the short, medium and long term. We use these as points of reference to guide our strategy and to ensure we only report on those matters that could have a material effect on our ability to deliver stakeholder value.



Mindful governance

At Redefine, governance is not simply a matter of compliance. Rather, it is the golden thread that binds all the elements of our value creation story together. Governance is integrated into the way we think and thus the way we operate, ensuring we make choices which are aligned with our values and strategic objectives to enable long-term value creation, while being accountable for our actions. Refer to **page** 45.

Integrated stakeholder engagement

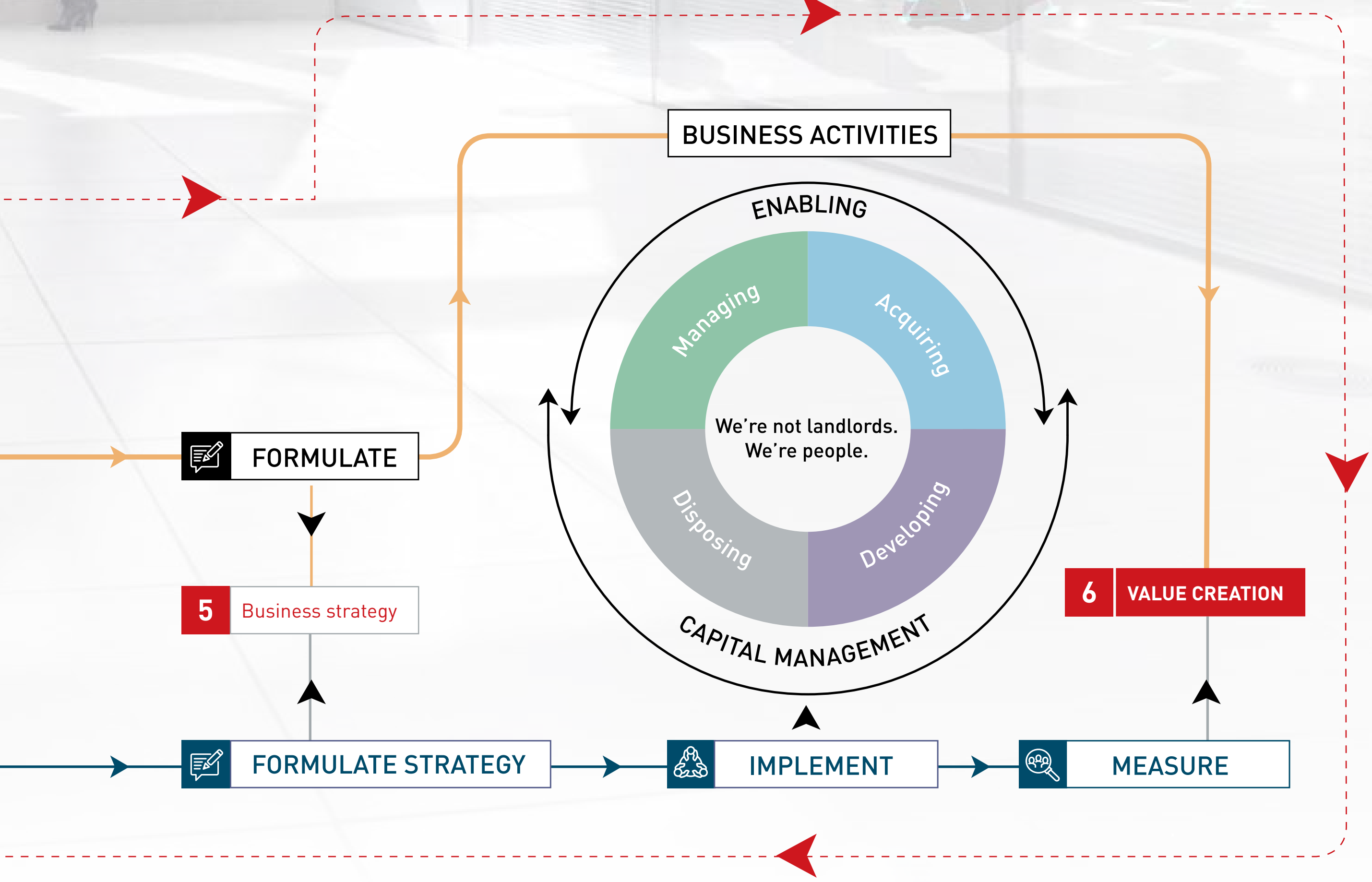
We believe that it is our unique approach to relationships that sets us apart and allows us to deliver sustained value to all our stakeholders. To this end, we integrate stakeholder engagement into every stage of our value creation process, recognising that the nature and quality of these relationships determines the continued success of our business and the growth of our brand. Refer to **page** 19.

1 Operating context

We analyse our operating context – global, local and property-specific – to determine which risks and opportunities have the greatest impact on our ability to create value in the short, medium and long term. Refer to **page** 15.

2 Resources we rely on

Our ability to create value depends on our capitals – their availability, how we use them and our impact on them. For more information on our capitals, see our value creation section from **page** 63.



3 Risks and opportunities

Using our business model, we analyse our operating context, our stakeholder relationships and our dependence on particular resources. From this, we derive our top-of-mind risks and opportunities, which we update throughout the year. Refer to **page** 25.

4 Material matters

Material matters are issues that will impact on our ability to deliver on our mission – to create sustained value for all our stakeholders. These are identified through a process of analysing the macro-environment, our operating context, the resources we rely on, as well as feedback from our stakeholders, but then also looking inwardly and considering feedback from our business units. We have identified five material matters that form the guiding principles of our strategy. We also use them to measure our success by tracking our performance against them. Refer to **page** 30.

5 Business strategy

By considering where we are going, we apply our material matters as a compass to formulate our short- to medium-term business plans and long-term business strategies and targets. Refer to **page** 31.

6 Value creation

Value, for Redefine, means to achieve our stakeholder goals. Refer to **page** 39.

We demonstrate value creation through

1. Alignment to the sustainable development goals (Refer to **page** 32).
2. Measurement of the quality of our relationships (Refer to **page** 20).
3. Delivery on value creation indicators (Refer to **page** 6).

Our business model

We seek to actively manage our activities and their impacts to ensure we enhance the positive and minimise the negative outcomes of our business, sustaining value for all our stakeholders.

RESOURCES WE RELY ON

Financial capital

- R44.3 billion of capital
- R36.1 billion of debt
- Undrawn committed facilities of R3.8 billion

Manufactured capital

- Direct local property portfolio of R72.4 billion
- International listed securities of R11.9 billion
- Directly held international properties of R7.0 billion

Human capital

- 457 skilled property and financial professionals
- 43 learners
- Diverse and skilled board

Social and relationship capital

- Investor and funder confidence
- Engaged employees
- Loyal tenants
- Suppliers aligned to Redefine's values
- Collaborative community relationships

Intellectual capital

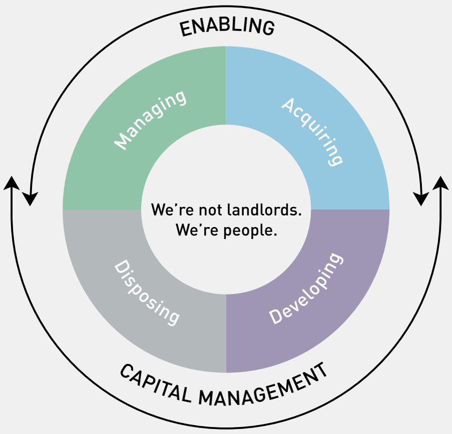
- Values-driven service culture
- Business processes to execute our strategy
- Innovative thinking and ability to adapt to change

Natural capital

- Renewable and non-renewable energy sources
- Land under management
- Water resources

BUSINESS ACTIVITIES

Our business activities are all geared to ensure we secure long-term leases with tenants to provide sustained value creation for all our stakeholders.



ENABLING

The activities that grow the value of our property portfolio are underpinned by support services that enable the business to function in a manner that creates value over the short, medium and long term.

CAPITAL MANAGEMENT

We have a disciplined approach to capital management. In a costly and constrained environment, we evaluate the prospective returns of each capital deployment opportunity to inform our allocation of capital. Underpinning our business activities are the choices we make with regards to how we source, deploy, manage and, at times, recycle our manufactured capital in line with our investment strategy, to generate sustained cash flow.

MANAGING

We actively manage our diversified portfolio to enhance efficiency and maximise returns.

ACQUIRING

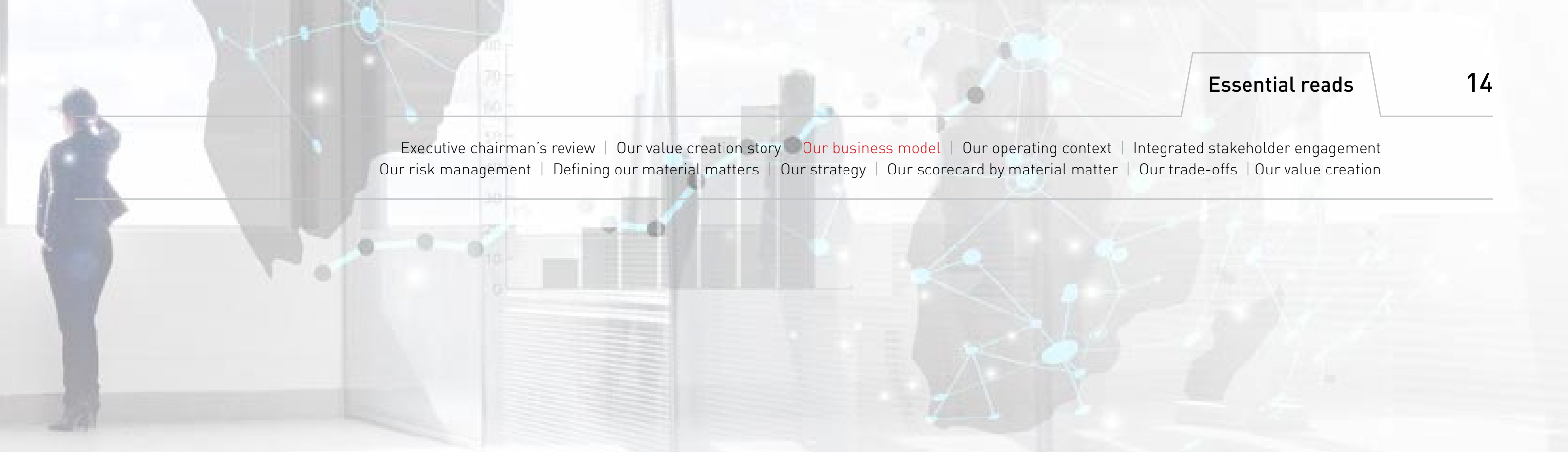
Our strategy is to grow and improve the quality of our portfolio by acquiring buildings with long-term leases in place, which offer secure cash flows and negligible vacancy rates.

DEVELOPING

Driven by demand, opportunity and the need to remain relevant, we develop innovative, operationally efficient and cost-effective buildings and redevelop existing properties to extend value creation.

DISPOSING

We sell assets that have reached the end of their investment cycle to recycle the capital into opportunities that have better long-term capital growth prospects once all other alternative uses for the property have been exhausted.



Refer to **page 37** for a discussion of the trade-offs that influence value creation over time.

PRIMARY OUTPUT

→ Quality real estate investments, embedded in society, that deliver sustained cash flow

→ Waste generated is actively managed – see **page 110** for detailed information

Capital	OUTCOMES	MANAGING POSITIVE AND NEGATIVE OUTCOMES
Financial capital (See page 65)	+ Loan to value ratio (LTV) of 40.1% - Distributed R5.2 billion in dividends + Raised debt of R1.4 billion + Raised equity of R1.2 billion + Recyled R8.9 billion of assets	→ Extended debt maturity profile and maintained sound credit metrics → Maintained high level of debt hedged against interest rate volatility → Focused on sustainable recurring income growth → Recycled secondary assets as a main source of capital
Manufactured capital (See page 69)	+ Expanded property assets by R7.2 billion to R91.3 billion - Disposed of 19 non-core properties, valued at R2.6 billion - Disposed of two portions of vacant land for R61.7 million - Disposed of our investments in Cromwell and Cromwell Partners Trust for R5.2 billion	→ Continued to improve, expand and protect our properties → Identified innovative non-GLA income opportunities → Increased focus on tenant and broker relationship management → Improved operational sustainability through utility management intervention → Focused on growth in renewal rentals
Human capital (See page 89)	+ Stable and highly engaged workforce + 151 learnership graduates + Staff turnover down to 10.5% + Top Employer certificate	→ Refreshed values → Advanced learnership programme → Leveraged long-term incentive plan → Continued focus on transformation agenda
Social and relationship capital (See page 93)	+ BBBEE level 3 under the revised sector codes + 37.0% of the company is black-owned + Best real estate corporate reporter - Transformation of top management remains slow	→ Implemented integrated community engagement programme → Launched *Challenge Revolution* → Improved board independence → Initiated change management programme to improve tenant experience (called *Every Step of the Way*)
Intellectual capital (See page 101)	+ Enhanced corporate governance structures - Potential culture dilution due to the high rate of acquisitions and consolidations - Resignation/retirement of longstanding board members	→ Broadened skills set and experience of board → Launched external and internal *Innovation Challenge* → Reinforced alignment to our brand → Reinvigorated brand identity
Natural capital (See page 107)	+ 44 Green Star-rated buildings + 2 305 tonnes of waste diverted from landfill + 27 061 MWh saved through optimisation and renewable projects - Total emissions of 659 811 tonnes CO_2e	→ Continued investment in long-term renewable energy solutions → Explored water efficiency projects to ensure security of supply and reduced water consumption → Pursued Green Star ratings to validate overall environmental performance of our properties → Continued roll-out of smart electricity and water meters to inform efficiency opportunities

+ Positive outcomes | - Negative outcomes

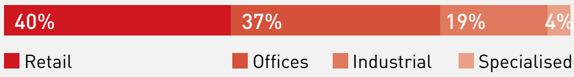
Our operating context

Where we invest

SOUTH AFRICA — Value: R72.4bn

Strategy: Continued focus on portfolio quality.

Underlying exposure



POLAND — Value: R11.9bn

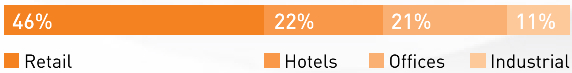
Strategy: Expand Logistics Platform through development pipeline.

Underlying exposure

UNITED KINGDOM — Value: R4.0bn

Strategy: Support corporate activity to expand portfolio and recycle secondary assets to secure growth.

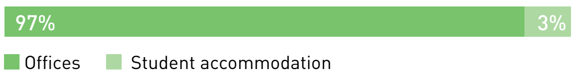
Underlying exposure



AUSTRALIA — Value: R2.1bn

Strategy: Excellent prospects for capital uplift on student accommodation and potential for capital recycling.

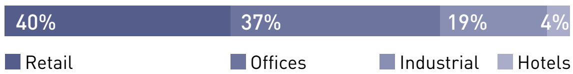
Underlying exposure



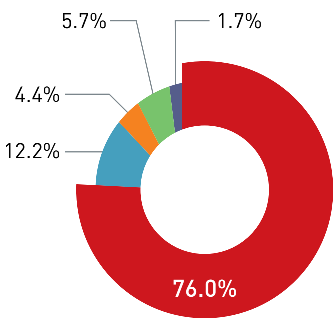
AFRICA — Value: R0.9bn

Strategy: Exit these investments as soon as practically possible.

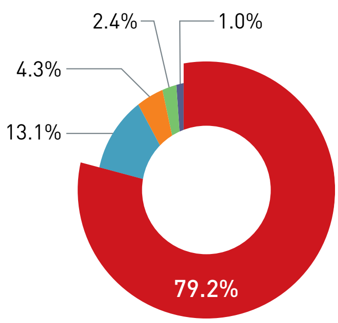
Underlying exposure



CONTRIBUTION TO DISTRIBUTABLE INCOME



PROPERTY ASSET SPLIT



South Africa Poland United Kingdom Australia Africa

Factors to consider in our chosen markets

THE GLOBAL CONTEXT

Positive factors

- Strong and aligned local partnerships
- Selected markets continue to see growth
- Low interest rate environment
- Low but stable growth markets
- Globalisation improves the ability to conduct business on a global stage

Negative factors

- Volatile emerging market sentiment on the back of monetary policy normalisation
- Rising United States Treasury yields
- Concerns over global trade wars and impact on emerging markets
- Uncertainty over Brexit outcomes
- Ever-increasing tax reform and compliance
- Weak retail environment in the United Kingdom

Our response

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

THE SOUTH AFRICAN CONTEXT

Positive factors

- Government efforts to stimulate the economy
- The expansion of international retailers to the South African market
- Investment in renewable resources increasingly appealing and viable given lower acquisition costs and rising administered costs
- Continued liquidity in debt capital markets
- Opportunities to leverage non-GLA offerings off property base

Negative factors

- Deteriorating state infrastructure and poor administrative delivery
- Increased competition for tenants, capital and property assets
- Business confidence has shifted down following raised concern about policy and political uncertainty
- Consumer confidence and spend has declined on the back of inflationary pressures
- Critical skills remain scarce and finding the best people can be a challenge
- The credit environment remains a risk, with further downgrades a possibility

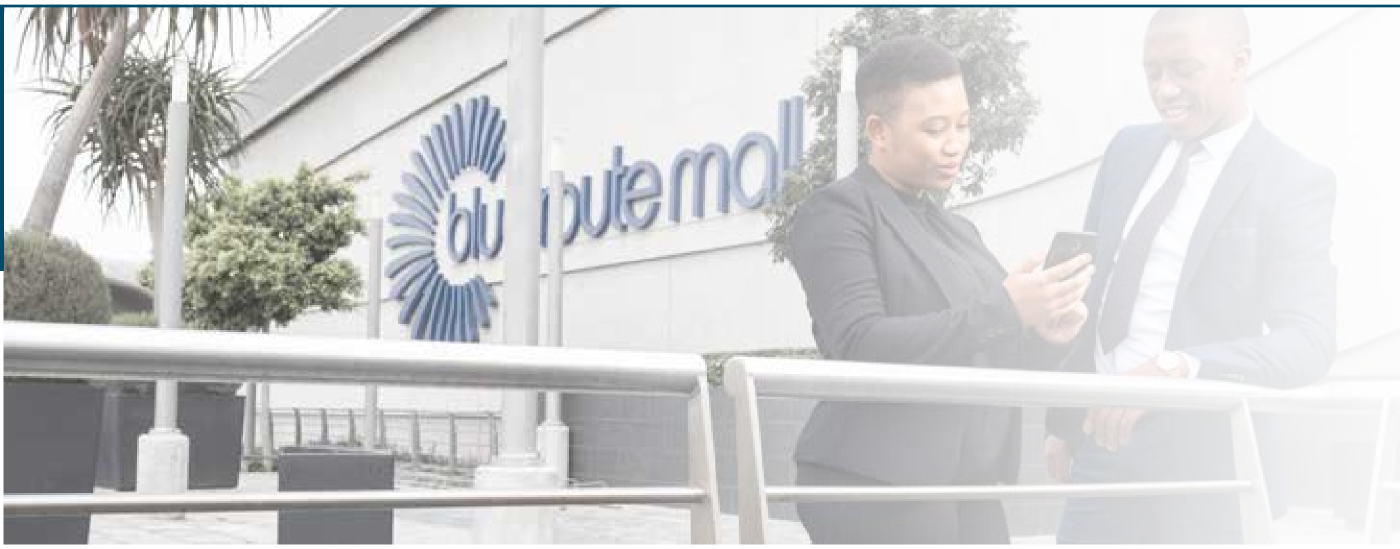
Our response

- Continue to expand and improve existing well-located properties through redevelopment
- Focus on younger, more efficient, well-located and quality properties with longer leases and A-grade tenants
- Recycle non-core assets to position the portfolio for sustained organic growth
- Continued implementation of long-term strategy on an asset-by-asset basis
- Selective acquisitions to complement existing assets in underrepresented regions

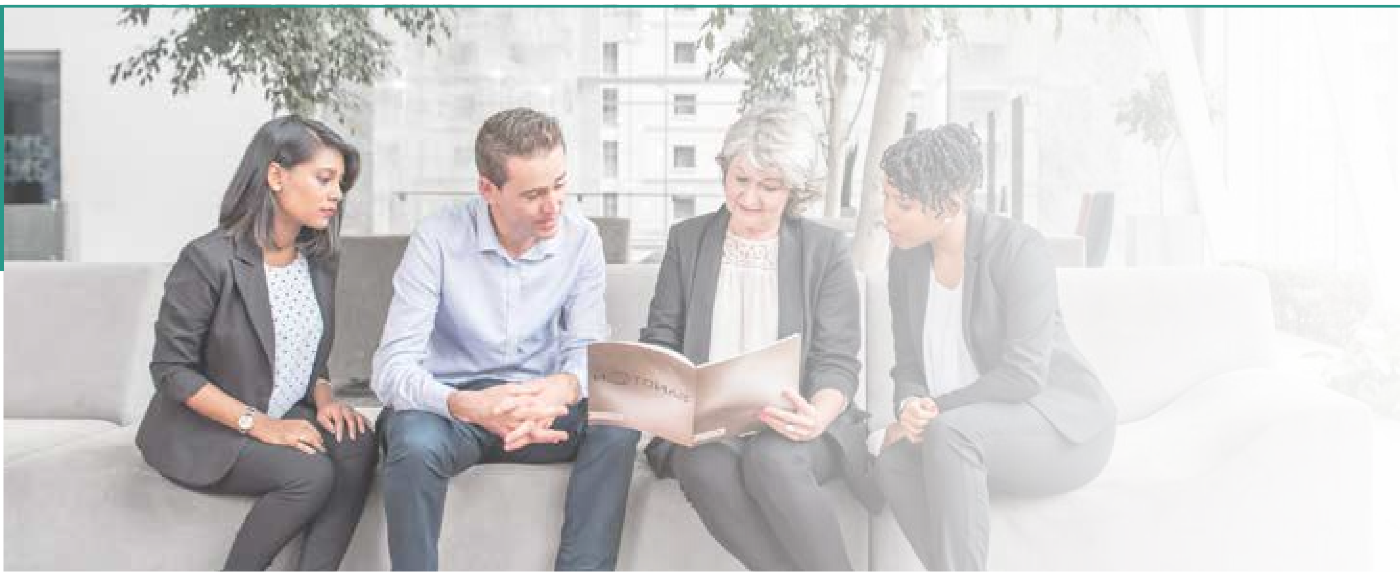
Our **operating context** (continued)

Our South African portfolio context

RETAIL



OFFICE



INDUSTRIAL

Differentiating by creating outstanding spaces for modern consumer lifestyles

TRENDS

- Trading densities across the SA retail landscape are showing negative real growth
- Shopper behaviour is showing signs of polarising – choosing convenience and one-stop-shopping
- There is significant push-back on renewal growth, escalations, lease terms and tenant installation (TI) contributions
- Current vacancy rate of 4.1% is above the long-term average of 2.7% and is expected to remain high
- National department stores are performing poorly

STRATEGIC RESPONSE

- Differentiate centres based on experiential offering through a tenant mix that is relevant to the catchment area
- Tenant performance management to ensure optimal trading densities and right-sizing
- Tenant retention for those retailers relevant to the market of the shopping centre
- Proactively managing exposure to the Edcon Group
- Strategic marketing initiatives within each catchment area to maintain retail spend
- Operating cost management, for example, objecting to municipal valuations and the use of technology to limit growth on labour-related costs
- The rise of online shopping is being embraced to improve relevance

Efficient, modern facilities to enable work-life integration

TRENDS

- Vacancy rate in the Johannesburg area near 13%, the highest since 2010
- Tenant consolidations and densification remains the key drivers to current market and demand compression
- Tenant space densification is driving up operating cost; however, densification is also reducing parking requirements
- P-grade and high-end A-grade space still shows strong demand in key nodes
- The lifecycle of commercial properties is diminishing
- Although hot-desking is losing some appeal, flexi-time and co-working environments are booming
- Green and sustainable buildings are becoming more critical in the product solution due to the availability and cost of water and power
- Third-party tenant representation is almost an industry norm
- Green certified P- and A-grade offices demonstrating lower vacancy rates (4.9% versus the 8.3% of all P- and A-grade offices)

STRATEGIC RESPONSE

- Tenant retention remains our top priority
- Focus on developing and refurbishing assets in key central nodes to accommodate tenant centralisation
- Focus on upgrading and maintaining green and sustainable high-quality assets
- Partnership agreements with co-working businesses, including the first two locations for WeWork
- Continue to strengthen relationships with third-party brokerages
- Ongoing capital maintenance plans for all assets

Incorporating key design elements to functionally differentiate our offering

TRENDS

- Speculative developments, largely driven by private developers
- Policy uncertainty causing erratic demand for new premises
- Coastal market rental growth remains marginally higher compared to inland
- Larger box size demand in Gauteng and KwaZulu-Natal to other regions
- Rising development costs continued to place pressure on yields
- Volatility in the commodity and retail supply chain sectors affects lease terms and annual escalations
- Rental growth on shorter leases remains lean; retention has been good
- Relocation costs for tenants are high

STRATEGIC RESPONSE

- Focusing on acquisitive growth by investing in modern logistics and industrial units located within prime industrial nodes
- Innovative development design to achieve improved yields
- Improving facilities to retain tenant occupancy
- Back-to-basics implementation of property management fundamentals by improving stakeholder relationships and all key performance drivers

Integrated **stakeholder engagement**

At Redefine, we embrace a people-centric and stakeholder inclusive approach to creating value. This means that stakeholder engagement is integrated into every step of our value creation process.

ANALYSE

→ The impact we have on our stakeholders, and our impact on them
→ Their influence on our business decisions and the level to which we collaborate, involve or consult with them
→ What value means for them and what value means for us (Refer to **page** 39 for our value creation)

IDENTIFY

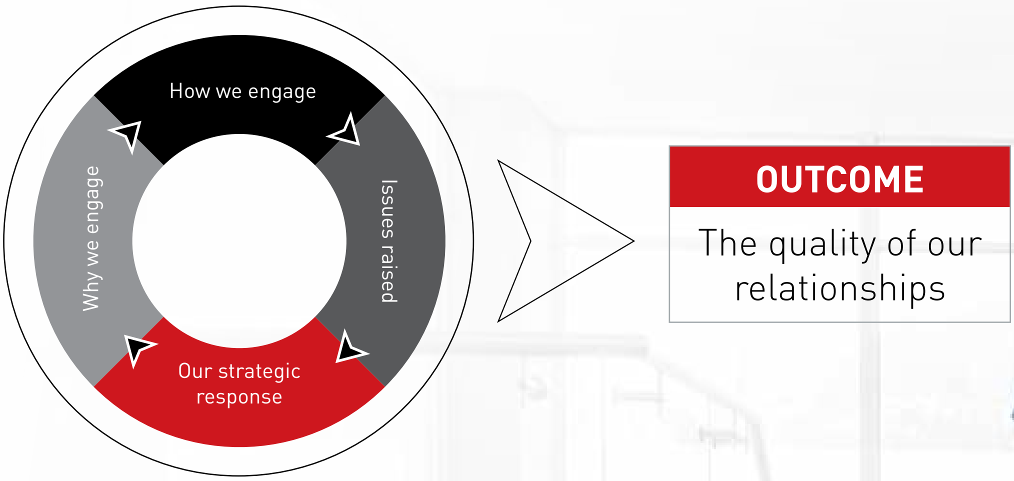
→ Who our key stakeholders are
→ Our key stakeholder goals
→ What key risks and opportunities arise from these relationships (Refer to **page** 39 for our value creation)

FORMULATE STRATEGY

→ The outcomes from our stakeholder analysis, and risks and opportunities identified through this process, is considered in determining material matters for the business, as well as our short-, medium- and long-term strategies and goals
→ We develop business initiatives to improve engagement and achieve our goals
→ We formulate an integrated stakeholder engagement strategy

IMPLEMENT

→ Business initiatives (For detailed information about these business initiatives, please refer to our social capital and ESG report)
→ Tailored engagement strategies for key stakeholders (Refer to **page** 20)

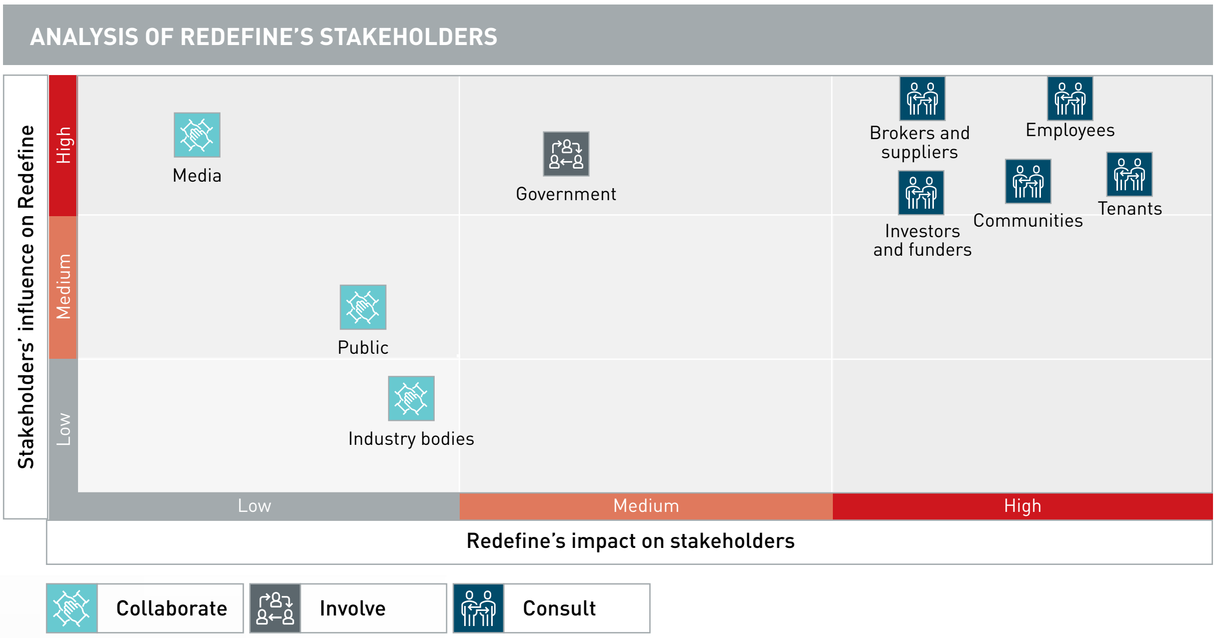


MEASURE

→ Intangible outcomes (delivery again our goals and indicators)
→ Tangible outcomes (value creation indicators)
Please refer to our value creation on **page** 39.

Identifying our key stakeholder goals for each

We identify our key stakeholders based on their influence on our business decision-making processes. Based on this assessment, we categorise these relationships as either 'collaborate', 'involve' or 'consult'. While we engage with all stakeholders, we have identified our key stakeholders as those with whom we need to consult and, as such, have developed goals for each.



Our stakeholder goals drive us forward, articulating the value we seek to deliver for each of our key stakeholders, and therefore serve to inform our strategy.

KEY STAKEHOLDERS	GOALS
Investors and funders	Source of sustained growth in total returns
Employees	Employer of choice
Tenants	Provider of relevant space
Brokers and suppliers	Preferred business partner
Communities	Responsible community participant

Implementing tailored engagement strategies for key stakeholders

GAUGING THE QUALITY OF THE RELATIONSHIP

We believe that the way we engage with our stakeholders and address the issues they raise, impacts on the quality of our relationship with them, and therefore we measure the quality of our relationships through various feedback mechanisms, to make an informed assessment.

This scale represents our internal assessment on the quality of our relationships.

●○○○○	**1.** No existing relationship
●●○○○	**2.** Relationship established, but much work to be done to improve quality of relationship
●●●○○	**3.** Relationship established, value-generating connection, but with some room for improvement
●●●●○	**4.** Good-quality, mutually beneficial relationship, with some room for improvement
●●●●●	**5.** Strong relationship of mutual benefit

Integrated **stakeholder engagement** (continued)

Investors and funders	Source of sustained growth	Level of stakeholder involvement

How we engage

- Our corporate website serves as a key information platform
- Annual and interim results presentations
- One-on-one engagements with investors and funders during key events, including results, pre-close calls, specific transactions and topics such as ESG
- Property tours
- Electronic announcements (in the form of 'breaking news' emailers)
- Editorial coverage in property sector and financial media, as well as thought leadership pieces
- Attendance of industry and investor conferences
- The integrated report

Issues raised

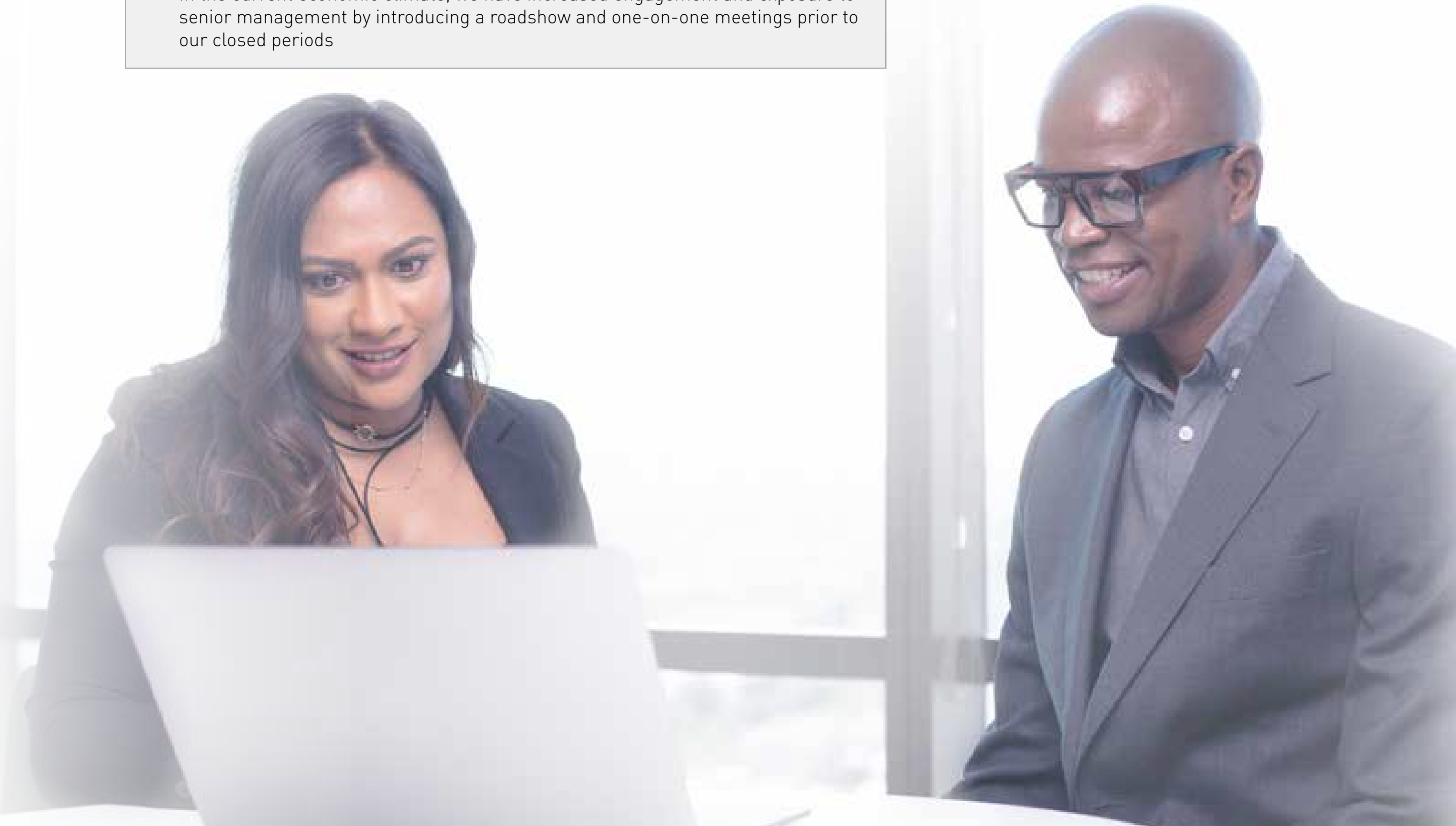
- Consistency in delivery on the strategy
- Complex structure – too much diversification and multiple entry points
- LTV levels too high
- Sustainability of non-recurring earnings
- Transformation strategy satisfactory at board level, but to be cascaded throughout the organisation
- Succession planning for senior leadership
- Appointment of independent non-executive chairperson welcomed

Our strategic response

- We communicate our long-term focus and strategy through our IR
- We remain committed to address concerns around the complex structure, LTV and non-recurring income and, while some of these are medium-term projects, we are committed to communicate openly and honestly, and disclose detailed breakdowns of these items
- We elaborated on our transformation strategy in this report, and also presented our transformation strategy during engagements. Transformation remains a challenge and is a key priority going forward
- We continue to communicate our governance practices clearly and transparently through various mediums
- In the current economic climate, we have increased engagement and exposure to senior management by introducing a roadshow and one-on-one meetings prior to our closed periods

Quality of relationship indicator

Investor perception survey



Employees

Employer of choice

Level of stakeholder involvement

How we engage

- One-on-one interactions between staff and line managers
- Employee surveys
- Staff events
- Intranet and electronic newsletters
- Rewards and recognition programme
- Communication from the chief executive officer (CEO)'s office
- Performance reviews and exit interviews
- Internal roadshows and presentations
- Wellness programme offering financial, physical and emotional wellness support

Issues raised

- A need for two-way communication across multiple platforms
- Integration of new employees from acquired portfolios to make them feel part of the culture
- Transformation at all levels
- Fair and market-related remuneration
- Career development opportunities
- Access to mentorship and coaching programmes
- Flat organisational structures, our acquisitive nature and low staff turnover are barriers to promotional and career opportunities

Our strategic response

- Various platforms are utilised and new additions considered to improve internal communication, ensure two-way, streamlined communication in line with latest trends
- Our people are encouraged to participate and give feedback to stimulate two-way communication and not a top-down approach
- Formalised induction and onboarding programmes ensure information is relevant, clear and easily retrievable for new starters
- We acknowledge that we need to improve our efforts to transform the business at all levels and are conscious that we have been slow in doing so. This remains a key priority
- Remuneration practices are benchmarked annually against peer and industry companies. We have introduced a total reward statement to create a better understanding of individual remuneration and benefits and to encourage dialogue
- We have introduced a long-term staff incentive scheme
- We have a rewards and recognition programme, incentivising our employees to be the best at what they do
- We support and encourage our staff to improve their skills and capabilities to remain relevant
- We consider employee promotions, where suitable, and encourage internal career growth
- We encourage our people to be innovative, and design jobs that are challenging and stimulating, to foster a culture of ongoing learning
- We have a specialist learning and development department to support the business and employees to build capacity for future business needs and, in doing so, also focus on employees' development needs, including a mentorship and coaching programme

Quality of relationship indicator

Top Employer status

●●●●●

Employee roadshow 2018

Integrated **stakeholder engagement** (continued)

Tenants

Provider of relevant space

Level of stakeholder involvement

How we engage

- We believe in the value of personal interaction
- We have on-site teams on our premises as far as possible
- Operational issues are communicated through various platforms, including e-mails and WhatsApp groups
- We communicate health-and-safety-related matters, including practice drills
- Other communication platforms include:
  - Print and electronic communication
  - Ethics hotline (whistle-blowers)
  - Call centre
  - Tenant green-guideline

Issues raised

- Inconsistent service levels throughout the tenant lifecycle
- Utility supply interruptions
- Increased cost of utilities

Our strategic response

- We have installed standby power supply solutions at several of our key retail properties, providing a full backup service, enabling the property to run normally during supply interruptions
- We continuously strive to increase the resource efficiency of our properties through environmentally responsible operating methods. This, in turn, reduces operational costs to our tenants
- During 2018, progress has been made on the tenant experience management (CRM) system (called **STEP**), and work continued on the overall strategy to improve tenant experiences
- We have a dedicated call centre to field enquires and complaints

Quality of relationship indicator

- Customer journey research survey
- Centricity measurement tool

●●●○○

Brokers and suppliers

Preferred business parter

Level of stakeholder involvement

How we engage

- We have an extensive broker incentive programme (REACH)
- Our website is a key source of information for brokers regarding their engagement programme (REACH) and our vacancy portal reflecting current vacancies
- We assist brokers with information regarding vacant space through site visits, presentations and marketing
- We have a team of internal leasing executives to liaise with brokers
- We engage with our suppliers throughout our procurement and vendor application process

Issues raised

- Information supply and response times
- Commission and other payments
- Slow-moving deals
- Local representation and opportunities to uplift small enterprises

Our strategic response

- We have streamlined payment processes to minimise delays
- We strive for quick decision-making and simple deal-structuring
- We have broadened our engagement strategy with brokers and continuously strive to improve and develop communication platforms aligned to expectations
- A procurement process review is scheduled for 2019 – we will use this opportunity to further develop a more extensive engagement strategy for all our suppliers

Quality of relationship indicator

Broker feedback and surveys

●●●●○

Communities	Responsible community participant	Level of stakeholder involvement

How we engage

- Previously interaction with communities was channelled through CSI initiatives
- Direct engagement around community concerns facilitated through personal interaction within buildings

Issues raised

- Opportunities within our spaces to improve the lives of communities surrounding them:
  - Business opportunities for entrepreneurs and local business owners
  - Job opportunities for community members and students
  - Upliftment and partnerships with local traders
  - Collaboration opportunities for non-governmental organisation

Our strategic response

- This year, we launched the *Challenge Revolution* with the aim of bringing all stakeholders in and around our buidlings, including community representatives, tenants, political parties, local government and others, together to determine their needs and create solutions in a collaborative way.
- *The Mentorship Challenge* was introduced at the *Challenge Convention* to provide mentorship opportuntiies for the stakeholders around our buildings.
- We also launched the *Innovation Challenge* to provide opportunities for young entrepreneurs with innovative ideas.

Quality of relationship indicator

Challenge Convention feedback summary

●●○○○

For more detail on our stakeholder engagement strategies, refer to our social and relationship capital and ESG report.

Challenge Convention at Maponya Mall

Our risk **management**

Value creation through effective risk management practices is the ethos behind our Enterprise Risk Management (ERM) approach.

Risk management is not intended to impede business, but to assist management in the pursuit of their achievement of strategic goals. Therefore we strive to embed enabling and sustainable solutions into our culture in order to remain effective at risk management.

Risk management involves achieving an appropriate balance between identifying opportunities while minimising the adverse impacts of risks and in turn realising value. Our ERM process is inextricably linked to strategy formulation and execution with the aim of optimising the risk and return profile of the company, reducing earnings volatility, strengthening management's confidence in business operations and risk monitoring, creating conducive governance procedures, improving transparency of decision-making, and maximising profitability. Achievement of the above will lead to an enrichment of market and brand reputation, favourable credit risk rating, reduced risk premium and lowered cost of capital when approaching debt and capital markets. As for our shareholders, a lowered risk premium translates into higher distributable earnings, thus enhancing shareholders' value.

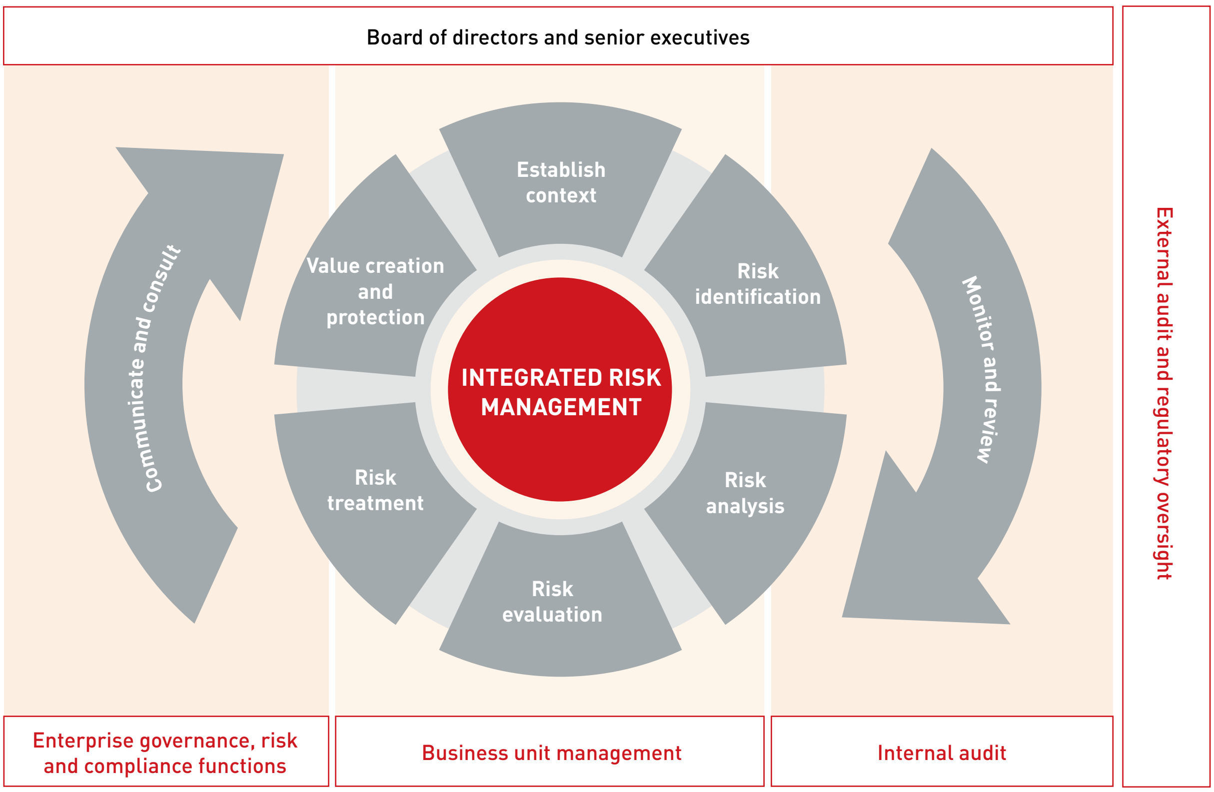
Integrated risk management and combined assurance

We are committed to govern our activities in a manner that is commensurate with the overarching corporate governance principles of fairness, accountability, responsibility and transparency. The aim, through adopting a combined assurance approach within the 'lines of defence model' (as a further building block of strengthening corporate governance), is to optimally assign specific roles and to coordinate effectively and efficiently among these groups so that there are neither gaps in controls nor unnecessary duplications of coverage and assurance activities.

This integrated and cohesive approach will ensure that resources are deployed effectively in identifying and addressing control weaknesses, and therefore managing significant risks appropriately.

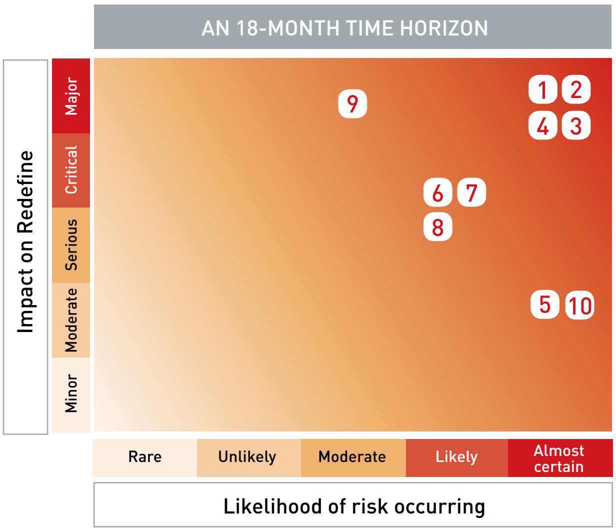
The diagram below reflects at a high level the manner in which we obtain adequate assurance throughout the integrated risk management process.

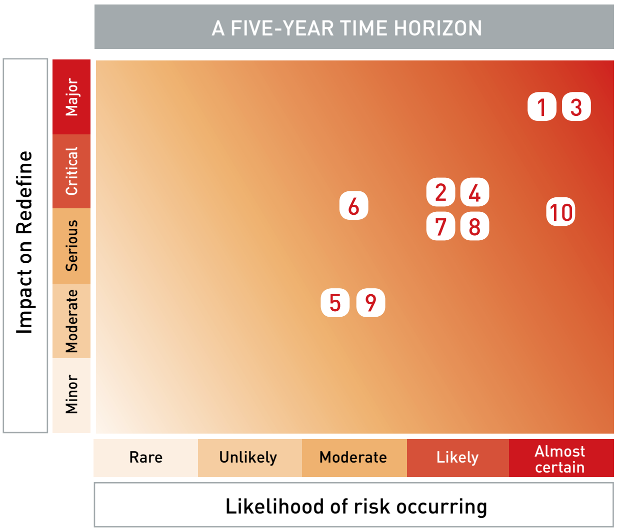
COMBINED ASSURANCE AND INTEGRATED RISK MANAGEMENT MODEL



Top strategic risks

As part of the risk assessment process, risks are assessed over the short, medium and long term. The heatmaps below provide an overview of the assessment of our top 10 strategic risks (For more detail on the risk, please refer below), with the strategic risk considered from an inherent risk perspective (before considering mitigating efforts) and from an 18-month to a five-year time horizon, as depicted below:





1. IMPACT OF DISRUPTIVE TECHNOLOGIES	(2017: 3)	▲

Risk description and implications for value creation
Unprecedented disruptive technological advances, with the potential to create new markets and disrupt traditional business models, underpins the need to adapt to changing market dynamics.

Remaining relevant in an ever-changing landscape, and the prevention of property obsolescence, depends on how we adapt our operating model and respond to the demands of our tenants, which are driven or dictated by consumer trends as a result of innovations through the Internet of Things and exogenous technology.

Risk response – mitigating actions and opportunities
- → Enhancing our operating model with sustainable innovations such as stakeholder engagement channels
- → Factoring in 'big data' to analyse changing market and behavioural trends to maintain relevance and align our property portfolio compatibility with trending technologies
- → Focusing on value-add services
- → Leveraging off exogenous technology in all facets of our business

Capital impacted

Material matters

▲ Elevated risk ■ Emerging risk ⬟ Static risk ▼ Reduced exposure

Our risk **management** (continued)

Top strategic risks (continued)

2. UNCERTAINTY ABOUT THE LONG-TERM IMPACT OF GEOPOLITICAL AND SOCIO-ECONOMIC FACTORS (2017: 2)

Risk description and implications for value creation
Geopolitics and associated volatility, uncertainty, complexity and ambiguity create potential social and economic disruptive conditions. The political environment in South Africa and other areas of interest remain volatile, which create impediments to potential growth and funding opportunities in these markets, including currency volatility, rising interest rates, social unrest, increased administered costs and inflationary effects on consumers, which may result in the reduction in the demand for space, increased cost of doing business and the potential of tenant defaults.

Risk response – mitigating actions and opportunities
- Ensure prudent tenant selection criteria and ongoing monitoring of tenant strength and effective credit management practices
- Appropriate diversification of foreign and local assets and funding sources
- Ongoing focus on refreshing and improving business processes
- Conservative balance sheet management
- Monitoring of external and internal factors (economy, sector-specific, regional and global political events)

Capital impacted

Material matters

3. INFORMATION SECURITY AND CYBER RESILIENCE (2017: 13)

Risk description and implications for value creation
Cyber resilience is the ability to prepare for, respond to, and recover from a cyber-attack. Furthermore, it also considers the ability to operate during such an event. Poor data management and privacy standards, inadequate cybersecurity safeguards and posturing could result in business disruption, harm to reputation, reduced trust as a data custodian, and cybercrime in the form of ransomware, which could lead to a direct financial loss.

Risk response – mitigating actions and opportunities
- Enhanced data governance and privacy practices
- Proactive management of third-party risk exposure
- Comprehensive business continuity management programme
- Improved security posture on all architectural layers
- Proactive vulnerability scanning

Capital impacted

Material matters

4. FINANCIAL MARKET VOLATILITY (2017: 4)

Risk description and implications for value creation
Adverse economic conditions and volatility in the macro-environment could reduce or change tenant demands for space and increase the potential for tenant defaults, thereby undermining rental income levels.

These factors may unfavourably impact our ability to achieve targeted growth and liquidity levels, and could further lead to diminished asset values, damage to reputation and loss of shareholder confidence. The efficacy of internal processes and internalisation of acquisitions may further hamper this achievement.

Volatility in financial markets is expected to continue, which could have a negative impact on property capitalisation rates and our ability to raise further funding.

Risk response – mitigating actions and opportunities
- Appropriate geographical and sectoral diversification of assets, both foreign and local
- Prudent funding and liquidity management through diversification of funding sources and hedging practices
- Increase focus on the development of a defensive asset base and exploration of alternative asset classes
- Enhance efficiency to maintain margins, and diligent tenant selection

Capital impacted

Material matters

Elevated risk Emerging risk Static risk Reduced exposure

5. INABILITY TO ATTAIN MAXIMUM DESIRED SCORE AGAINST PROPERTY SECTOR SCORECARD

(2017: 7)

Risk description and implications for value creation

The revised Property Sector Charter codes were approved for gazette and released in June 2017, wherein various amendments resulted in more stringent targets. Non-achievement of BBBEE and transformation targets against the Property Sector Scorecard could have a direct negative impact on our ability to attract and retain tenants, participate in development bids and remain an employer of choice. The inability to obtain the maximum rating against the revised Property Sector Scorecard could ultimately reduce our ability to remain relevant in a transformed economy.

Risk response – mitigating actions and opportunities

- Implementation and monitoring of the transformation strategy, while keeping abreast of any changes in the legislation and scorecard
- BBBEE committee established to continuously assess and drive areas of improvement

Capital impacted

Material matters

6. MISALIGNMENT WITH INTERNATIONAL PARTNERS (IN-COUNTRY)

(2017: 5)

Risk description and implications for value creation

The investment strategy is centered on geographic diversification and taking advantage of in-country opportunities and leveraging off in-country partnerships. Such strategies do have inherent risks as all investment risks do; however, there are considerations that are equally as important in that we are motivated to closely align our interests and strategic direction to that of our strategic partners to achieve a common and desirable outcome.

Changes in respective strategic directions, incongruent ethics and values, sovereign regulations, relationship management and inadequate due diligence at the onset could result in value destruction, non-achievement of strategic objectives, harm to reputation, breach of debt covenants and diminishing investment returns.

Risk response – mitigating actions and opportunities

- Enhanced due diligence and partner selection
- Ensure adequate representation on the board and sufficient oversight of governance practices
- Strategic and economic alignment and oversight and monitoring of strategy execution

Capital impacted

Material matters

7. DAMAGE TO PROPERTY AND SECURITY-RELATED THREATS

(2017: 11)

Risk description and implications for value creation

The risk of damage to property and security-related threats applies to Redefine's personnel, assets, the public, tenants and, ultimately, our reputation. Threats related to civil unrest or terrorist activities are generally linked to socio-economic pressures and political unrest, while rising crime and vandalism are inherent risks to the property sector.

Over-reliance on tenant mitigation strategies, the lack of a defined security monitoring and management programme, coupled with poor business interruption and continuity planning, can potentially result in rising operational costs due to continuous security posture strengthening, increased cost of insurance and limited insurer participation, potential injuries or loss of life, damage to assets and business disruption.

Risk response – mitigating actions and opportunities

- Diversification of asset base in relation to risk exposure, such as market sector and geographic location
- Effective security and health and safety programmes
- Effective business continuity management programme
- Close liaison with South African Police Service (SAPS) and communities
- Risk transfer through insurance and legal avenues at our disposal

Capital impacted

Material matters

Refer to **page 26** for an overview of the assessment of the strategic risks considered from an inherent risk perspective.

Our risk **management** (continued)

Top strategic risks (continued)

8. FAILURE TO COMPLY WITH LOCAL AND INTERNATIONAL LAWS AND REGULATIONS

(2017: 9) ▲

Risk description and implications for value creation
The current regulatory landscape is changing at an unprecedented rate; new legislation emerges or changes continuously with increasingly stringent requirements across all geographic markets in which we operate. We have a responsibility to identify existing and emerging legislation relevant to our business and ensure that associated risks are well-understood, and controls are embedded within the company and operating model.

The risks and consequences of non-compliance range from financial and non-financial sanctions in the form of penalties and fines, to imprisonment, withdrawal of our REIT status, heightened operational costs, litigation and reputational risk, which may individually and/or collectively have a fundamental impact on our sustainability as a going concern.

Risk response – mitigating actions and opportunities
- → Development of a robust regulatory and compliance risk management framework
- → Strengthen internal governance mechanisms to provide oversight and monitoring
- → Local regulatory universe defined, and relevancy and application well-understood by all lines of defence
- → Dedicated risk and compliance capacity created to oversee compliance risk management

Capital impacted

Material matters

9. INABILITY TO MAINTAIN A STRONG ETHICAL AND GOVERNANCE CULTURE

(2017: -) ■

Risk description and implications for value creation
Failure to subscribe to the corporate values or codes of conduct, and poorly defined values and ethics systems, could result in an external misperception of ethics and governance within Redefine, market misconduct, reputational damage and potential loss of trust by stakeholders and business partners. Poor ethical behaviour leads to misguided decisions that seldom align to the corporate values or serve the strategic objectives.

Risk response – mitigating actions and opportunities
- → Develop sustainable relationships with all stakeholders to demonstrate responsible corporate citizenship through improved transparency in strategic decisions and operating activities
- → Strengthen governance mechanisms and system of internal controls
- → Support and empowerment of all Redefine employees in the fight against unethical behaviour and practices, financial crime, bribery and corruption, including increased support for whistle-blowers
- → Compliance with market abuse regulations
- → Increased board independence and oversight

Capital impacted

Material matters

10. INCREASED COMPETITION FOR TENANTS, CAPITAL AND PROPERTY ASSETS

(2017: 8) ▼

Risk description and implications for value creation
Market and economic factors could give rise to increased competition for tenants, capital and property assets. These often manifest in various forms, such as a lack of demand for or the increase in the supply of space, increased flows of investment capital into real estate by new market entrants, and a diminishing pool of acquisitions. This could lead to the increased cost of property investments, reduced asset valuations, rise in vacancies and, consequentially, poorer rentals through the inability to attract and retain tenants.

Risk response – mitigating actions and opportunities
- → Appropriate sector and geographical diversification of assets
- → Exploration of alternative asset classes
- → Deepened stakeholder engagement and growing the Redefine brand
- → Leasing and incentivisation strategy to focus on tenant retention

Capital impacted

Material matters

▲ Elevated risk ■ Emerging risk ⬟ Static risk ▼ Reduced exposure

Refer to **page 26** for an overview of the assessment of the strategic risks considered from an inherent risk perspective.

Defining **our material matters**

For us, defining our material matters forms an integral part of our strategic planning process. We view value creation holistically, applying integrated thinking to identify those matters that may influence our ability to create value in the short, medium, and long term. These matters inform our strategy, to manage the risks and maximise the opportunities that present themselves.

Defining what matters most

We identify what matters most to our business using the following process:

- We conduct the necessary research and obtain input from all our business units to analyse the macro-environment, consider our operating context (both local and global), the resources we rely on, as well as feedback from our stakeholders to assess impacts that can be of financial, reputational, operational, environmental, social, strategic or a legislative nature
- Based on the impacts identified in our operating context, stakeholder relationships and the resources we rely on, we derive our risk and opportunity register which we update throughout the year. To ensure further rigour, we undergo an externally facilitated workshop to ensure our register includes all material topics and is assessed objectively
- Using the outcomes of our analysis and key risks and opportunities identified, we prioritise those matters that are most material to our ability to create sustained value in the short, medium and long term. We track our performance against them, using clearly identified key performance indicators (KPIs) that are cascaded throughout the organisation

Operate efficiently	Operational efficiency is not only about cutting costs. It's about finding the best possible way to manage the resources under our control.
Invest strategically	We use our combined years of experience to make the right strategic choices to deploy capital which creates value for all our stakeholders.
Optimise capital	By optimising capital, we make the best use of sourcing and managing scarce financial capital, to create value for all our stakeholders.
Engage talent	Inspiring our people to go above and beyond ensures that we harness their full potential to achieve our vision to be the best in all aspects of what we do.
Grow reputation	We actively manage our brand and reputation, driving accountability through values, ethics and mindful governance principles.

Our strategy

Where we're going

Our **PURPOSE** informs our strategy to ensure we create and manage spaces in a way that changes lives, while delivering sustained value to all our stakeholders.

How we're going to get there

Our short- to medium-term strategy

Material matters are a summation of our key risks and opportunities. They are the critical levers that have the potential to impact our ability to create value over the short, medium and long term. Our strategy is formulated considering our five material matters through an integrated approach.

A RENEWED FOCUS ON SUSTAINED ORGANIC GROWTH

- Our strategy is aligned to long-term trends and is tweaked for opportunities and risks
- Our focus is on real estate and related investments – not a particular sector
- We are dynamic and invest where we believe the best market opportunities lie
- We will continue to build an asset platform that sustains organic growth through
  - Continuously improving, expanding and protecting our portfolio
  - Recycling capital through the sale of assets at the end of their investment life cycle
  - Unlocking value through active asset management
  - Broadening sustainability beyond environmental considerations to remain relevant
- We will implement an integrated approach to stakeholder engagement to ensure we understand our stakeholders' needs, while managing their impact on us and remaining relevant
- We actively manage and grow our reputation
- We drive innovative business projects to ensure we remain relevant and achieve our long-term goals

Our long-term strategy

In order to fulfil our purpose, we have considered our material matters, as well as the forward-looking trends that will have material implications for us, such as scarce natural resources, rapid urbanisation, escalating disruptive technological advances, changes in consumer behaviour and demands, growing social instability and a lack of suitably skilled people. Based on this, we have identified the sustainable development goals (SDGs) that we believe are most relevant in terms of potential impact and opportunity to our business, that will make a contribution to ending poverty, protecting the planet and ensuring that all people enjoy peace and prosperity.

THE FOUR SDGs TO WHICH WE BELIEVE WE CAN CONTRIBUTE THE MOST ARE:

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE — Industry, innovation and infrastructure	8 DECENT WORK AND ECONOMIC GROWTH — Decent work and economic growth
11 SUSTAINABLE CITIES AND COMMUNITIES — Sustainable cities and communities	13 CLIMATE ACTION — Climate action

The goals we have committed to have been internalised as one commitment:

OUR VISION FOR 2030
CREATE SUSTAINABLE SPACES THAT EMPOWER PEOPLE

These goals stretch us to think beyond the conventional time-frames, providing a sense of future direction that will drive us forward in achieving our higher purpose.

Furthermore, we aim to set targets for our contributions towards the SDGs and have created a framework of six indicators to guide our actions. These will be further developed into measurable targets as part of our value creation journey.

THESE INDICATORS ARE:

1. **Developing future tenants**
To develop skills and provide other opportunities for future business owners who may become tenants requiring space

2. **Building skills capacity**
To create a pipeline of future-proof skills across the demographic spectrum

3. **Integrating business innovation**
To identify and implement innovative solutions that streamline business processes and create partnerships to generate innovative offerings and achieve business goals

4. **Enhancing experiences**
To identify new ways to improve customer (i.e. tenant and shopper) experiences throughout the portfolio

5. **Embracing community focus**
To address community concerns and challenges, but also identify opportunities for partnerships and collaboration

6. **Minimising environment impact**
To minimise our impact on scarce natural resources, as well as educate our stakeholders to minimise their impact on the environment

Our scorecard by **material matter**

We measure our performance against our material matters, using relevant KPIs that are linked to our remuneration structures.

Our primary long-term objective

To increase our total returns through improved cash flow in order to deliver sustained growth for all our stakeholders.

How we calculate our total return	:	Distribution per share + net tangible asset value (NTAV) growth per share
Target	:	**Greater than 15%**
How we measure up	:	2018: **17.7%** | 2017: 6.6% R ▲

Operate efficiently

KPI

Net operating income (NOI) margin R

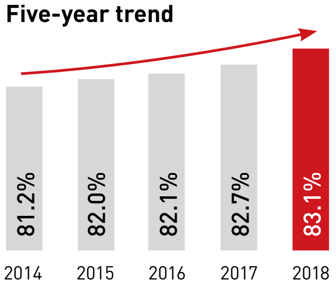
Why this is important

NOI is a profitability metric we use to measure our portfolio's efficiency. NOI measures the amount of income that our portfolio generates. NOI margin demonstrates how efficiently our business processes manage cost in relation to revenue growth.

Target ▲

Greater than 80%

Five-year trend



Related risks

1, 3, 5, 6, 7, 8, 9, 10

Refer to **pages** 25 to 29.

Short- to medium-term focus

- Identify innovative non-GLA income opportunities
- Continue investment in long-term renewable energy solutions (i.e. solar PV, energy storage)
- Explore water efficiency projects to ensure security of supply and reduce water consumption
- Ensure effective facilities and utilities management
- Continuous roll-out of smart electricity and water meters
- Engage with suppliers/supply chain to achieve economies of scale
- Use technology to streamline business processes

Long-term focus

We recognise that cities have an adverse impact on the non-renewable resources of our planet. This is demonstrated by the fact that cities occupy just three percent of the earth's land, but account for 60 to 80% of energy consumption and carbon emissions. We recognise that improving the efficiency of our buildings has positive cost implications in the long term for our business.

Outcomes: ▲ Positive ▼ Negative ▬ In progress

R Link to executive directors' remuneration

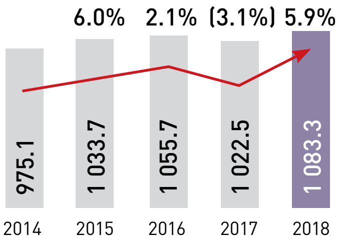
Invest strategically

KPI
Net asset value (NAV) per share R

Why this is important
NAV is the value of an entity's assets less the value of its liabilities. NAV is an indicator of organic growth of the capital base that is being actively managed which demonstrates the effectiveness of the investment strategy and serves as an indicator of business sustainability. The most common way to determine the value of a REIT is to look at the NAV.

Target
NAV growth per share of greater than 5%

Five-year trend



Related risks
1, 2, 4, 5, 6, 7, 8, 9, 10
Refer to **pages** 25 to 29.

Short- to medium-term focus

- Continue to improve, expand and protect our properties in order to attract and retain quality tenants
- Selective acquisitions in under-represented regions and to complement existing assets
- Provide strategic and financial support to our in-country partners
- Invest directly where there is potential for capital uplift through active asset management
- Support listed investments in corporate activities
- Responsibly manage geographic concentration risk

Long-term focus

We are experiencing first-hand the drastic effects of climate change and disruptive technologies on the use of space. In this context, ensuring that our capital allocation decisions take the long-term consequences of our investments into consideration is no longer a nice-to-have. We invest in greening our buildings and in renewable energy, where possible, as well as incorporating flexible development solutions, because we believe that it is a business imperative in ensuring the sustainability of our business, which is reliant on the wellbeing of our planet.

Our scorecard by **material matter** (continued)

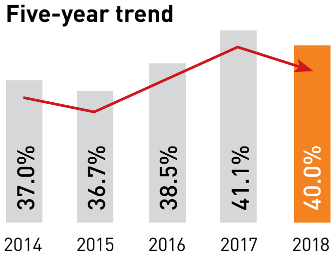
Optimise capital

KPI
LTV R

Why this is important
LTV is the ratio of an entity's interest-bearing borrowings net of cash to the value of its property assets. This is a lead credit metric and an indication of an entity's indebtedness and its ability to access financial capital.

Target
Maintain LTV ratio of below 40%

Five-year trend



Related risks
1, 2, 4, 10
Refer to **pages** 25 to 29.

Short- to medium-term focus

- → Reduce LTV to below 40%
- → Optimise gearing of international investments
- → Contain working capital
- → Deliver strong credit metrics
- → Extend funding maturity profiles
- → Broaden quality-rated funding sources
- → Improve liquidity
- → Actively hedge income as and when the rand shows weakness
- → Hedge the balance sheet naturally through matching currency gearing

Long-term focus

Broadening sustainable capital sources is a long-term focus for our business. We seek to maintain sound credit metrics.

Outcomes: ▲ Positive ▼ Negative ▬ In progress

R Link to executive directors' remuneration

Engage talent

KPI

Engagement score R

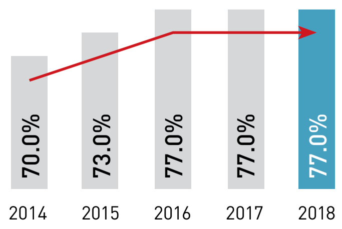
Why this is important

Engagement score refers to the amount of commitment, discretionary effort and intent to stay that employees exhibit given the combination of their present and past experiences, and expectations for the future. The score is based on an engagement survey carried out by an external service provider.

Target

Maintain or improve previous year's engagement score

Five-year trend



Related risks

1, 2, 4, 10
Refer to **pages** 25 to 29.

Short- to medium-term focus

- Review remuneration governance practices to uphold the principle of fair and responsible remuneration
- Refine key performance areas, indicators and targets
- Optimising the Human Resources Information Management System
- Improve employee communication, information and knowledge sharing through effective utilisation of technology
- Talent management, focusing on succession and career development strategy implementation
- Promote employee wellbeing (physical, emotional and financial)
- Accelerate transformation to ensure employee demographics are relevant
- Include environmental suitability metrics in role-relevant KPIs

Long-term focus

At Redefine, we believe in pragmatic solutions to real problems. We seek to address these issues through skills development and opportunity creation, providing the stepping stones for our employees or potential employees to gain productive employment and move up the pay scale by gaining valuable skills, training and experience through our internal programmes.

2 | 8 DECENT WORK AND ECONOMIC GROWTH

Grow reputation

KPI

Distribution forward yield R

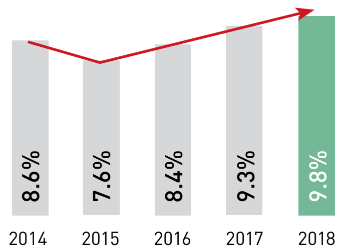
Why this is important

Our distribution forward yield ultimately reflects the market's rating of our risk profile to deliver sustained value in the form of growing distributions and capital growth.

Target

Distribution forward yield of equal or less than R186

Five-year trend



Related risks

2, 3, 4, 5, 6, 9
Refer to **pages** 25 to 29.

Short- to medium-term focus

- Invest in enhanced technology to facilitate engagement and experience management of all stakeholders
- Formulate a strategy to improve BBBEE contributor status
- Address transformation at senior and executive level
- Entrench living Redefine's values at all levels
- Support youth employment, skills development and transformation
- Continue roll-out of the *Challenge Revolution* and creating a culture of innovation and mentorship
- Improve tenant experience to be a key differentiator

Long-term focus

We recognise that a socio-economic operating context defined by rising unemployment, weak economic growth and increasing social instability is by no means the recipe for a sustainable business. Conversely, by seeking to positively impact our social landscape through informed, targeted initiatives that create shared value for Redefine and our stakeholders, we ensure the long-term resilience of our business.

1 | 5 | 8 DECENT WORK AND ECONOMIC GROWTH | 11 SUSTAINABLE CITIES AND COMMUNITIES

Our trade-offs

Unpacking the tough choices we made

Our mission is to create sustained value for all our stakeholders. To achieve this, we continually review the allocation of our resources to ensure we are making the best and highest use thereof.

To focus on what matters most, our five material matters act as a compass, guiding our decision-making in an integrated manner, allowing us to focus on the most critical levers to optimise the outcomes of our strategic choices.

Below are some of the primary trade-offs made during 2018, and the rationale behind these decisions.

Balancing stakeholder expectations

Understanding the trade-off

Our single most significant trade-off is managing our strategy against short-term stakeholder performance expectations whilst operating in a long-term asset class. Income-depleting decisions made today may only bear fruit in the future. We therefore seek to manage our impacts and trade-offs vigorously to improve the long-term outcomes of our activities, while meeting the short-term expectations of our stakeholders, where possible.

We adopt an approach of integrated thinking when making strategic choices, balancing long-term objectives against potential short-term consequences to ensure sustained value creation over time.

How this played out in 2018

As part of actively managing our property portfolio to ensure our properties remain relevant in the medium to long term, we invest in defensive spend and we dispose of assets no longer meeting our investment criteria, which are generally high-yielding. As a result, we may not always see a direct reciprocal increase in income. We consciously make such decisions to ensure the sustainability of our portfolio.

Key outcomes

R5.3 billion invested in defensive and development capital expenditure.

Refer to the manufactured capital on **page 69** for more information.

Capital impacted

Material matters

Managing how we allocate our financial capital

Understanding the trade-off

Access to financial capital is critical to our business. In a context where capital is constrained and costly, we must continually balance whether we should raise or recycle capital and where we should allocate the capital available to us, to maximise value. Our capital deployment decisions are critical to our mission of creating sustained value.

How this played out in 2018

During 2018, we exited the bulk of our investments in the mature Australian market at the top of its property cycle in order to pursue investments that offer better long-term growth prospects elsewhere. As such, we elected to increase our exposure in Poland, an expanding market offering growth potential for the logistics sector, in particular.

In deciding how to allocate the capital recycled through the sale of our Australian investments, we also assessed the option of applying the proceeds to lower our debt and, in this way, improve our credit metrics. However, in reviewing the lower risk profile of the debt pay-down versus the increased rewards offered by an investment opportunity in Poland, we opted to invest and expand our portfolio in Poland in the interest of sustaining growth.

Key outcomes

R8.9 billion disposed assets no longer meeting investment criteria.

R3.1 billion of this was deployed into Poland.

Refer to financial capital (**page 65**) and manufactured capital (**page 69**) for more information.

Capital impacted

Material matters

Optimising tenant retention and profitability

Understanding the trade-off

In a highly competitive, lacklustre market with limited new users, retaining our tenants and managing vacancies remains a top-of-mind priority, vital to our sustainability and ability to generate cash-flow. Our leases are long-term and escalate over time, offering a stable, growing source of income, which also supports our asset base's capital value, which is critical to our business.

How this played out in 2018

In a constrained environment, we strive to balance the tension between accepting lower rentals to retain tenants over increasing vacancies and losing cashflow. We engage fully with our current and future tenants, and continuously review our risk appetite and controls to ensure we have a clear understanding of all the factors involved – positive and negative – before carefully making a decision. We continue to review our portfolio and upgrade our facilities to maintain tenant occupancy.

Key outcomes

Tenant retention remained above 90% in 2018, at 90.4% (2017: 92.6%).

Occupancy remains stable in 2018 at 95.5% (2017: 95.4%).

Refer to manufactured capital on **page 69** for more information.

Capital impacted

Material matters

Creating sustainable community solutions

Understanding the trade-off

While investments in broad-spectrum corporate social investment (CSI) programmes offer an immediate way to support communities, it is often limited in impact and may not necessarily address the challenges faced by Redefine and our stakeholders, especially communities surrounding our properties. Furthermore, by not engaging with communities, projects do not necessarily address their needs and CSI has limited social impact.

In our view, a more holistic and collaborative approach to community engagement will provide the platform for meaningful and sustainable solutions and interventions. We balance the significant upfront cost of these engagements which negatively impacted our financial capital in the short term with the expected increase in our intellectual, social, relationship and human capital in the long term.

How this played out in 2018

We recognise that to remain relevant, we need to think beyond the immediate and embrace a strategy that seeks to create value for our stakeholders in the short, medium and long term.

This year, we took a hard look at our community engagement and investment strategies to ensure we create maximum impact, moving beyond a siloed approach to business planning, CSI, innovation and stakeholder engagement.

During the year, we launched the *Challenge Convention* and *Innovation Challenge*, which seek to address critical business issues at a significant upfront investment.

Furthermore, the stakeholder engagement undertaken throughout this process feeds back into our approach to CSI and informs how we run our business, how our centres operate and how we select top-quality tenants.

Key outcomes

R10.5 million invested in the *Challenge Revolution* and integrated stakeholder engagement during the year.

Refer to social and relationship capital on **page 93** for more information.

Capital impacted

Material matters

Containing utility costs

Understanding the trade-off

Inflation-beating tariff increases in utility costs pose a threat to margins. Investing in green technology to responsibly generate electricity and smart metering that manages our water and electricity consumption, is therefore a priority for the business. Although these technologies are becoming more affordable, they still represent a significant capital expenditure in the short term.

How this played out in 2018

Redefine is currently the REIT with the largest solar PV footprint in South Africa. An additional 13.3 MWp of solar PV capacity has been installed in 2018, bringing our total renewable energy capacity to 22.4 MWp, compared to a total installed capacity of 7.8 MWp at the end of the 2017 financial year. In 2018, our rooftop solar PV fleet generated savings of R29.8 million.

We also invested significantly in smart electricity and water systems. An additional 2 213 smart electricity meters were deployed across the portfolio, and during the year smart water metering and leak detection systems were deployed at 66 properties.

Key outcomes

R280 million spent on solar PV at 21 plants.

Refer to natural capital on **page 107** for more information.

Capital impacted

Material matters

Our value **creation**

Relationships are central to who we are and what we want to achieve. To measure the value we generate for our stakeholders, we have identified goals for each of our key stakeholders and measure delivery on these through both financial and non-financial metrics aligned to our short-, medium- and long-term strategy, value creation indicators and the quality of our relationships. (For more information on key stakeholder goals and measuring the quality of our relationships, refer to **page 21**.)

Investors and funders

Source of sustained growth

Level of stakeholder involvement

Value for us

- Access to equity and debt funding
- Liquidity of our shares
- Fair rating of Redefine shares
- Open dialogue in order to understand and address their concerns

Value for them

- Solid investment case and understanding of the business strategy
- Continued, sustained growth in capital and distributions
- Assurance that business activities and decisions are aligned to strategy – creating sustained value
- Assurance that sustainability and compliance to governance principles is considered and integrated into business strategy
- Ability to pay interest and repay debt capital

Risks

- Loss of investor confidence in the property sector, as well as in Redefine
- Loss of liquidity
- Increased cost of capital

Opportunities

- By clearly communicating our strategy and demonstrating consistent delivery on this, we build confidence and create investment interest in Redefine
- Accessing capital at competitive rates
- Build capacity to deploy capital in a competitive environment

	Business initiatives	Related SDGs	Related indicators
1	Continuous communication and engagement to demonstrate delivery on the value proposition in line with business strategy	8, 9, 11	N/A
2	Transparent and honest disclosure of detail regarding key issues raised	8, 11	N/A
3	Extensive impact analysis of environment and all our stakeholders, and communication of proactive impact management	8, 9, 11, 13	1, 2, 3, 4, 5, 6

Value creation indicators

- Total return to shareholders
- Full-year distribution
- Perception score on strategy (consistency on delivery)
- Perception score on governance (particularly board independence)
- Perception score on disclosure and communication

For delivery on our value creation indicators, please refer to **page 6**.

Employees

Employer of choice

Level of stakeholder involvement

Value for us

- Engaged employees that make valuable contributions to deliver on business strategy, achieve strategic goals and act as brand custodians
- Employees who generate and implement innovative ideas and solutions to ensure we remain relevant
- Filling the skills gap: nurturing and developing future talent (developing skills within, as well as attracting and upskilling new talent)
- Addressing transformation issues

Value for them

- A work-environment that provides sustainable income
- Opportunities for learning, development and growth
- Career growth prospects
- The opportunity to make valuable contributions and personal fulfilment and satisfaction

Risks

- Lack of staff retention and attraction
- Slow pace of transformation
- Meeting the high expectations of our people-centric brand promise
- Becoming complacent and losing track with new demands by the younger generation, changing workforce

Opportunities

- Enhanced programmes to attract and upskill future employees, address transformation issues and introduce new skills sets
- Embrace technology, communication channels and change management programmes to stay ahead of the curve and increase the experiences of all our stakeholders in order to remain relevant

	Business initiatives	Related SDGs	Related indicators
1	Employee engagement and internal marketing programme	8, 9, 13	2, 3, 4, 6
2	*Every Step of the Way* – change management programme to improve tenant experiences	8, 9	4
3	Internal mentorship programmes – *Managers to Mentors* and *Mentor Match*	8, 11	2
4	Internal innovation programme – *Spark Innovation*	8, 9, 11, 13	3, 4, 5, 6
5	Learnership programme	8, 11	2

Value creation indicators

- Annual employee remuneration
- Top Employer status
- Training and development spend
- Investment in employee engagement programme
- Staff turnover

Our value **creation** (continued)

Tenants	Provider of relevant space	Level of stakeholder involvement

Value for us
- Deliver superior offering that enhances our premises
- Tenant growth and timeous payment
- Participation in our efforts to promote and improve our buildings
- Mutually beneficial partnerships and renewals of leases

Value for them
- Quality spaces that deliver on business needs and keep up with the latest trends at market-related rentals
- Retail spaces that attract shoppers and create an environment for business growth
- Quality relationships and support in business operations
- Responsible, compliant business partner

Risks
- Losing tenants due to spaces that do not keep up with the latest trends and lose relevance
- Tenants' inability to afford cost of occupation
- Inability to attract and retain tenants

Opportunities
- Understanding and adapting innovative technology and solutions that may impact on tenants' needs and attract and upskill future tenants that improves offering

	Business initiatives	Related SDGs	Related indicators
1	*Innovation Challenge*	8, 9, 11, 13	1, 2, 3, 4, 5
2	*Challenge Convention*	8, 9, 11, 13	1, 2, 3, 4, 5, 6
3	*The Mentorship Challenge*	8, 9, 11	1, 2, 5
4	Tenant experience programme *(Every Step of the Way)*	8, 9	1, 4
5	Specialised marketing offerings and advertising opportunities	8, 9, 11	4, 5, 6

Value creation indicators
- Total GLA provided
- Tenant retention
- Tenants directly engaged with *The Mentorship Challenge* through the first *Challenge Convention*
- Tenant turnover in retail spaces
- Green Star-rated buildings

For delivery on our value creation indicators, please refer to **page 6**.

Brokers and suppliers

Preferred business parter

Level of stakeholder involvement

Value for us
- → Primary focus and preference to let out Redefine spaces
- → Attraction of quality tenants to promote and improve our buildings
- → Delivering services aligned to Redefine's values and with a positive impact on brand and reputation

Value for them
- → Spaces that deliver on their clients' needs and keep up with the latest trends at market-related rentals
- → Opportunities and partnerships that assist in growing their business
- → Responsible and compliant business partner
- → Fair opportunities and negotiation processes

Risks
- → Loss of potential tenants due to breakdown of relationships with brokers
- → Reputational risk due to lack of service delivery or based on conduct of service provider
- → Inability to deliver on our brand promise if suppliers are not aligned to our values
- → Community concerns around national service providers that don't represent the local community

Opportunities
- → Improving engagement to better understand the needs and impact of suppliers on us and other stakeholders and refining engagement strategies and internal processes to improve relationships and manage impact
- → Considering ways of upskilling and utilising suppliers from local communities in cost-effective ways

	Business initiatives	Related SDGs	Related indicators
1	Brand positioning and tenant value proposition that sets Redefine apart and makes Redefine's spaces preferable	8, 9, 11	1, 3
2	Broker engagement programme and incentive scheme (REACH)	8, 9, 11	4
3	*Challenge Convention*	8, 9, 11, 13	3, 4, 5, 6

Value creation indicators
- → Procurement spend towards empowering suppliers
- → Spend on REACH programme and commissions
- → BBBEE rating

Our value **creation** (continued)

Communities	Responsible community participant	Level of stakeholder involvement

Value for us
- Active participation by communities to improve the environment in and around our buildings
- Attracting quality tenants with new, innovative and relative offerings from the communities
- Uplifting and attracting future employees for our tenants and ourselves from communities
- Creating opportunities for traders and entrepreneurs around our spaces
- Creating a pool of future potential stakeholders: investors, tenants, shoppers and employees

Value for them
- Improved environment in and around our spaces (health, security, education, etc.)
- Employment and business opportunities
- Exposure to other enabling resources

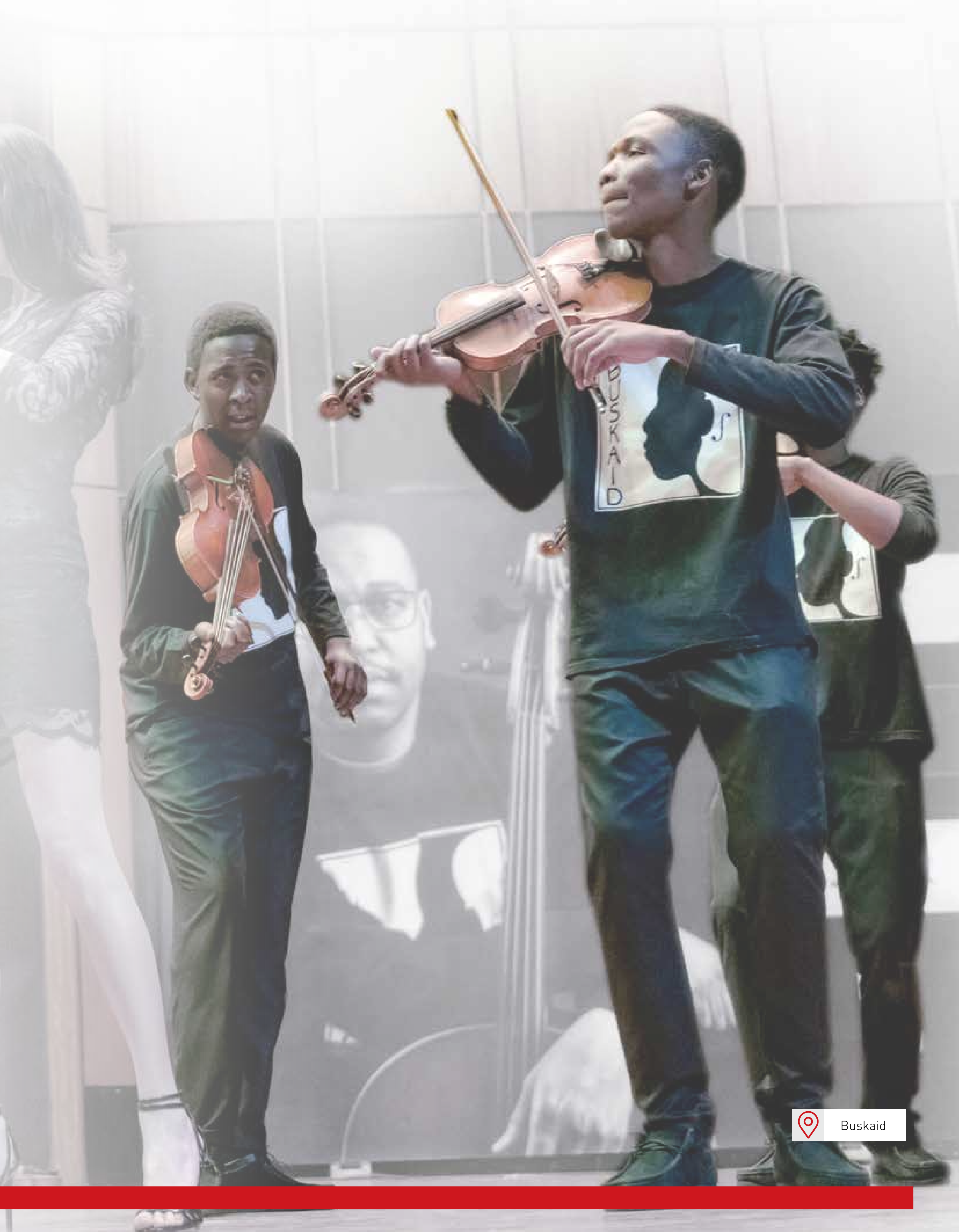
Risks
- Negative impact of our spaces and of tenants on communities
- Lack of engagement and inclusion poses reputational risk to our brand

Opportunities
- Engaging with communities and incorporating their needs into our spaces – thereby ultimately ensuring our spaces improve their lives

	Business initiatives	Related SDGs	Related indicators
1	*Challenge Convention*	8, 9, 11, 13	1, 3, 4, 5, 6
2	*Innovation Challenge*	8, 9, 11	1, 2, 3, 4, 5, 6
3	*The Mentorship Challenge*	8, 9, 11	1, 2, 5
4	Broadened CSI strategy	2, 8	1, 2, 5

Value creation indicators
- Contribution to community engagement
- Stakeholders engaged with at the first *Challenge Convention* at Maponya Mall
- Mentors and mentees registered for *The Mentorship Challenge*

For delivery on our value creation indicators, please refer to **page** 6.



Buskaid

IR 2018

Leadership and governance

Ethical leadership translates vision into reality, creating sustained value.

Board of directors 2018

The diversity and commitment of our leadership is key to achieving our strategic objectives. Our board is responsible to our stakeholders, as custodians of sustained value creation in a responsible and balanced way.

Continuing members

Marc Wainer (70)
Executive chairman
Appointed: November 1999

Bridgitte Mathews (49)
Lead independent director and deputy chairperson
BCom Accounting, BCom Accounting Honours, CA(SA) and HDip Tax
Appointed: February 2017

Andrew König (51)
Chief executive officer
BCom, BAcc and CA(SA)
Appointed: January 2011

Leon Kok (47)
Financial director
BCom Accounting, BCom Accounting Honours and CA(SA)
Appointed: October 2014

Marius Barkhuysen (62)
Independent non-executive director
Appointed: November 2015

Ntombi Langa-Royds (56)
Independent non-executive director
BA(Law) and LLB
Appointed: November 2015

Harish Mehta (68)
Non-executive director
BSc and MBA
Appointed: September 2009

Appointments

Effective 2 November 2018

Amanda Dambuza (41)
Independent non-executive director
BA Social Sciences, certified (PMP®), PRINCE2®, AGILE and ITILL practitioner

Lesego Sennelo (41)
Independent non-executive director
BCompt, BCom Accounting Honours, HDip Auditing and CA(SA)

Sindi Zilwa (52)
Independent non-executive director
BCompt, CA(SA) and CD(SA)

Resignations

Effective 2 November 2018

Phumzile Langeni (44)
Independent non-executive director
BCom, BCom Honours and MCom
Appointed: May 2015

David Nathan (69)
Independent non-executive director
CA(SA)
Appointed: March 2014

Retirements

Effective 14 February 2019

Bernie Nackan (74)
Independent non-executive director
BA Econ and SEP
Appointed: August 2009


Andrew König
Marius Barkhuysen
Leon Kok
Phumzile Langeni
Bridgitte Mathews
Bernie Nackan
Lesego Sennelo
Marc Wainer
Harish Mehta
Ntombi Langa-Royds
David Nathan
Sindi Zilwa
Amanda Dambuza

Summarised **corporate governance review**

Our custodians of governance

The board members accept responsibility as the custodians of corporate governance within the group and are therefore accountable to stakeholders for the provision of value-enabling governance. The board is constituted in terms of the company's Memorandum of Incorporation (MOI) and in line with King IV. The majority of the board are independent non-executive directors who bring diversity to board deliberations and create sustained value by constructively challenging management.

			COMMITTEE MEMBERSHIPS					
	Name	**Designation** Other public company appointments	*** AC	RC	REM	NOM	SET	IC
EXECUTIVE	M Wainer*	**Executive chairman** EPP N.V.; RDI REIT Plc						■
EXECUTIVE	A König	**Chief executive officer** EPP N.V.; RDI REIT Plc (alternate director to Marc Wainer)						■
EXECUTIVE	L Kok	**Financial director** None					■	
NON-EXECUTIVE	B Mathews	**Lead independent director and deputy chairperson** Africum Limited; PSG Financial Services Limited; PSG Group Limited	▲		● ▲	■ ★		
NON-EXECUTIVE	M Barkhuysen*	**Independent non-executive director** None						■ ▲
NON-EXECUTIVE	A Dambuza*#	**Independent non-executive director** Grindrod Bank Limited; Grindrod Financial Holdings Limited		★			★	
NON-EXECUTIVE	N Langa-Royds*	**Independent non-executive director** Kumba Iron Ore Limited; Mpact Limited; Murray & Roberts Holdings Limited			★	★	● ▲	
NON-EXECUTIVE	P Langeni**	**Independent non-executive director** Astrapak Limited; Imperial Holdings Limited; Massmart Holdings Limited; Metrofile Holdings Limited; Transaction Capital Limited	●					
NON-EXECUTIVE	H Mehta*	**Non-executive director** The Spar Group Limited; Tiso Blackstar Group SE (UK)			■ ★	■ ▲		★
NON-EXECUTIVE	B Nackan^	**Independent non-executive director** RDI REIT Plc; Rezco Collective Investments Limited	■		■	●		●
NON-EXECUTIVE	D Nathan**	**Independent non-executive director** None	■				■	
NON-EXECUTIVE	L Sennelo*#	**Independent non-executive director** OneLogix Group Limited	★	★				★
NON-EXECUTIVE	S Zilwa*#	**Independent non-executive director** Aspen Pharmacare Holdings Limited; Discovery Limited; Metrofile Holdings Limited	★	▲			★	

** Standing for election/re-election at the company's AGM; ^ Retiring from the board at the company's AGM*
*** Resigned from the board with effect from 2 November 2018; # Appointed to the board with effect from 2 November 2018*
**** Combined audit and risk committee in 2018*

MEMBERSHIP

■ Committee member 2018 ★ Committee member 2019
● Committee chair 2018 ▲ Committee chair 2019

ATTENDANCE

Board and committee meetings were held quarterly in line with the group's financial reporting cycle and a two-day risk and strategy workshop was held in September 2018. All directors attended **100%** of the meetings of the board and the committees on which they served during the 2018 financial year.

EXPERTISE

- Leadership
- Industry/operations
- Technology and information governance
- Compliance and governance
- Sales and marketing
- Finance
- Risk and opportunity management
- Tax
- Environmental sustainability
- Human resources

COMMITTEES

- AC Audit committee
- RC Risk, compliance and technology committee
- REM Remuneration committee
- NOM Nomination and governance committee
- SET Social, ethics and transformation committee
- IC Investment committee

Board composition

Post the changes referred to on **page 49** and as evidenced below, our board has the appropriate balance of knowledge, skills, experience, diversity and independence to objectively and effectively discharge its governance role and responsibilities. The diversity in its membership creates value by promoting better decision-making and effective governance. The diversity statistics set out hereunder reflect the composition of the refreshed board and take into account the fact that Mr B Nackan will not be standing for re-election at the 2019 annual general meeting.

DIVERSITY OF EXPERTISE

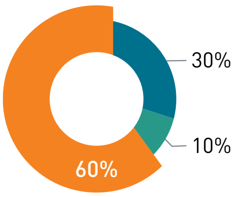
Policy: To create an experienced board with the appropriate balance of knowledge and skills in areas relevant to the group.

The following areas of expertise are relevant to Redefine

Leadership	90%
Finance	50%
Industry/operations	50%
Risk and opportunity management	80%
Technology and information governance	20%
Tax	50%
Compliance and governance	60%
Environmental sustainability	20%
Sales and marketing	60%
Human resources	50%

INDEPENDENCE

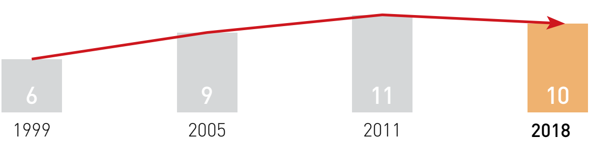
Policy: To comprise a majority of non-executive directors, the majority of whom should be independent.



6/7 non-executives are independent

BOARD SIZE

Policy: To target a board size which promotes accountability and encourages healthy, constructive debate and decision-making, while meeting regulatory and MOI requirements.



DIVERSITY OF AGE

Policy: Executive directors retire from their positions and from the board at the age of 65. The company's retirement policy does, however, make provision to extend the relationship beyond the normal retirement age. Non-executive directors, 70 years and older, retire at each AGM and are proposed for re-election if recommended by the board.

Average age: 54 years

Younger than 60 years: 70%

GENDER AND RACIAL DIVERSITY

Policy: The company's gender diversity policy promotes a voluntary target of 40% female representation on the board over a three-year period, while the racial diversity policy promotes a voluntary target of 50% black representation on the board over the same period.

The board has met both its gender and racial diversity targets

	GENDER (Female)	RACE (Black)
2018	50%	60%
2017	30%	40%

Female / Male; Black / White

SUCCESSION AND DIVERSITY OF TENURE

Policy: Periodic, staggered rotation of members so as to ensure the introduction of members with new expertise and perspectives, while retaining valuable industry knowledge, skills, experience and maintaining continuity.

Years	Number of non-executive directors
<1	3
1 – 3	1
3 – 6	2
>6	1

Average tenure 2.7 YEARS

Succession planning makes provision for the identification, mentorship and development of future members.

BOARD REFRESHMENT

Succession and tenure + Rotation plans + Retirement age + Annual board evaluations + Skills matrix =

Nine NEW NON-EXECUTIVE DIRECTORS

Nine RETIRED NON-EXECUTIVE DIRECTORS

Over a five-year period

Lead independent director's interview

BRIDGITTE MATHEWS
Lead independent director and deputy chairperson

Overview of 2018

South Africa has a reputation, globally, for our leading corporate governance codes, yet recent news suggests that our practice falls short of the standards we've set for ourselves. What is your sense of the South African governance context?

Corruption has been at the core of the national conversation for some time. Recent corporate failings have brought the private sector into the spotlight too, pointing to a gap in the checks and balances that corporate governance is intended to provide.

In this context, investors are cautious. We, as directors, are charged with the responsibility to ensure that we ask the tough questions and don't shy away from having difficult conversations. While we have much work to do to build trust with stakeholders in this context, I believe that we're taking steps in the right direction.

What makes Redefine's approach to governance unique?

What stands out for me is the deliberate approach to governance at Redefine. While compliance is important, a strong commitment to ethical and effective leadership underpins the creation of sustained value for all stakeholders.

Values and culture play a critical role in this. The board and management set the tone from the top, and this is driven throughout the organisation. In fact, during the year, through a rigorous process of consultation and debate, the values of the organisation were refreshed to ensure they speak more explicitly to ethics.

Having the right board is extremely important – arguably one of the most critical components of a company's governance. How has Redefine sought to achieve an optimal board mix?

There are certain elements that we look for when we analyse the composition of our board. These include the right balance of knowledge, skills, experience, diversity, independence and active engagement – measured by meeting attendance and participation. Ensuring the right composition enables the board to objectively and effectively discharge its governance role and responsibilities.

Board and board committee attendance of 100%, demonstrating active engagement.

Redefine has made great strides in the last three years to broaden its board's diversity and skills base. During 2018, several new board appointments were made with this in mind, including the appointment of independent non-executive directors with technical, financial and IT skills.

As previously announced, Marc Wainer will be stepping down as Redefine's executive chairman once an independent non-executive chairperson is appointed, and will continue to be an executive director of Redefine. In addition, Bernie Nackan has indicated that he will not stand for re-election at the upcoming annual general meeting. David Nathan and Phumzile Langeni resigned at our November meeting. We thank our departing board members sincerely for contributing their wisdom and guidance over the years, which has enabled Redefine to reach the level of success it has today.

For a detailed understanding of our board composition, refer to **page 50**.

What makes a good board great?

The creation of a high-functioning and effective board must be actively fostered. It is not a natural consequence of those factors we discussed earlier – diversity, length of service, or meeting attendance. I don't, in any way, mean to diminish these important considerations. Rather, once you have the right building blocks, you need to actively create the context for the board to support the business.

This requires mutual respect, the open sharing of issues, the capacity to challenge one another's conclusions constructively and the opportunity to debate strategic decisions openly.

This is precisely the dynamic we seek to foster among our board members and between the executives and other members of the board. In our deliberations, we acknowledge both our individual and our collective responsibility to safeguard sustained value creation and to continually build a better framework for serving all our stakeholders. So, we ask the difficult questions. We delve in. We debate. We challenge. And this approach is encouraged and embraced by the executive team.

The board remains committed to the principles of King IV and ensures that its recommendations are substantially entrenched into the board's internal controls, policies, terms of reference and overall procedures and processes. A portfolio of evidence, setting out how the company has applied the principles of King IV, is available on our website, www.redefine.co.za

Can you give an example of how a mindful approach to governance has been applied during the year?

As a board, we continually analyse and review whether our governance structures are relevant and appropriate. During the year, a decision was taken to split the audit and risk committee into two separate functions as we have come to believe, after much consideration, that the integrated nature of Redefine's risk function, which considers risks and opportunities emanating from our triple context, requires different focus, skills and experience for effective oversight than the specialised and technical nature of audit oversight.

This is just one of the many decisions taken during the year that reflects the desire of the board to mindfully facilitate positive governance outcomes.

How does governance support value creation for Redefine?

To achieve sustained value, we need to establish and maintain trust with our stakeholders, and this would be impossible without embracing governance as a business enabler.

Appropriate governance structures and processes ensure that the company is well-managed and -controlled. Redefine has a rigorous and inclusive strategy review process, which considers the risks and opportunities connected to the broader context in which the company operates. The governance processes in place ensure that the business delivers against this strategy to create value for the company and its stakeholders – now and in the future.

Value-creating governance

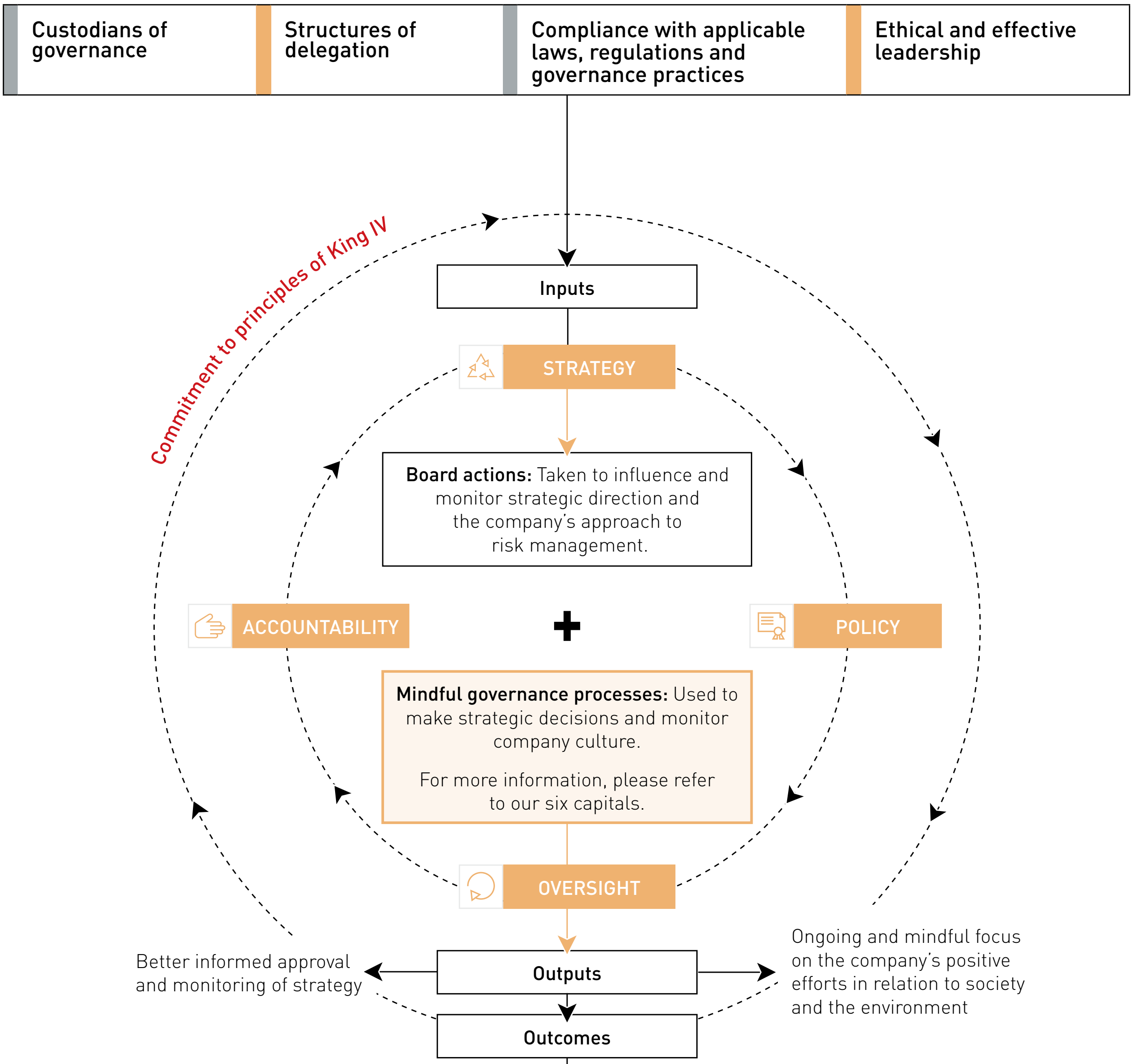
The board understands that a well-governed company inspires the confidence of stakeholders and lowers the cost of capital, and that inclusive and integrated governance, which aspires to sustainability, is good for society and the economy.

The board members accept responsibility as the custodians of governance within the company. Structures of delegation provide for the assignment of authority while enabling the board to retain effective control. Furthermore, achieving compliance with applicable laws, regulations and governance practices provides a framework to build our mindful governance approach upon, which is further directed by the board's constant pursuit of ethical and effective leadership.

The board assumes collective responsibility for strategy, policy, oversight and accountability and has adopted a stakeholder-inclusive approach in the execution of its governance role and responsibilities, guided continuously by its commitment to the principles of King IV.

In this way, the achievement of positive outputs and broader outcomes are enabled, as listed in the diagram on **page 53**.

Lead independent director's interview (continued)



Collective responsibility for primary governance roles

The achievement of and benefits realised through the following King IV governance outcomes:

- An ethical culture
- Good performance
- Effective control
- Legitimacy

which, in turn, enable and support:

Delivery on material matters

Achievement of stakeholder and sustainable development goals

Investors and funders | Employees | Tenants | Brokers and suppliers | Communities

A full account of the work done by the board during 2018 financial year can be found in the ESG report, which describes how the board applied principles of good governance in order to enable and support the company's value creation process.

Can you discuss the board's role in the strategic planning process?

The board plays a critical role in overseeing and setting strategy. We convene annually to consider and debate the strategy for the year ahead, as well as solidify thinking in terms of longer time horizons.

While this session occurs once a year, we realise that, in today's environment, we need to expect the unexpected, tweaking strategy when necessary to capitalise on opportunities as they arise or to mitigate emerging or escalating risks. This type of strategic agility is essential, and discussion on strategy, as well as progress made on the achievement of strategic priorities, occurs on a continuous basis.

How does the board drive performance through remuneration practices?

Executive pay is a much-debated topic in boardrooms and among stakeholders alike.

At Redefine, we seek to align pay with value and have taken deliberate steps to ensure that executive salary increases are justifiable in the current market. There are also clear links between the overall company strategy, specifically Redefine's strategic objectives, and the company's remuneration policy, in particular the variable pay performance conditions.

This is possible due to our strategy cascading exercise, which saw our strategic matters being broken down into key performance areas (KPAs) and key performance indicators (KPIs) for each individual across the organisation. In this way, we are able to measure the achievement of these elements against a predetermined set of goals, which is tied to remuneration.

To reinforce a culture of enterprise and innovation, the targeted remuneration mix offered to key employees is deliberately weighted more heavily towards variable pay that is linked to the achievement of predetermined performance criteria. The performance criteria are selected and aligned with the company's strategic objectives, and the targets are set at levels that encourage high performance but avoid excessive risk-taking behaviour by executives.

We conduct a rigorous examination of internal pay levels across the organisation to ensure that they are aligned with the principle of equal pay for work of equal value, and, if not, to identify and address any unjustifiable remuneration disparities. Furthermore, Redefine has implemented a long-term staff incentive scheme to create wealth, narrow the wage gap and align employee performance with stakeholder value for employees below executive level. The plan came into effect during 2017. Financial rewards, which includes fair and responsible pay, are also complemented with non-financial rewards such as career development and training opportunities for individuals.

TOTAL REMUNERATION				
FIXED		VARIABLE		
Total guaranteed package (TGP)	Benefits (included in TGP)	Short-term incentive scheme	Long-term incentive scheme (LTI)	Long-term staff incentive scheme

For further information on our remuneration practices, refer to our remuneration report in our ESG.

How does the board promote and enable innovation?

The pace of change we're experiencing in every industry across the globe is unprecedented. The economy we operate in today is vastly different from the one that existed 10 or even five years ago. Today, technology and innovation are major drivers of long-term value creation and, as a board, we must model and encourage the experimentation, creativity and flexibility that promote innovative thinking, while managing risk within our agreed appetite. This is no small task. It is something that I believe all boards across the globe are wrestling with – or should be.

During the year, recognising the need to broaden the board's skills base and enhance its multi-disciplinary knowledge, including skills in technology and information governance, we appointed new members who we believe can contribute meaningfully to this pursuit. We also grappled with manners in which to embrace innovation and fostering of out-of-the-box thinking into Redefine's strategic approach and were pleased with the progress made, especially with regard to the launch of integrated initiatives such as the *Challenge Revolution* (see **page** 97).

For more information on how Redefine is driving innovation, see **page** 103.

Any closing thoughts?

In closing, on behalf of the board, I would like to take this opportunity to thank all our stakeholders for their continued support and convey my gratitude to my fellow directors for their ethical and effective leadership. I would like to express my confidence in the leadership team and thank them for their tireless efforts towards sustaining value for all of Redefine's stakeholders.

Finally, I would like to extend a special word of thanks to all of the company's employees for their continued efforts at working towards Redefine's vision of being the best South African REIT.

Chief **executive officer's review**

Our integrated report tells the holistic story of how we use and impact our interconnected and interrelated capital resources in the journey of creating sustained value for our stakeholders.

Our report, and the transparency and accountability we seek to demonstrate through it, forms a cornerstone upon which trust is built and holds us to account to live our values.

Our operating context

In an operating context that is defined by its unpredictability, expecting the unexpected has become a part of our daily lives.

Globally, the unfolding US-led trade war, volatile emerging market sentiment and the uncertain outcomes arising from the faltering Brexit negotiations, as well as the challenging retail environment, particularly in the United Kingdom, have all had a part to play in shaping a global context that can at best be described as unpredictable.

Locally, the context was challenging. Following the Ramaphoria that characterised the early part of 2018, things took a turn for the worse with adverse economic data and global shocks bringing a stark reality check. The tipping point came in August when President Ramaphosa announced that a constitutional amendment would be sought to allow expropriation of land without compensation. Later in the year, the rand, already weakened by emerging market jitters led by the Turkish crisis and fears of market contagion, slipped to levels last seen in December 2015 with the same individual – Nhlanhla Nene – central to both events. In this context, consumer and business confidence have been on the decline.

In an increasingly connected economy, all these pressures – both local and global – converge to create an unpredictable mix that impacts conditions on the ground. During the year, the leasing environment continued to be extraordinarily challenging and, along with a softening in bond yields and a widespread low growth outlook for the property sector, the cost of capital has moved out further, with the SA Listed Property Index (SAPY)'s forward dividend yield at 10% – a level last seen during the 2009 recession.

These events and trends have resulted in a difficult context, with property fundamentals impacted on all fronts and, like the economy, suggesting a long road ahead to full recovery.

ANDREW KÖNIG
Chief executive officer

Leading from a place of purpose

Increasingly, it is becoming clear that our actions and decisions must be guided by a keen understanding of our reason for being. Real estate is a long-term asset class, which means that the decisions we make today will only deliver tangible outcomes in years to come. We need to continually balance short-term performance expectations against long-term objectives.

Without a clear purpose, we could succumb to short-termism and sacrifice investments in initiatives that would secure long-term growth such as employee development, innovation, and defensive capital expenditures.

At Redefine, we have always followed a relational approach to doing business, underpinned by our values. This year, the process of articulating our purpose – to create and manage spaces in a way that changes lives – has offered us an opportunity to reflect on how we can make a greater and lasting impact without being side-tracked by daily disruptions.

While we create spaces for people to operate their businesses from, we transform that reason for being into a higher purpose when we innovate in order to change lives, upskill young entrepreneurs and fully integrate the local communities into our spaces.

Unpacking our performance

I AM PLEASED TO REPORT

Despite a challenging business environment and a difficult context, we were able to achieve a 5.5% increase in the full-year distribution to 97.1 cents per share. Furthermore, recurring income grew by 6.9%, net tangible asset value increased by 7.0% and overall occupancy improved to 95.5%.

These results talk to the strategic and, at times, challenging, choices we make as a business. Downward and upward cycles in real estate markets are a natural part of our business. At Redefine, we strive to look beyond the current cycle, making informed choices based on our collective experience and insight. In this way, we manage our properties through these cycles – acquiring, developing and redeveloping or disposing ahead of changing conditions to position the portfolio for sustained value creation.

Several well-timed, value-enhancing investments made during the year resulted in our property assets under management expanding by R7.2 billion to R91.3 billion, with international real estate investments now comprising 20.7% of our property asset platform. This includes investments during this year into a logistics platform in Poland, acquiring additional shares in EPP and developing student accommodation facilities in Australia.

Locally, we remained focused on advancing our strategy of diversifying, growing and improving the quality of our domestic property portfolio. We acquired the remaining 50% share of 115 West Street for R751 million and also developed and redeveloped existing well-located properties amounting to R4.7 billion and saw pleasing active portfolio capital growth of 5.5%.

Our active portfolio operating margin improved to 82.3%, while revenues increased by 5.8%. Utility expenses, which have increased exponentially as a result of the rise in administered prices, remain a priority issue to be addressed. Innovative ways to contain this, such as the installation of more than 6 000 smart meters and our solar PV projects, are top-of-mind, and I am pleased to report that during the year we increased our solar PV capacity by over 180% to 22.4 kWp, from 7.8 kWp in 2017.

We place considerable emphasis on improving credit metrics. As a consequence, the overall cost of debt reduced by 100 basis points to 6.3%, our loan to value ratio was lowered to 40.0%, and interest rates were hedged on 81.2% of total debt.

Allocating financial capital strategically in a constrained market

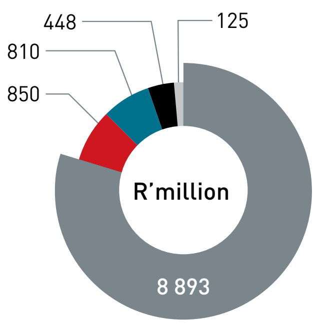
Access to capital that is priced below initial income yields is essential to the growth of our business. As a property owner, we are tasked with selecting the right investments to create sustainable returns for our stakeholders. How we finance those investments is a critical part of how we create value.

Since the beginning of 2018, Redefine's forward yield has increased by 120 basis points. Softening bond yields, general equity investor aversion to the property sector, weaker economic fundamentals, continued political uncertainty and the ongoing land expropriation issue, have played a large part in this. All these factors have contributed to capital becoming more costly, while our loan to value ratio, which is at the top end of our comfort zone at 40%, means that raising new debt is constrained.

Given this context, recycling of capital has remained a prominent feature of our capital optimisation strategy. A highlight for the financial year, therefore, was the realisation of R8.9 billion through the sale of assets no longer meeting our investment criteria, with the sale of Northpoint and Cromwell, assets at the top end of their value cycle, fetching R5.2 billion.

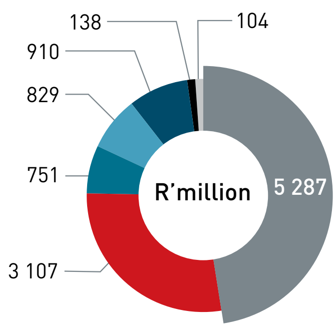
Chief **executive officer's review** (continued)

SOURCES OF CAPITAL



Recycling of capital · Debt raised · Shares issued under the DRIP · Vendor consideration placement of shares · Vendor loan repaid

ALLOCATION OF CAPITAL



Development activities and capital expenditure · Offshore logistics · 115 West Street (Alexander Forbes) · EPP shares · Chariot · RDI shares as partial settlement for IHL sale · Working capital

Capital allocation in 2018 to local and offshore investments was split almost equally, with approximately half thereof being applied to development activities. The prominence of development activities and capital expenditures is spread across the sectors, as can be seen below.

Domestically, developments and redevelopments totalling R3 billion were completed during the year. From a development perspective, we completed Stoneridge Leroy Merlin, Hirt and Carter specialised print facility in KwaZulu-Natal and Loftus Park in Pretoria (in which Redefine has a 50% interest), as well as two student accommodation facilities – Hatfield Square in Pretoria and Lincoln House in Bloemfontein. Redevelopments, which form a critical part of our defensive spend, included Centurion Mall phase two, Benmore Gardens phases three and four, and 16 Fredman phase one.

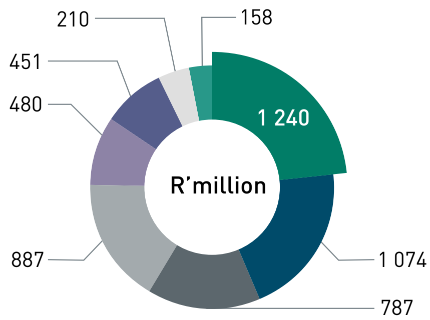
Developments totalling R3.6 billion, which are currently in progress, will be substantially completed during 2019, with R1.6 billion still to be spent.

In Poland, we have exercised our exclusive priority right for two development projects. The first is a 99 987m² facility located in Strykow, which has a development cost of R850 million (€49.5 million) and is expected to achieve an initial income yield of 8.2%. Phase one is fully let, with a scheduled occupation date of 1 October 2018. Phase two is scheduled to begin in February 2019.

The second project is a 70 725m² facility located in Bielska, which has a development cost of R710.9 million (€41.4 million) and is expected to achieve an initial income yield of 8.4%. Phases one and two are scheduled to be completed in August 2019 and October 2019, respectively.

In Melbourne, Australia, the Leicester Street student accommodation development, at a total cost of R1.4 billion (AUD130.0 million), is progressing very well. The development will have 804 beds and will be completed in time for the 2019 student intake. The Swanston Street development, at a total cost of R1.2 billion (AUD110.0 million), will have 587 beds and is anticipated to be completed in time for the 2020 student intake.

SECTORAL DEVELOPMENT ACTIVITY



Office · Retail · Industrial · Leicester Street development · Local student accommodation · Offshore logistics · Residential · Northpoint redevelopment

Focusing on our people

We have all witnessed the damage that can be done when employees veer away from a company's values and brand, placing reputation at risk and leading to the loss of revenue and customer loyalty. In our highly connected world where any failure can go viral almost instantly, we cannot ignore the power of our employees as brand ambassadors.

During the year, a review of the company's values was undertaken by way of focus groups with our employees. The discussions also served as an excellent means of encouraging engagement around what it means to be an ethical business, and how we can all be contributing towards this goal.

OUR VALUES

Following these sessions, we conducted intensive discussions around the feedback received. From this, we developed four values that speak to our collective aspirations and reflect the individuality of our brand.

Through constant reinforcement and meaningful engagement around these values, we believe they will serve to guide our daily behaviours and positively influence the culture we seek to engender.

Furthermore, we launched an employee initiative called *Every Step of the Way* to entrench our people-centric brand when it comes to tenant experience management. This intervention unpacks how every touch point determines the experience of the tenant with the Redefine brand throughout the tenant lifecycle.

Investing in our future

The pace of change is faster than ever – technology, social trends, our economy and culture. Every element is interrelated, and all are continually evolving, influenced by the vast connectivity we are experiencing due to technological advances. Our economy is no longer based on tangibles alone, but has transformed to be information-based, service-driven, knowledge-intensive and socially sensitive.

We recognise that to remain relevant, we need to think beyond the immediate and embrace a strategy that seeks to influence the future drivers of business success. However, immediate returns on investment are not guaranteed as we cannot predict the future. We can only look to our broader context and use emerging trends to make informed decisions about what we will need to do to remain relevant in the future.

This year, we launched several initiatives to address critical business issues such as the need for innovative solutions to keep our spaces relevant. For more information, see **page 97**.

BBBEE and transformation

Redefine's approach to transformation is to create benefit for the wider society. During the year, we achieved a level 3 BBBEE contribution status, which provides us with a 110% BBBEE procurement recognition level and, in turn, benefits our valued clients' BBBEE scorecards. We remain committed to BBBEE and are continually striving to improve our score.

During the year, we made progress in transforming our senior level management by increasing African, Indian and Coloured (AIC) representation from 7% to 22%. Our workforce is 54% female and 64% AIC, and we are pleased with the strides made towards achieving an improved board gender balance and diversity.

Outlook and appreciation

In a market where confidence is fragile, gauging what the future holds is no simple feat.

Financial volatility is likely to remain as trade and geopolitical tensions continue. Operating conditions in the United Kingdom are anticipated to remain challenging, with the Brexit start date looming in 2019 and pressure on the retail sector continuing.

Locally, there are concerns that much-needed decisive local economic policy interventions will only be taken after next year's general elections, resulting in the continuation of a lacklustre domestic economic outlook.

Against this backdrop, we continue to drive initiatives to foster a values-driven service culture, while embracing change and encouraging innovation. We believe our strategic approach is appropriate for the environment – but continue to expect the unexpected.

Looking ahead, we are forecasting to deliver growth in distribution per share of 4% to 5% for the 2019 financial year.

I would like to extend a particular word of thanks to our people who, once again, have gone above and beyond. Our successes have been hard-earned through the commitment of each member of the Redefine team who work tirelessly each and every day towards our vision – to be the best South African REIT.

I extend my appreciation to the board for their guidance and committed leadership during the year. And to all our stakeholders, I thank you for your continued support of Redefine as we seek to sustain value in this challenging environment.

Financial director's review

Our financial performance and value creation for stakeholders is demonstrated by the increase in distribution per share and the generation of growth in net tangible asset value per share, which together produced a total return of 17.7% for the year (2017: 6.6%).

Distribution

Redefine's board declared a distribution of 49.80 (2017: 47.18) cents per share for the six months ended 31 August 2018, an increase of 5.6% (2017: 6.5%) on the comparable period. This brings the full-year distribution to 97.10 (2017: 92.00) cents per share, resulting in year-on-year growth of 5.5% (2017: 7.0%), in line with market guidance. Total revenue showed growth of 8.3% (2017: 17.3%). Gross distributable income for the year increased by 8.2% (2017: 22.2%) to R5.2 billion (2017: R4.8 billion). For more information, see the AFS report.

Redefine's property portfolio contributed 96.3% of total revenue (2017: 99.7%), with the remaining income arising from investment income.

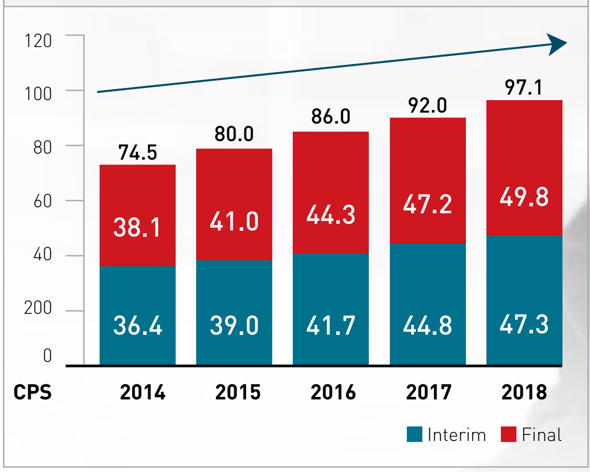
The operating cost margin improved to 33.5% (2017: 34.2%) of contractual rental income. Net of electricity and utility recoveries, operating costs were 16.9% (2017: 17.7%) of contractual rental income. The cost-to-income ratios are calculated in accordance with the SA REIT Association's Best Practice Recommendations.

Redefine's international property investments contributed 24.0% (2017: 27.3%) of distributable income.

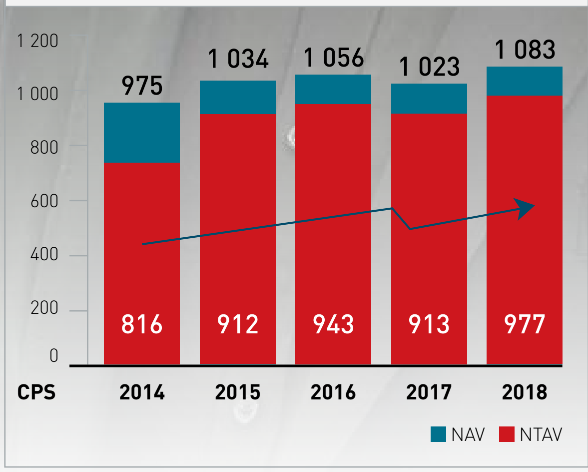
The company's use of distribution per share as a relevant measure of results for trading statement purposes remains unchanged from prior years.

LEON KOK
Financial director

DISTRIBUTION PER SHARE GROWTH



NET ASSET VALUE PER SHARE PERFORMANCE



Simplified distributable income statement

The simplified distributable income statement provides a functional analysis of the contributors to our distributable income.

	2018 R'm	2017 R'm	% change
Net operating income	**5 157**	**4 951**	**4.2%**
Listed security income	-	181	(100.0%)
Sundry and trading income	114	15	660.0%
Total revenue	**5 274**	**5 147**	**2.4%**
Administration costs	(220)	(232)	(5.2%)
Net operating profit	**5 051**	**4 915**	**2.8%**
Net finance charges	(1 078)	(1 402)	(23.1%)
Taxation	-	2	(100.0%)
South African distributable income	**3 973**	**3 515**	**13.0%**
International distributable income	1 254	1 316	(4.7%)
Distributable income	**5 227**	**4 831**	**8.2%**

Refer to the AFS report for a traditional IFRS statement of profit or loss and other comprehensive income.

NET OPERATING INCOME

NOI from the property portfolio grew year on year by 4.2% (2017: 16.7%), resulting mainly from developments and disposals during the current year. The active portfolio's NOI growth was a pleasing 6.0% (2017: 4.2%). This growth was achieved on the back of revenue growth of 5.8% with costs being contained to 4.9%. We define properties owned for the full period in both years as the active portfolio.

The active portfolio margin was well-maintained at 82.3% (2017: 82.1%), through cost containment which is driven largely by the solar PV roll-out.

LISTED SECURITY INCOME

All the local listed securities were disposed of during the prior year.

SUNDRY AND TRADING INCOME

The increase in sundry and trading income of 66.0% (2017: decrease of 53.1%) mainly reflects the trading profit on the sale of land and the credit enhancement fee earned on The Dipula BEE Trust.

ADMINISTRATION COSTS

The decrease in administration costs compared to the prior year of 5.2% (2017: increase of 28.9%) is due to the release of bonus accruals given that no executive bonuses were paid in respect of 2017, and lower share incentive costs due to the weaker share price.

NET FINANCE CHARGES

Net finance charges decreased by 23.1% (2017: increase of 5.4%), largely due to the rebalancing of funding international assets with foreign denominated debt as opposed to utilising South African debt, as well as increased interest received on loans receivable.

INTERNATIONAL DISTRIBUTABLE INCOME

The decrease in international income compared to the prior year of 4.7% (2017: increase of 28.5%) is mainly due to the inclusion of a foreign currency gain of R287 million in the prior year.

Financial **director's review** (continued)

Simplified statement of financial position

The statement of financial position shows the position of the group's assets, liabilities and equity as at 31 August, and reflects what the group owns, owes and the equity attributable to shareholders.

As a REIT, the assets on our statement of financial position generate our total return, through both capital appreciation and rental income, while the liabilities and the equity line items reflect the source of our funding. Refer to the AFS report for a traditional IFRS statement of financial position.

	2018 R'm	2017 R'm
Property-related assets	91 335	84 148
Goodwill and intangible assets	5 746	5 809
Other assets	1 612	1 535
Total assets	**98 693**	**91 492**
Shareholders' interest	58 149	53 786
Interest-bearing borrowings	36 124	34 713
Total funding	**94 273**	**88 499**
Other liabilities	4 420	2 993
Total equity and liabilities	**98 693**	**91 492**

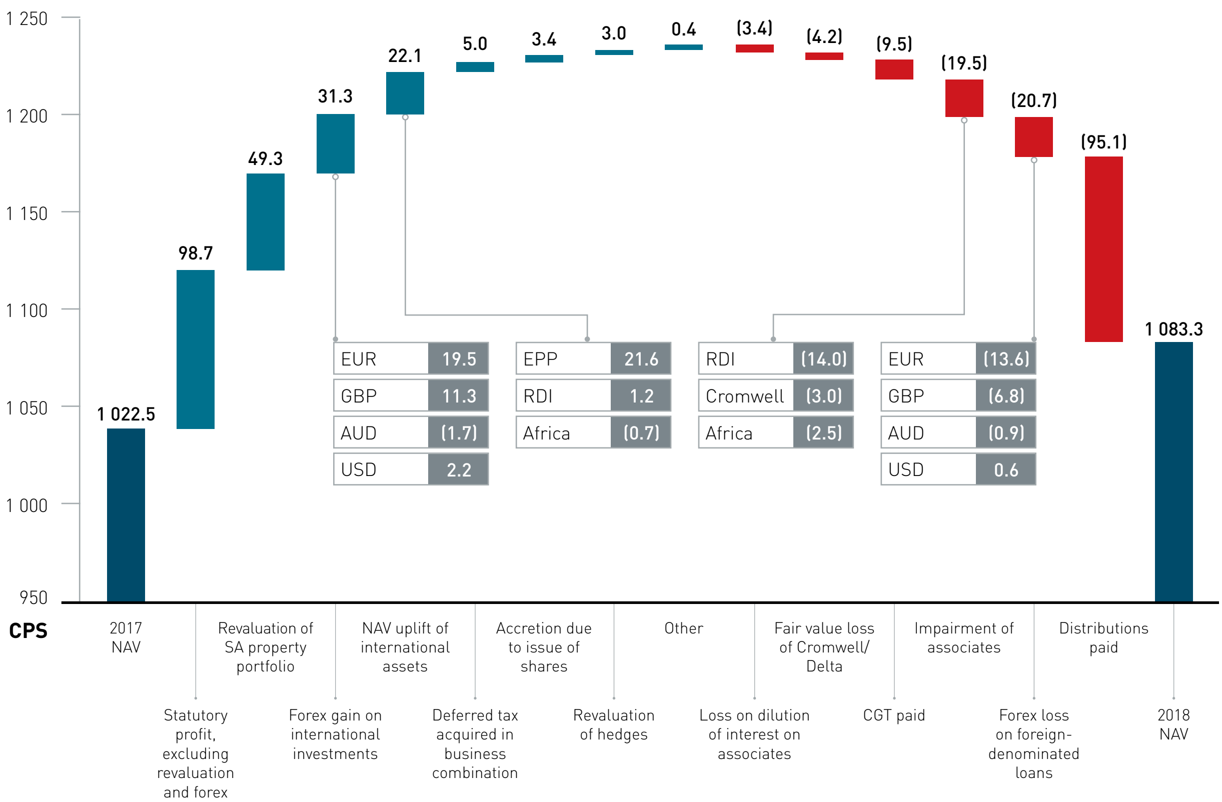
THE PRIMARY DRIVERS OF OUR STATEMENT OF FINANCIAL POSITION

Where we invest – our manufactured capital, which are our investment properties, listed securities and investments in associates and joint ventures, loans receivable and non-current assets held-for-sale collectively, and are referred to as 'property-related assets'

How we fund – our financial capital is shown in the statement of financial position as shareholders interest and interest-bearing borrowings

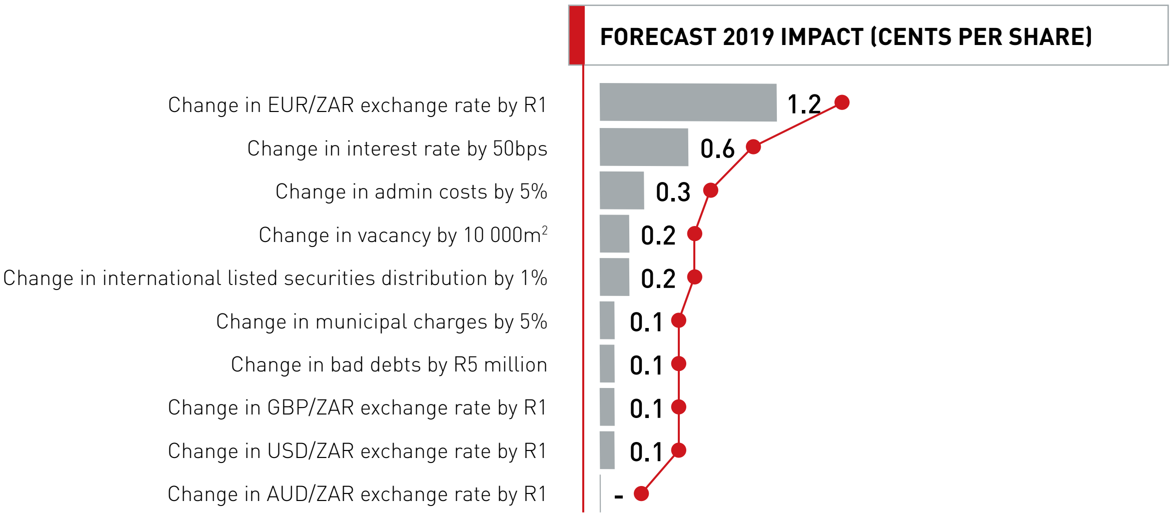
DRIVERS OF NAV PERFORMANCE

The increase in NAV of 60.9 (2017: decrease of 33.2) cents per share (5.9%) in 2018 was largely driven by the revaluation of the domestic property portfolio which benefited from significant redevelopment activity in recent years.



Sensitivity analysis

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



Recognition

The key benefit to integrated reporting is the way it has deepened our sustainability focus and helped embed greater levels of integrated thinking throughout our organisation.

In turn, integrated thinking enables us to better understand the increasingly complex environment in which we operate. By factoring in broader economic, environmental and social perspectives into our risk and opportunity identification process, and therefore strategy formulation and implementation, we are better poised to capture opportunities beyond our traditional line of sight. Furthermore, true to the adage, "What you measure, you manage", this valuable insight often develops in line with the process of producing a quality report that considers all six capitals.

This year, we made significant progress against this objective, as measured by the feedback we have received on our report. Not only has it been positively received by our immediate stakeholders, but it has also been in the public spotlight, winning several awards. These include:

Second with honours
in EY's Excellence in Integrated Reporting Awards 2018 (out of top 100 listed companies) for the second year in succession

Best Integrated Report Award
from the SA Publications Forum

Overall winner
at the Chartered Secretaries South Africa Integrated Report Awards 2018

Prestigious
Investment Analysts Society corporate reporting award

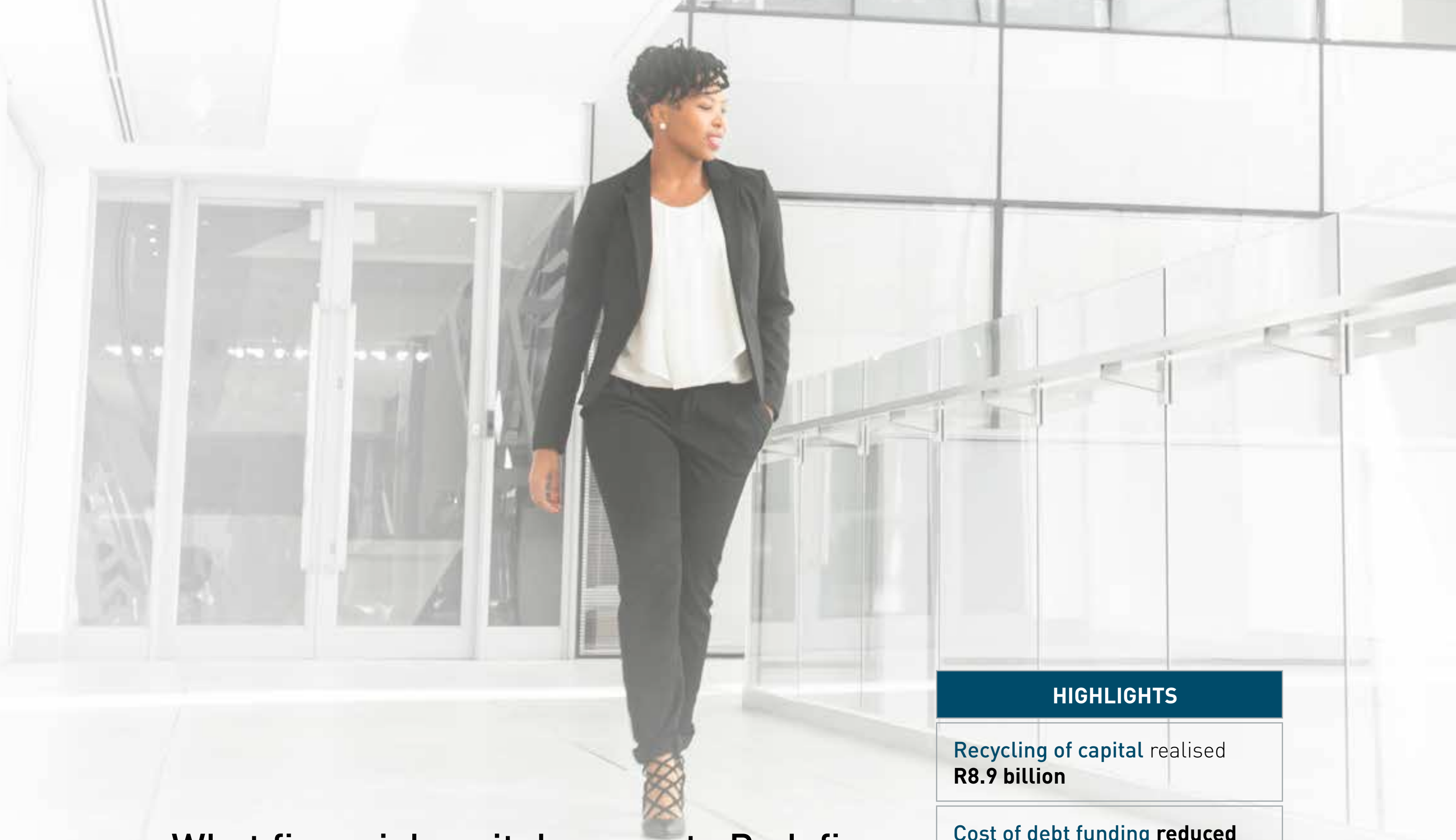
These awards are testimony to our longstanding commitment to transparency and accountability. We are delighted to have been recognised as setting a high standard in terms of stakeholder engagement and are further encouraged to continuously challenge ourselves to improve our communication and reporting to meet the needs of all our stakeholders.

IR 2018

Value **creation**

Creating sustained value for our stakeholders not only personifies who we are and what we do, but also why we do it.

Financial **capital**



HIGHLIGHTS

- Recycling of capital realised **R8.9 billion**
- Cost of debt funding **reduced** by 100bps to **6.3%**
- **Updated** Domestic Medium-Term Note Programme
- LTV lowered to **40.0%**
- Interest rates **hedged on 81.2%** of total debt
- Average term of debt **extended to 3.6 years**

What financial capital means to Redefine

Our financial capital is the pool of funds available to us for deployment, which includes debt and equity funding, as well as the capital profits retained from the recycling of assets no longer meeting our investment criteria.

Creating value

How we manage and utilise our financial capital, is fundamental to our ability to create sustained value for our stakeholders. Our ability to access cost-effective funding, either through equity or debt, is a key determinant of our success. The maintenance of sound credit metrics, and the group's ability to manage its total cost of capital, makes a significant contribution to its sustainability and its ability to fund expansion of its distributable income base.

CHALLENGES	STRATEGIC RESPONSE
Uncertainty pertaining to long-term impact of geo-political and socio-economic growth factors	We have broadened our funding sources and optimised our foreign denominated debt, as well as extended our average term of debt
Financial market volatility	We optimised our maturity profiles and adopted conservative hedging strategies to maintain solid credit metrics
Increased competition for capital	We have diversified funding sources and deepened engagement strategy with investors and funders

Reflecting on 2018

In our 2017 integrated report, we reported on specific priorities for our 2018 financial year.

THIS IS HOW WE DID

THIS IS HOW WE DID	OUR PERFORMANCE
Reduce LTV to at or below 40.0%	Still in progress/ongoing
Manage cash resources	Still in progress/ongoing
Optimise gearing of international investments	Achieved
Optimise working capital	Still in progress/ongoing
Maintain strong credit metrics	Achieved
Optimise funding maturity profiles	Achieved
Broaden quality-rated funding sources	Achieved
Maintain liquidity	Still in progress/ongoing

Achieved · Still in progress/ongoing · Did not achieve

Priorities for 2019

- Contain LTV at 40.0% or below
- Lengthen funding and hedging maturity profiles
- Maintain and strengthen credit metrics
- Maintain liquidity
- Optimise working capital

Mindful governance in action

The board considered strategic choices regarding how we manage available financial capital in a constrained and costly environment.

OVERVIEW OF MATTER

The current LTV ratio is at the upper end of our targeted range of 35% to 40%. We believe this range constitutes the optimal level of gearing over the long term. This year, considerable time was dedicated to assessing the LTV ratio and the board's level of comfort with its current status. Focus was given to the best means to contain LTV through recycling assets, funding local acquisitions with equity, where possible, and conservative balance sheet management.

For more information on the strategic decisions taken at board level, see our trade-off **Managing how we allocate our financial capital** on **page** 37.

The board believed that the decision would enable and support the company's value creation process by sourcing capital in a manner that will provide capacity to absorb liquidity risk, provide a buffer against capital value declines and seize opportunity to deploy capital.

Managing our liquidity profile

We manage liquidity risk through proactive renegotiation of short-term debt maturities, optimisation of maturity profiles, monitoring forecast and actual cash flows, and ensuring there is an optimal funding and cash management plan in place for each asset acquisition or disposal. We broaden our funding sources and maintain a healthy level of undrawn, committed revolving bank facilities to meet immediate funding needs and cover short-term debt maturities. Revolving bank facilities reduce the need to hold unproductive cash resources and are cost-effective as the cash earns interest at the borrowing rate versus the cash deposit rate. Our liquidity requirements are managed by monitoring forecast and actual cash flows, the recycling of manufactured capital to avoid expensive funding, and renegotiating and extending debt facilities coming up for renewal to ensure manageable levels of debt maturities in any given financial year.

UNDRAWN COMMITTED FACILITIES

2018	R3.8 billion
2017	R3.0 billion

Financial **capital**

Extending our maturity profile

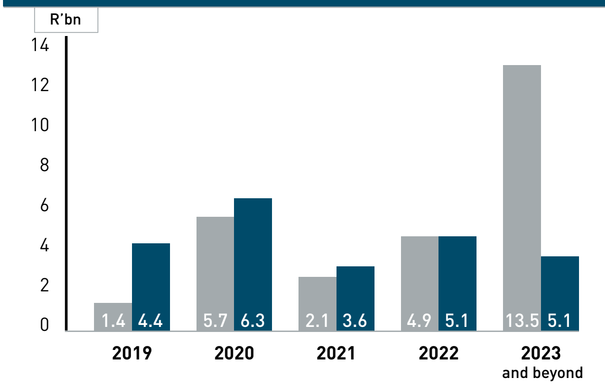
We manage our maturity profile by aiming to spread the repayment dates to ensure that approximately 25.0% of the group's interest-bearing borrowings mature in any given financial year. We proactively review our facilities and extend, restructure (for more favourable terms) and renew upcoming maturities. We actively monitor the financial markets, which assists in the fast and efficient execution of a funding plan for any new acquisition opportunities that may arise.

AVERAGE TERM OF DEBT

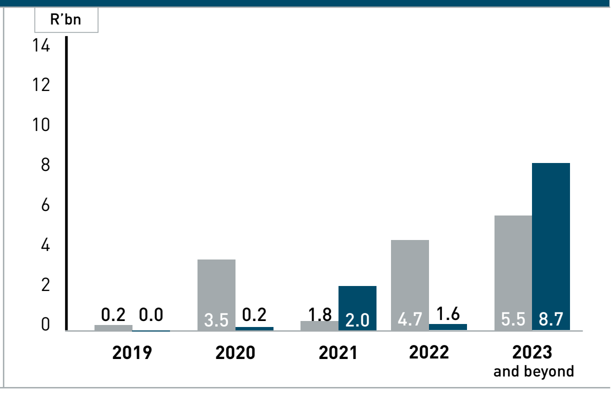
2018	3.6 years
2017	2.5 years

Maturities between each of the sources of finance are spread to mitigate the risk of refinancing. As a result, at 31 August 2018, we had R2.5 billion (2017: R6.8 billion) in the short-term portion of interest-bearing borrowings. Of this, R1.0 billion has already been refinanced for a term of five and a half years after the reporting period. We are currently in various stages of negotiation to refinance the balance of the short-term facilities at acceptable terms.

MATURITY OF LOCAL DEBT AND HEDGES*



MATURITY OF FOREIGN DEBT AND HEDGES*



*Debt has been grossed up to include cross-currency swaps.

Maturity of debt Maturity of hedges

Protecting against interest rate and forex movements

Volatile interest rate movements can result in increased borrowing costs, reducing distributable income. International and local economic conditions impact on the cost of our debt through movements in bond yields and central bank monetary policy. To manage this risk, we fix the cost of variable interest rate borrowings by entering into derivative instruments (interest rate swaps and caps). The board has set a hedging target of 75.0% of interest-bearing borrowings to be fixed for as long as possible.

% OF DEBT HEDGED

2018	81.2%
2017	88.7%

To take advantage of the lower interest rate environment internationally, we prefer to enter into fixed-rate loans and cross-currency swaps for international borrowings. The rand deposit portion of the cross-currency swap is typically entered into at a variable rate, while the foreign-denominated nominal amount is fixed. This provides a natural hedge for the South African borrowings – as interest rates rise in South Africa, the interest receivable by Redefine on the cross-currency swaps will also increase.

CURRENCY ANALYSIS OF PROPERTY ASSETS AND DEBT

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

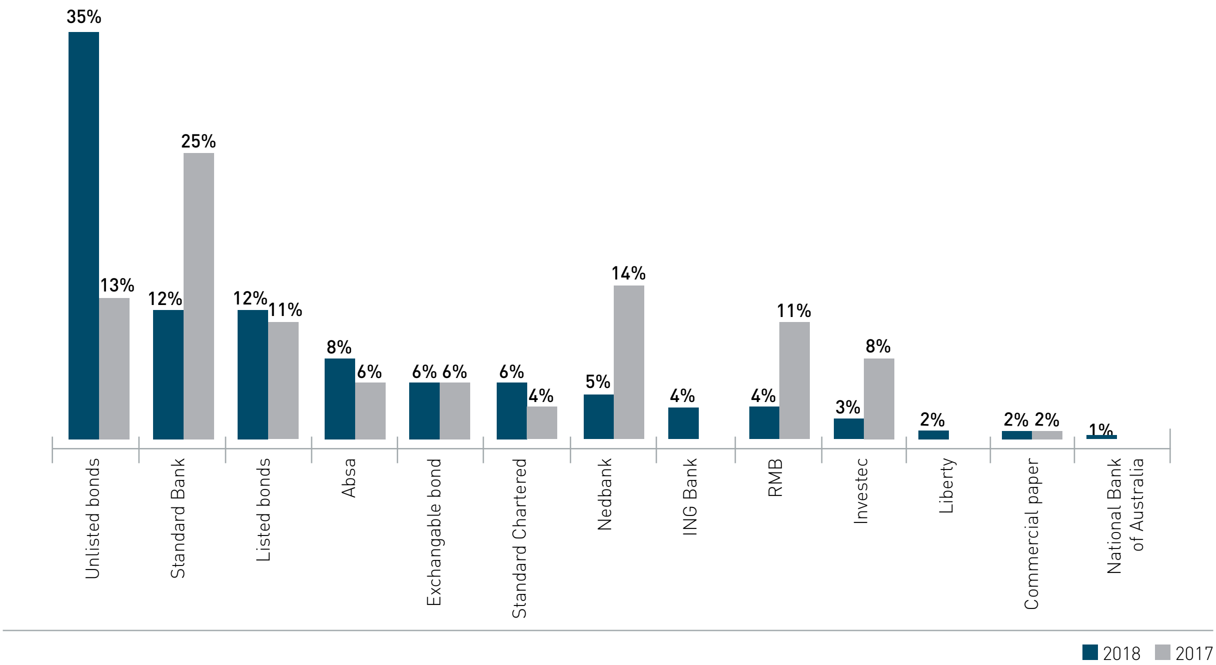
** Net of cash and currency derivatives.*

Redefine's policy is to have no material unhedged net assets or liabilities denominated in foreign currencies. Foreign property assets have been geared up with the relevant currency debt (either through bank loans, exchangeable bonds or cross-currency swaps) as this creates a natural hedge — as and when the value of the property asset fluctuates, so too does the foreign currency denominated debt. We do, however, acknowledge that should the offshore assets' capital value decline, this approach poses a risk of being overgeared. As a consequence, we proactively manage the situation on a currency-by-currency basis.

Diversifying our funding sources

Concentration risk may arise from a credit crisis, the introduction of Basel III requirements, or prudential limits which are imposed by debt providers. Redefine limits concentration risk by broadening the sources of funding among financial institutions (the banks) and the debt capital market. Our credit rating, the size and the quality of our unsecured assets, as well as the equity headroom on unencumbered assets, allows us to arrange unsecured debt – mostly through accessing the debt capital markets.

SOURCES OF DEBT



Maintaining strong credit metrics

We strive to maintain an average LTV target range of 35% to 40%, believing this is the optimal level of gearing over the long term. On 27 March 2018, the outlook on Redefine's global scale rating was upgraded to stable after being placed under review for a downgrade on 29 November 2017, following similar action taken on the sovereign credit rating. On 25 April 2018, Moody's issued its latest credit opinion for Redefine and confirmed the rating as follows:

Global long-term Baa3	Global short-term P-3	National long-term Aa1.za	National short-term P-1.za	Outlook: Stable

LTV RATIO		UNSECURED DEBT TO UNENCUMBERED ASSETS RATIO		INTEREST COVER RATIO		EQUITY HEADROOM FOR UNSECURED LENDER	
2018	40.0%	2018	34.8%	2018	4.3 times	2018	R65.9 billion
2017	41.1%	2017	36.0%	2017	3.6 times	2017	R60.4 billion

Manufactured **capital**

What manufactured capital means to Redefine

Manufactured capital is our diversified property asset platform, comprising local and international property investments, which effectively represents the deployment of financial capital.

We are tasked with allocating our manufactured capital to ensure the highest and best use to sustain long-term value creation.

Creating value

We allocate capital where we believe sustained stakeholder value can be created and mitigate risk by diversifying our property asset platform sectorally and geographically. To this end, we continue to invest in well-located properties that are high-value, high-quality and efficient, with a focus on attracting and retaining tenants to secure growth in rentals and improve cash-flow.

HIGHLIGHTS

Pleasing South African portfolio metrics:

- Overall occupancy improved to **95.5%**
- Tenant retention rate at **90.4%**
- **942 102m²** of letting activity during the year

Property assets under management increased by R7.2 billion to **R91.3 billion**

Expanded into the logistics sector in Poland

Development activity totalled **R5.3 billion**

Acquired remaining 50% of 115 West Street for **R751.0 million** at a yield of 9.7%

Expanded investment in EPP to the value of **R701.8 million**

CHALLENGES	STRATEGIC RESPONSE
Impact of disruptive technologies	We are investigating new ways to enhance our operational model with sustainable innovations. We are investing in new technologies to analyse changing market and behavioural trends in order to maintain relevance and align our property portfolio compatibility with emerging trends, specifically with regard to our tenant interactions and our retail portfolio
Uncertainty pertaining to the long-term impact of geo-polictical and socio-economic growth factors	We have prudent tenant selection criteria and credit management practices. We monitor tenant health on an ongoing basis and seek to maintain and improve tenant retention rates. Business conditions are challenging, affecting our tenants' ability to meet rental obligations. Inflated rates and rising utility costs have resulted in additional pressure on tenant operating margins We are committed to working with our tenants to further their businesses and lower their cost of occupation. Incorporating green design elements such as LED lighting, daylight harvesting, solar power and grey water systems also assists in reducing our tenants' cost of occupation
Misalignment with international partners (in-country)	We perform robust due diligence processes of in-country partners, ensure that they have 'skin in the game' and are culturally matched with our values. We ensure all partners remain aligned with our strategic direction

CHALLENGES (CONTINUED)	STRATEGIC RESPONSE (CONTINUED)
Damage to property, security-related threats and increases in crime	We ensure that all properties have effective security, as well as health and safety programmes. Redefine also has regular consultations with SAPS and local communities
Increased competition for tenants, capital and property assets	We believe that enhancing relationships and ensuring proactive engagement with our tenants is the key to success in a competitive market. We continue to differentiate ourselves through our people-centric approach. We ensure that we have the appropriate sector and geographic diversification and continue to broaden our exposure to alternative asset classes. Recycling of capital also remains a crucial priority in the current phase of constrained financial capital
Deteriorating state of infrastructure and poor administrative delivery, coupled with an exponential rise in administered costs	Repositioning our portfolio around quality and location remains a key priority. Ownership of properties in problematic municipalities that are not meeting service delivery standards are being reviewed. Furthermore, we will continue to engage with local government and municipalities to anticipate administrative hurdles and reduce inefficiencies. Over the past 10 years electricity, as well as rates and taxes, have increased by considerably more than the inflation rate. A focus on operational efficiency, the implementation of sustainable building standards in the design of new buildings, and the improvement of existing assets to optimise energy, water usage and recoveries is therefore imperative

Reflecting on 2018

In our 2017 integrated report, we reported on specific priorities for our 2018 financial year.

THIS IS HOW WE DID

OUR PERFORMANCE

THIS IS HOW WE DID	OUR PERFORMANCE
Tenant retention is a top-of-mind priority, as well as reducing vacancies and extending the lease expiry profile	Still in progress
In a constrained environment, there is a flight to quality. Therefore, we continue to improve, expand and protect our domestic properties to attract and retain quality tenants	Still in progress
Non-core assets (secondary properties, Africa and listed securities) to be recycled	Still in progress
Expand foreign income and capital growth opportunities at low risk	Achieved
Maintain and implement a long-term strategy per asset	Achieved
Continue to identify innovative non-GLA income opportunities	Still in progress
Maintain operating margins and optimise energy, water usage and recoveries in our existing buildings	Achieved
Increased focus on tenant and broker relationship management	Still in progress
Facilities and utilities management interventions to further improve operational sustainability	Still in progress
Focus on growth in renewal rentals	Still in progress

● Achieved ● Still in progress ● Did not achieve

Priorities for 2019

- Tenant retention is top-of-mind, as well as reducing vacancies and extending lease maturity profiles
- Implement innovative non-GLA income opportunities
- Maintain operating margins and optimise energy and water usage and recoveries in our existing buildings
- Continued focus on tenant and broker relationship management
- Facilities and utility management interventions to further improve operational sustainability
- Focus on growth in renewal rentals
- Non-core assets to be recycled
- Expand international income and capital growth opportunities at low risk

Manufactured **capital** (continued)

Mindful governance in action

The board considered the growing international portfolio concentration risk to Poland.

OVERVIEW OF MATTER

During 2018, Redefine was presented with an opportunity to purchase a logistics portfolio in Poland, with an exclusive right to a development pipeline.

This direct investment, along with our interest in EPP and Chariot Top Group, would result in our international portfolio being weighted towards Poland, and would continue to grow as and when the development pipeline is realised.

The board mindfully assessed the opportunity, carefully weighed the risks and rewards and set trigger points in order to assess the concentration risk on an ongoing basis. It was determined that an appointment would be made for a senior executive to be based in Europe and oversee our European investments in a shareholder capacity. Redefine believes this will strengthen our decision-making and overall risk management effectiveness.

Going forward, Poland remains the primary focus of our offshore expansion strategy.

The board believed that the decision would enable and support the company's value creation process by continuing to make investments into hard-currency markets which offer sustained growth potential.

South African property portfolio

INVESTMENT CRITERIA	OUR FOCUS
→ Continued expansion across traditional sectors → Exposure to key economic nodes → Locations that have solid infrastructure to reduce leasing risk	→ Continue to expand and improve existing well-located properties through development → Invest in younger (more efficient), well-located and better-quality properties with longer leases and A-grade tenants → Recycle non-core assets to position the portfolio for sustained organic growth → Continued implementation of long-term strategy on an asset-by-asset basis → Expand in under-represented regions and to complement existing assets

Overview

The economic environment has been and is expected to remain challenging. As property professionals, our job is to ensure that we are positioned to sustain value for all our stakeholders despite the challenges we face. To achieve this, tenant retention is top-of-mind. We need well-located, adequately designed and modern buildings, serviced by people who understand our tenants' needs and their operating environment, and who further realise the importance of forming enduring relationships to retain tenants. During the year, we made substantial progress in achieving these objectives.

Tenant representation, which refers to consulting services offered to tenants by some of the larger brokering houses, has become common practice in the market. This places growing pressure on property owners to remain competitive, driving down asking rentals and increasing the cost of tenant installations. While these are significant challenges, the major challenge that tenant representation presents for Redefine is that it reduces direct interaction with the tenant. This is a

DAVID RICE
Chief operating officer

hurdle developing relationships, which we believe is essential to our ability to deliver long-term value for all our stakeholders. To overcome this challenge, we have focused on developing stronger relationships with representatives, and finding new touchpoints with potential tenants, which, in turn, also allows access to a broader range of prospective tenants in the market. This, therefore, is an area of continued focus in managing our properties.

Looking ahead, we will continue to expand and improve existing well-located properties through refurbishment and development. Our focus will be on younger, more efficient, well-located and better-quality properties with longer leases and A-grade tenants. We will continue to recycle non-core assets and implement our long-term strategy on an asset-by-asset basis. We will pursue selective acquisitions in under-represented regions and to complement existing assets.

As at 31 August 2018, Redefine's diversified local property portfolio was valued at **R72.4 billion**, an increase of **R4.3 billion** on the previous year.

Our primary local portfolio focus remained on advancing our strategy of diversifying, growing and improving the quality of our local and international property portfolio across all sectors.

Redefine acquired the remaining 50% share of 115 West Street (Alexander Forbes), adding GLA of 20 546m² at an average initial yield of 9.7%, for R751.0 million.

New developments with a total value of R1.2 billion at an initial yield of 8.3% were completed during the year. The infrastructure project at Brackengate was completed during the year for a total value of R324.9 million. Projects in progress total R2.3 billion at an average initial yield of 8.8%. In addition, infrastructure projects totalling R348.4 million for the S&J, Matlosana Mall and Atlantic Hills sites are currently under way. Committed new projects totalling R173.1 million, with an average initial yield of 9.4%, will be commencing in the new financial year.

During the year, we focused on development activity to protect and expand our property portfolio, with the completion of redevelopment projects amounting to R602.1 million and redevelopment projects in progress totalling R879.7 million.

We disposed of 19 properties with a GLA of 303 276m², which did not meet our investment strategy, to various buyers for an aggregate consideration of R2.6 billion, at an average yield of 8.4%. Agreements subject to the usual conditions precedent were concluded for the disposal of five properties for an aggregate consideration of R429.9 million, with a GLA of 82 493m² at an average yield of 6.4%.

Notwithstanding continued pressure on rentals, there were some signs of a positive shift in sentiment in terms of leasing interest during the year. We believe, however, that the economy needs to show consistent growth of at least 3% to alleviate soft property fundamentals. The active portfolio vacancy rate remained stable during the year, at 4.5% (2017: 4.6%). Leases covering 497 491m² (2017: 536 310m²) were renewed during the year at an average rental decrease of 1.5% (2017: 1.7% increase), with the tenant retention rate at a pleasing 90.4% (2017: 92.6%). A further 444 611m² (2017: 406 406m²) was let across the portfolio.

	2018	2017
Number of properties	315	327
Total GLA (m²) (million)	4.6	4.8
Vacancy (%)	4.5	4.6
Asset value (R'billion)	68.5	64.0
Average property value (R'million)	221	182.0
Average value per m² (R)	14 382	12 870
Average gross rent per m² (R)	112.3	109.9
Weighted average retention rate by GLA (%)	90.4	93.0
Weighted average renewal rental growth by GLA (%)	(1.5)	1.7
Weighted average lease escalation by gross monthly rental (GMR) (%)	6.4	7.6
Weighted average unexpired lease term by GMR (years)	3.6	4.4

Manufactured **capital** (continued)

South African property portfolio (continued)

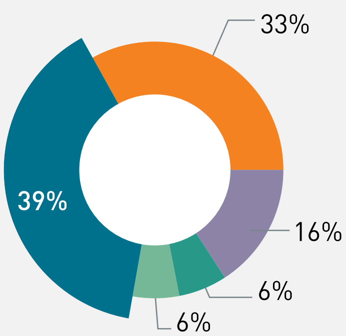
Retail

Differentiating by creating outstanding spaces for modern consumer lifestyles

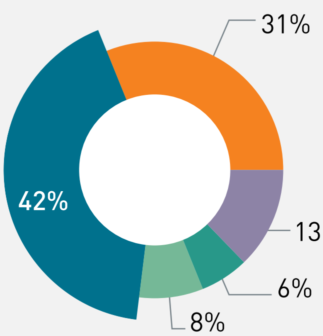
KEY INDICATORS

	2018	2017
Value (R'billion)	27.8	26.4
Occupancy	95.5%	96.7%
Tenant retention	90.7%	93.6%
GLA (m^2)	1.4 million	1.4 million
Footfall	(2.0%)	(0.1%)
Rent to turnover	7.9%	7.8%
Rental renewal growth	0.1%	2.0%

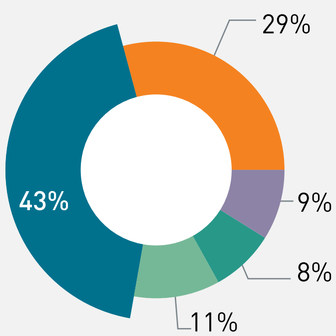
VALUE BY TYPE



GMR BY TYPE



GLA BY TYPE



Super-regional Regional Community/small regional Neighbourhood Other

Top five properties by value

Centurion Mall
SUPER-REGIONAL

Location	Tshwane, Gauteng
GLA	124 359m^2
Property valuation	R4.6 billion
Occupancy	100% (excluding development)
Average footcount per month	1.2 million
Development spend during the year	R200 million
Major anchor tenants	Woolworths, Pick n Pay, Checkers Hyper, Dis-Chem, Game, Edgars, Truworths and Foschini

Blue Route Mall
REGIONAL

Location	Tokai, Western Cape
GLA	56 145m^2
Property valuation	R1.6 billion
Occupancy	100%
Average footcount per month	0.7 million
Major anchor tenants	Checkers, Woolworths, Ster-Kinekor and Edgars

Kenilworth Centre
REGIONAL

Location	Claremont, Western Cape
GLA	53 433m^2
Property valuation	R1.5 billion
Occupancy	100%
Average footcount per month	0.9 million
Major anchor tenants	Pick n Pay, Checkers, Woolworths, Game, Edgars and Virgin Active

East Rand Mall
REGIONAL

Location	Boksburg, Gauteng
GLA (50%)	34 025m^2
Property valuation (50%)	R1.4 billion
Occupancy	97%
Average footcount per month	0.9 million
Major anchor tenants	Edgars, Woolworths, H&M, Ster-Kinekor, Truworths and Foschini
Ownership	50%

Golden Walk
REGIONAL

Location	Germiston, Gauteng
GLA	45 210m^2
Property valuation	R1.3 billion
Occupancy	99%
Average footcount per month	1.3 million
Major anchor tenants	Shoprite, Pick n Pay and Woolworths

Manufactured **capital** (continued)

South African property portfolio (continued)

Retail overview

The South African consumer is experiencing severe pressure as a result of rising costs, including escalating fuel costs, the implementation of a sugar tax and an increase in value-added tax to 15%.

Consequently, retailers are also under pressure and we are seeing significant push-back on renewal growth rates, escalations, lease terms and tenant installation contributions.

In the continuing battle for market share in a challenging trading environment, successful centres are maintaining or improving visitor counts and making some progress in spend per head by remaining relevant to their catchment area. We have also noted a move to value retailers and a significant improvement in trading densities from retailers who focus on this segment.

CHALLENGES

Trading densities across the sector show **negative** real growth

Push-back on renewal growth, escalations, lease terms and tenant installation contributions

Changes in shopper behaviour

Poor performance of department stores

Managing vacancy **levels**

Responding strategically

How we performed in 2018

Differentiating our centres

Differentiating our centres based on experiential offerings, with associated brand positioning, as well as strong tenant mixes reinforced by new players and positioning of new international companies, will remain a critical area of focus.

We will continue to initiate specific marketing initiatives within each catchment area targeting a higher proportion of the declining retail spend and maintain market share in a fiercely competitive market.

Management of underperforming assets

We strive to resolve the challenges faced by the underperforming assets in our portfolio, such as Matlosana Mall, Kyalami Corner and Cradlestone Mall. We focus on crafting a clearly-defined strategy for each asset, with key initiatives identified. These include the development of a new road to improve the connectivity and access to Matlosana Mall, free parking, revitalised marketing initiatives and improved customer experiences at Cradlestone Mall and the reconfiguration of the tenant mix at Kyalami Corner to drive foot traffic. We then measure the effectiveness of these initiatives against key deliverables and metrics such as footcount, spend and dwell time.

Operating cost management

Cost management remains a core focus area, with specific attention placed on utility expenses, which have increased exponentially as a result of the rise in administered and labour costs. We continually strive to find new and innovative ways to manage these expenses, such as solar PV projects and various technology initiatives.

Right-sizing our trading densities and rental levels

Retention of retailers that contribute to differentiating each shopping centre from its competitors will be a critical success factor for achieving sustainable income growth. This will complement the retention of the low-risk national retailers to future-proof the income streams.

We continue to meet regularly with those tenants who have a significant presence within our portfolio with the intention of exploring other opportunities, reviewing their trading performance, and ensuring their stores are right-sized.

Activity during the year

	Value	Average initial yield
New developments completed	R250.0 million	8.9%
New developments in progress	R431.9 million	9.4%
Committed new developments	R51.7 million	9.3%
Redevelopments completed	R406.9 million	4.8%
Redevelopments in progress	R543.8 million	5.8%
Disposals of non-core properties	R1.3 billion	8.5%

Outlook

In the medium to long term, high consumer debt levels will contain retail spend to subdued levels. We expect that value fashion retailers will continue performing well, and also anticipate increased activity relating to tenancies focusing on healthy living and entertainment in the shopping environment.

Regional and super-regional centres will likely continue to experience lower growth, while convenience centres are likely to outperform. The need to position shopping centres for relevance to its market will be critical to the success of retail assets.

In this challenging operating context, we will continue to focus on improving the monitoring of tenant performance, identifying tenants at risk and reducing exposure to them. It is critical that we strengthen relationships with international brands. We have the opportunity to capitalise on these relationships with international entrants in the South African market and facilitate their expansion.

Our asset strategy will remain top-of-mind, and we will dispose of assets in weak economic nodes and those with limited growth potential. We will exploit opportunities to expand and redevelop core assets to create and maintain a robust retail portfolio.

CASE STUDY – STONERIDGE CENTRE

The role malls play

The role malls play in people's lives has changed. No longer are they primarily about shopping. Rather, today's consumers are looking for experiences that go beyond traditional shopping.

With this in mind, our focus is to distinguish our centres by creating outstanding places that cater to modern consumer lifestyles.

Conveniently located on the corner of Modderfontein and Hereford Roads, between burgeoning business areas and upmarket residential estates, the Stoneridge Centre has made its mark by offering a broader, more family-orientated experience.

Housing more than 80 exciting stores, the Stoneridge Centre provides a combination of shopping and entertainment in an impressive open-air lifestyle format.

Further, new offerings such as a the first Leroy Merlin store in South Africa, totalling 16 343m^2, new 'gold'-standard McDonalds drive-through and the Papachinos restaurant which offers a child-friendly environment with state-of-the-art playground and restaurant facilities, has attracted a younger family market to the centre.

Given the successes to date, we believe that there is further potential to be unlocked at the centre and are currently reviewing additional development opportunities to add 4 500m^2 of lettable space to the centre.

Manufactured **capital** (continued)

South African property portfolio (continued)

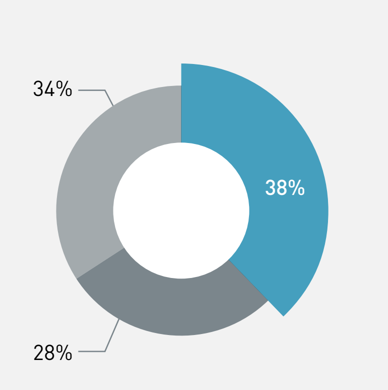
Office

Efficient, modern facilities to enable work-life integration

KEY INDICATORS

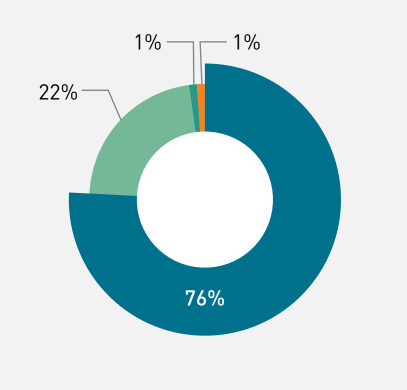
	2018	2017
Value (R'billion)	25.9	23.9
Occupancy	90.5%	91.9%
Tenant retention	87.7%	87.1%
GLA (m^2)	1.3 million	1.4 million
Rental renewal growth	(3.1%)	0.1%

VALUE BY GRADE



Premium A-grade B- and C-grade

VALUE BY LOCATION



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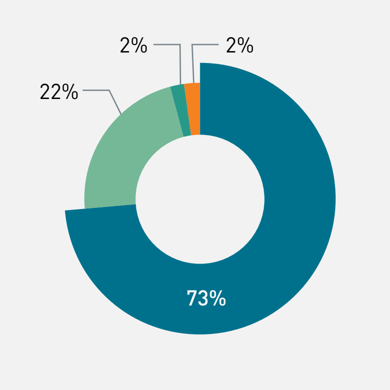


Gauteng Western Cape KwaZulu-Natal Other

Top five properties by value

Alice Lane
A-GRADE

Location	Sandton, Gauteng
GLA	77 823m²
Property valuation	R2.9 billion
Occupancy	94.0%
Major tenants	Bowmans, Marsh and Sanlam

115 West Street
P-GRADE

Location	Sandton, Gauteng
GLA	41 091m²
Property valuation	R1.6 billion
Occupancy	100%
Major tenants	Alexander Forbes

Black River Park
P-GRADE

Location	Observatory, Western Cape
GLA	71 547m²
Property valuation	R1.5 billion
Occupancy	98.0%
Major tenants	Dimension Data and Blue Falcon

90 Rivonia Road
P-GRADE

Location	Sandton, Gauteng
GLA	39 864m²
Property valuation	R1.3 billion
Occupancy	95.0%
Major anchor tenants	Webber Wentzel

The Towers
B-GRADE

Location	Foreshore, Western Cape
GLA	59 375m²
Property valuation	R1.1 billion
Occupancy	91.0%
Major tenants	Standard Bank and Vodacom

Manufactured **capital** (continued)

South African property portfolio (continued)

Office overview

We are operating in a low-growth environment. The sector is characterised by oversupply, combined with a reduction in demand due to the rise of co-working and densification from tenant consolidations. As a result, the office sector remains under pressure, with the overall vacancy rate moving sideways and rental growth remaining negative in real terms.

CHALLENGES		
Low economic growth exerting **pressure** on tenants	Increasing use of flexi-time and co-working environments continues to **change office requirements**	
Tenant consolidation and down-sizing, resulting in **lower demand for office space**	The cost and availability of water and power remains a **concern**	Space densification **increases** operating costs

Responding strategically

How we performed in 2018

Focus on tenant retention and attraction

In this fiercely competitive environment, tenant retention is critical and building tenant relationships is an ongoing area of focus. Ensuring that we meet changing tenant needs remains top-of-mind. Despite the market conditions, we achieved a retention rate of 87%.

During the year, we continued with our leasing campaign, Space2Spec, to make the offering of difficult-to-let properties more attractive by allowing the tenant to customise the rental.

Capturing demand in the evolving office market

The demand from tenants to reduce space and consolidate office requirements continues, complemented by the demand for serviced office space and flexible leases, as more staff members work remotely.

We continue the process of developing and refurbishing assets in key nodes to accommodate tenant centralisation. Furthermore, we build on the existing relationships with Regus, the Business Exchange, Flexible Workspace and, more recently, WeWork.

Promoting efficiency and relevance

To attract and retain quality tenants, we work to ensure our buildings are both aesthetically appealing and operationally efficient. We continue to implement facilities and utility management interventions to improve operational sustainability and efficiency.

With the densifying of buildings through efficient and flexible space utilisation, the demands placed on building infrastructure is higher. We continue to assess building designs to cater for the changing requirements of our tenants.

Activity during the year

	Value	Average initial yield
Acquisiton	R751.0 million	9.7%
New developments completed	R453.1 million	7.7%
New developments in progress	R1.2 billion	8.4%
Redevelopments completed	R195.3 million	6.4%
Redevelopments in progress	R335.8 million	4.3%
Disposals of non-core properties	R902.7 million	7.7%

Outlook

Market dynamics in the office sector will remain depressed. As such, we do not anticipate undertaking any speculative developments in 2019.

The trend towards spatially efficient, collaborative workspaces, as well as a general densification of spaces by tenants and increased shared workspace environments will continue. We anticipate that the increased use of technology will influence office space and we will seek to position ourselves in such a way as to capture this opportunity in the market.

We are also considering strategic disposals of non-performing assets to further strengthen our portfolio.

MIKE RUTTELL

Development director

CASE STUDY – ROSEBANK LINK

Winston Churchill famously declared,

"We shape our buildings; thereafter they shape us."

We believe that properties are embedded in communities. They must be shaped to suit the needs of our stakeholders and contribute to the creation of more sustainable cities.

This principle was front of mind when we sought to develop in the centre of a prominent cosmopolitan area of Rosebank. Aptly named Rosebank Link, our new development offers tenants a unique location immediately adjacent to the Gautrain station, The Zone and Rosebank Mall.

The building also addresses the public need for more connectivity between all amenities with the introduction of a public thoroughfare through the property, which is achieved by transforming the highly-expressive external façade into a visually more fluid vaulting underbelly that is void of any obstructions. The underbelly raises the building from the ground, allowing users to traverse unimpeded between the Gautrain station and the shopping area.

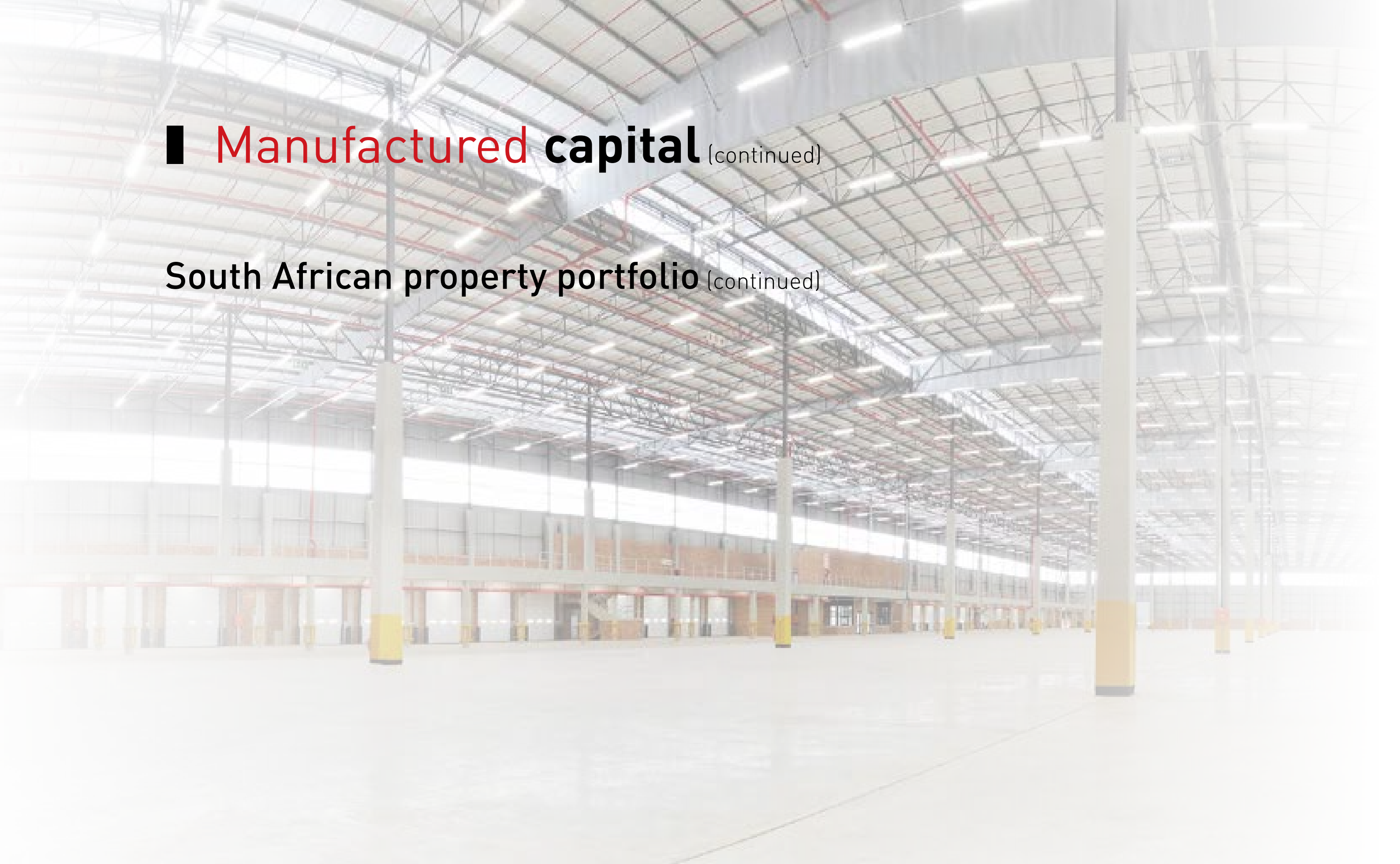
The east and west façades consist of a composite aluminium-clad shell with articulated strip windows to allow light and views to filter into every office module. These faceted façades have a visual quality, emphasised by the articulated strip windows which transform from day to night. The flush-glazed north and south façades allow for uninterrupted views over the greater urban area of Rosebank. The backdrop to the façades is a smooth and glossy flat finish that transforms itself into the underbelly of the building.

Rosebank Link has achieved a four-star Green Star rating, as demand for such sustainable buildings continue to grow. The building is designed to get as much daylight as possible deep into the building. At heart, it is a multi-storey, enclosed, north-facing atrium fashioned to capture sunlight. This creates a conduit for a combination of green walls and indigenous planting brought to life in executive roof gardens, podium-level gardens, and parkade wall gardens that allow for a tranquil environment not usually afforded in multi-storey buildings.

Contributing further to Rosebank Link's green credentials is smart metering throughout, motion-sensor-based internal lighting, backup water and full back-up on-site power generation.

Manufactured capital (continued)

South African property portfolio (continued)



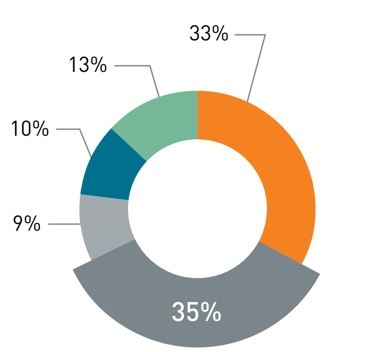
Industrial

Incorporating key design elements to functionally differentiate our offering

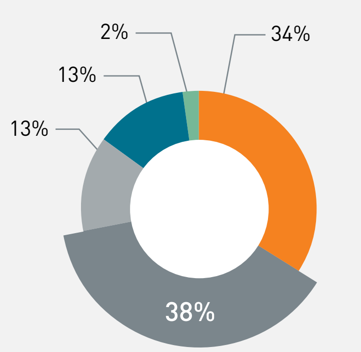
KEY INDICATORS

	2018	2017
Value (R'billion)	13.1	12.6
Occupancy	99.0%	96.7%
Tenant retention	91.8%	95.2%
GLA (m^2)	1.8 million	2.0 million
Rental renewal growth	2.9%	5.6%

VALUE BY TYPE



GLA BY TYPE



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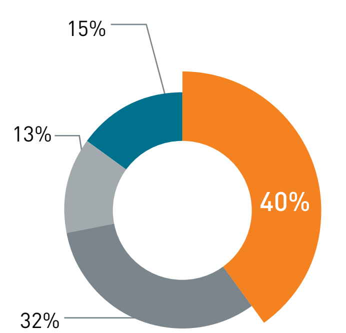


Warehousing/logisitcs | Heavy-grade industrial | Light manufacturing | Industrial units | Land

Top five properties by value

Macsteel portfolio
HEAVY-GRADE INDUSTRIAL

Location	Various – weighted towards Gauteng
GLA	552 641m²
Property valuation	R3.7 billion
Occupancy	100%
Major tenants	Macsteel

Pepkor
MODERN LOGISTICS

Location	Isando, Gauteng
GLA	107 017m²
Property valuation	R0.9 billion
Occupancy	100%
Major tenants	Pepkor

Robor
HEAVY-GRADE INDUSTRIAL

Location	Elandsfontein, Gauteng
GLA	120 277m²
Property valuation	R0.7 billion
Occupancy	100%
Major tenants	Robor

Hirt and Carter
MODERN LOGISTICS

Location	Cornubia, KwaZulu-Natal
GLA	30 661m²
Property valuation	R0.4 billion
Occupancy	100%
Major tenants	Hirt and Carter

Cato Ridge DC
MODERN LOGISTICS

Location	Cato Ridge, KwaZulu-Natal
GLA	50 628m²
Property valuation	R0.3 billion
Occupancy	100%
Major anchor tenants	Massmart and Pepkor

Manufactured **capital** (continued)

South African property portfolio (continued)

Industrial overview

In a persistently low growth environment, the industrial sector continues to face significant challenges. Erratic demand, failing infrastructure, policy uncertainty and sustained tension in the labour market have caused headwinds for the manufacturing sector. Furthermore, volatility in the commodity and retail supply chains has added additional pressure, and civil unrest hotspots have caused major national tenants to relocate their business away from high-risk areas.

Despite these challenges, however, the industrial property sector offers substantial potential for growth. In fact, during the year, it was the sector that performed the strongest in terms of overall rental growth on renewal rates, as well as occupancy.

CHALLENGES		
Retaining tenants and managing vacancies in a low-growth environment	Significant **exposure** to land holdings	**Managing** changing tenant needs and expectations
Rising development costs continue to place pressure on yields		

Responding strategically

How we performed in 2018

Improving our portfolio's quality

In addition to acquisitive growth, disposing of non-core land parcels and focusing on the development of core areas is key to further improving the quality of our portfolio.

During the year, Erf 681 Alrode, Sterling Road, comprising major offices and limited yard space, and the Stikland and Triangle land parcels were sold.

Significant development activity during the year centered around Hirt and Carter, Bidvest, GEA, Brackengate and S&J Industrial Estate infrastructure.

Continued focus on customer-centric tenant retention initiatives

While there is some tenant turnover due to changes in business space requirements, we continuously strive to develop professional relationships in an ever-changing environment, and we are actively upgrading our facilities to retain tenant occupancy.

We continue to implement green initiatives, such as LED lighting replacement, solar and water management systems, to improve asset functionality. Furthermore, improving the development yield for new building developments through innovative design and procurement selection continues to be a focus.

The material impact relocations have on tenants, including major IT capex, operating and infrastructure costs, needs to be considered when comparing proposed rentals to market.

During the year, a retention rate of 91% was achieved.

Activity during the year

	Value	Average initial yield
New developments completed	R465.2 million	8.5%
New developments in progress	R176.1 million	8.5%
Committed new developments	R121.4 million	9.4%
Disposals of non-core properties	R363.2 million	10.0%
Infrastructure spend completed	R324.9 million	-
Infrastructure projects in progress	R348.4 million	-

Outlook

To remain relevant as a preferred supplier of industrial space, we need to grow our market share and improve the quality of our portfolio through potential acquisitions, development opportunities and reducing our overexposure to land holdings.

Looking ahead, disposing of non-core land parcels at S&J Industrial Park, Atlantic Hills, Brackengate 2 and Cornubia, as well as focusing on the development of core areas, will be a priority.

A growing need for more efficient building design continues to spur growth in the sector as companies re-organise and optimise supply chain operations. This is especially true in the retail logistics sector, which is showing increasing investment in warehousing management systems for improving supply chain capabilities to meet e-commerce business needs.

Improving tenant retention and managing vacancy levels remains a priority and we continue to work with our tenants and stakeholders to understand their needs, now and in the future, to offer prime industrial spaces in an ever-changing business environment.

Manufactured **capital** (continued)

South African property portfolio (continued)

CASE STUDY – BRACKENGATE BUSINESS PARK

Unmatched visibility

In addition to its strategic location and easy access points, the development also offers tenants outstanding visibility from the R300 freeway, as well as Bottelary Road.

There has been a marked increase in demand for industrial zoned land in the Western Cape. Redefine is developing the Brackengate 2 precinct, which forms part of the larger Brackengate Business Park, as a joint venture with the VDMV Property Group. Redefine secured 50.1% of the development.

Our strategy was to develop prime parcels and dispose of marginal land, namely the Triangle and Stikland portions, to cover the acquisition cost. The ongoing demand for developable land exceeded expectations and a strategic decision was made to offer selected parcels of land within the Brackengate 2 precinct to blue-chip clients such as Amazon Web Services.

The retained main business park portion is designed according to the latest urban planning and architectural principles to achieve maximum efficiency, security and comfort, and will provide tenants with world-class facilities with features such as high-speed fibre connectivity, ample loading docks, abundant parking space and sustainability initiatives, including LED lighting and rainwater harvesting.

Recently completed projects at Brackengate 2 include Bidvest's 11 922m^2, a new GEA facility measuring 8 588m^2, and Planet Fitness' 3 403m^2. The development of Brights Hardware DIY, measuring 8 200m^2, is ongoing with completion expected in May 2019. Approximately 310 000m^2 of land remains available for development within the precinct. Having sold most of the Stikland erven, our focus going forward will be on optimising the main business park precinct for lease-driven developments.

Brackengate Business Park, Western Cape

Alternative investments

Diversifying income streams

	REDEFINE'S INTEREST	ACTIVITY	STRATEGY
Student accommodation	53.6% interest in Respublica Student Living (Pty) Ltd	Completion of Hatfield Square — 2 200 beds Lincoln House (Bloemfontein) — 469 beds Roscommon House (Cape Town) — 582 beds, ready for the 2019 intake	Extend Yale Village by 332 beds Expand into Pietermaritzburg (Paton House) — 576 beds Build capacity to 10 000 beds
Loans	Loans of R2.6 billion to various third parties, attracting commercial interest rates	Loan to BBBEE consortium for Delta disposal reflected as investment in the shares valued at the lower of the normal loan or market value of Delta shares Loan to Maponya Trust, totalling R474 million, repaid subsequent to year end	Provide loan funding to secure strategic partners and provide transformation opportunities
High-yielding investments	→ Solar PV plants → Various outdoor advertising signage → Park Central residential development	Solar PV to the value of R280 million rolled out — 21 plants Non-GLA income R63.2 million Park Central comprising 160 units — spent R210 million, R409 million to complete. 44% by value sold	Solar PV projects totalling R17 million underway Leverage non-GLA opportunities off property base Complete Park Central development Africa assets a recycle opportunity

CASE STUDY – DIGITAL SIGNAGE

Alice Lane

Our Alice Lane digital screen, which began broadcasting in March 2018, is a prime example of the success of this model. With an initial investment of approximately R3.6 million, we have generated R2.7 million in revenue from the sale of advertising slots on the screen, from March to December 2018.

Digital signage captures 400% more views than static signs, and 80% of brands using digital signage in-store experienced up to 33% in additional sales. With stats like these, it's no wonder that the digital signage industry is growing exponentially.

Recognising the opportunity inherent in this trend, we sought to find innovative ways to challenge the *status quo*. Conventionally, a landlord would set aside exterior space for a marketing partner, who would purchase and set up a screen to use for advertising space. The landlord would then collect a small portion of the income generated.

At Redefine, we pride ourselves at finding innovative ways to unlock value. We've chosen to adopt a different model for digital signage. Using our space and our own screens, we work with media partners to sell the advertising 'space' or slots. In this way, we leverage off our partners' existing relationships and knowledge of the industry, while maintaining our ownership, ensuring that the majority of the revenue remains within our business.

This results in a pleasing 75% yield. While this screen is considered to be in one of the most sought-after advertising locations in the country, other screens rolled out to date have shown strong returns too, with the forecast yield for the first five large-format LED screens for year one delivering a 34% yield.

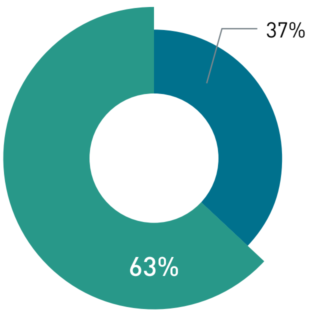
Given the success of this venture, we plan to roll out further screens, where feasible, and continue to find creative ways to generate value for our stakeholders.

Manufactured **capital** (continued)

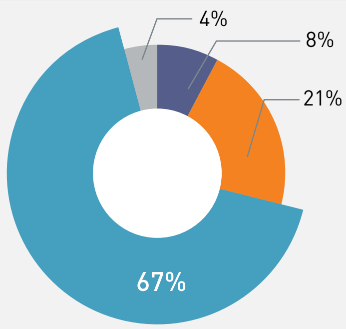
International property portfolio

INVESTMENT CRITERIA	OUR FOCUS
→ Local partner representation aligned with Redefine's interests → Provide opportunities for scale → Liquid real estate markets → Free flow of currency → Sophisticated tax regimes and rules of law	→ Limited to Poland, UK and Australia → Provide ongoing strategic and financial support to our partners in-country → Invest directly where there is potential for capital, uplift through active asset management → Support-listed investments in corporate activities → Actively hedge income as and when the rand shows weakness → Hedge balance sheet naturally through matching currency gearing → Responsibly manage geographic concentration risk

INTERNATIONAL COMPOSITION



GEOGRAPHICAL SPREAD



Poland

Emerging market growth in hard currency

Redefine's interests
- → EPP N.V. – **39.0%**
- → Logistics Platform B.V. – **95.0%**
- → Chariot Top Group B.V. – **25.0%**

Activities during the year
- → Redefine acquired a strategic 25% stake in Chariot Top Group B.V. (Chariot) for R910.0 million. Chariot owns a retail portfolio of 24 quality, established and well-located assets across Poland, with two blue-chip tenants occupying 65% of the GLA
- → Redefine acquired 95% of Logistics Platform B.V. (Logistics Platform) through newly formed Redefine Europe domiciled in the Netherlands. This acquisition included a portfolio of nine industrial logistics properties located throughout Poland, with a gross lettable area of 313 513m², a 98% occupancy and an average lease expiry profile of three and a half years. As part of the acquisition, Redefine has a five-year exclusive priority right (at no upfront payment) for a pipeline of 24 potential warehousing and logistics development opportunities
- → We have already committed to two of the exclusive priority right development projects, the first being a 99 987m² facility located in Strykow, which has a development cost of €49.5 million (R850.0 million) and is expected to achieve an initial income yield of 8.2%. The second project is a 70 725m² facility located in Bielska, which has a development cost of €41.4 million (R710.9 million)
- → Redefine participated in an EPP capital raise and, as a result, acquired an additional 36.4 million shares for a total consideration of R701.8 million (€45 million)

Value of investments

R11.9 billion

www.epp-poland.com

Redefine's priorities
- → Grow Logistics Platform through development pipeline
- → Establish an office in Europe

Australia

Exposure to stable market and global real estate investment manager

Redefine's interests

- Cromwell Property Group – 3.0%
- Journal Student Accommodation Fund – 90.0%

Value of investments

R2.1 billion

www.journalstudentliving.com.au
www.cromwell.com.au

Activities during the year

- Redefine is in the process of developing two student accommodation sites in Melbourne. The Leicester Street development, at a total cost of R1.4 billion (AUD130.0 million), will have 804 beds, and is progressing well and will be completed in time for the 2019 student intake. The Swanston Street development, at a total cost of R1.2 billion (AUD110.0 million), will have 587 beds and it is anticipated that it will completed in time for the 2020 student intake
- The sale of 386.5 million Cromwell shares to ARA Asset Management resulted in net proceeds of R3.6 billion
- The sale of Redefine's 50% of Northpoint Tower resulted in net proceeds of R1.6 billion

Redefine's priorities

- Develop purpose-built student accommodation as these provide excellent prospects for capital uplift and high potential for recycling

United Kingdom

Focusing on income in a low-growth environment

Redefine's interests

- RDI REIT Plc – 29.4%

Value of investments

R4.0 billion

www.rdireit.com

Activities during the year

- Redefine sold its investment in International Hotel Properties Limited (IHL) for 19.8 million shares in RDI and R138.6 million cash

Redefine's priorities

- Support corporate activity to expand the portfolio and recycle secondary assets to secure growth

Africa

Recycling opportunities

Redefine's interests

- GRIT Real Estate Income Group – 3.7%
- Oanda Wings Development Limited – 38.9%

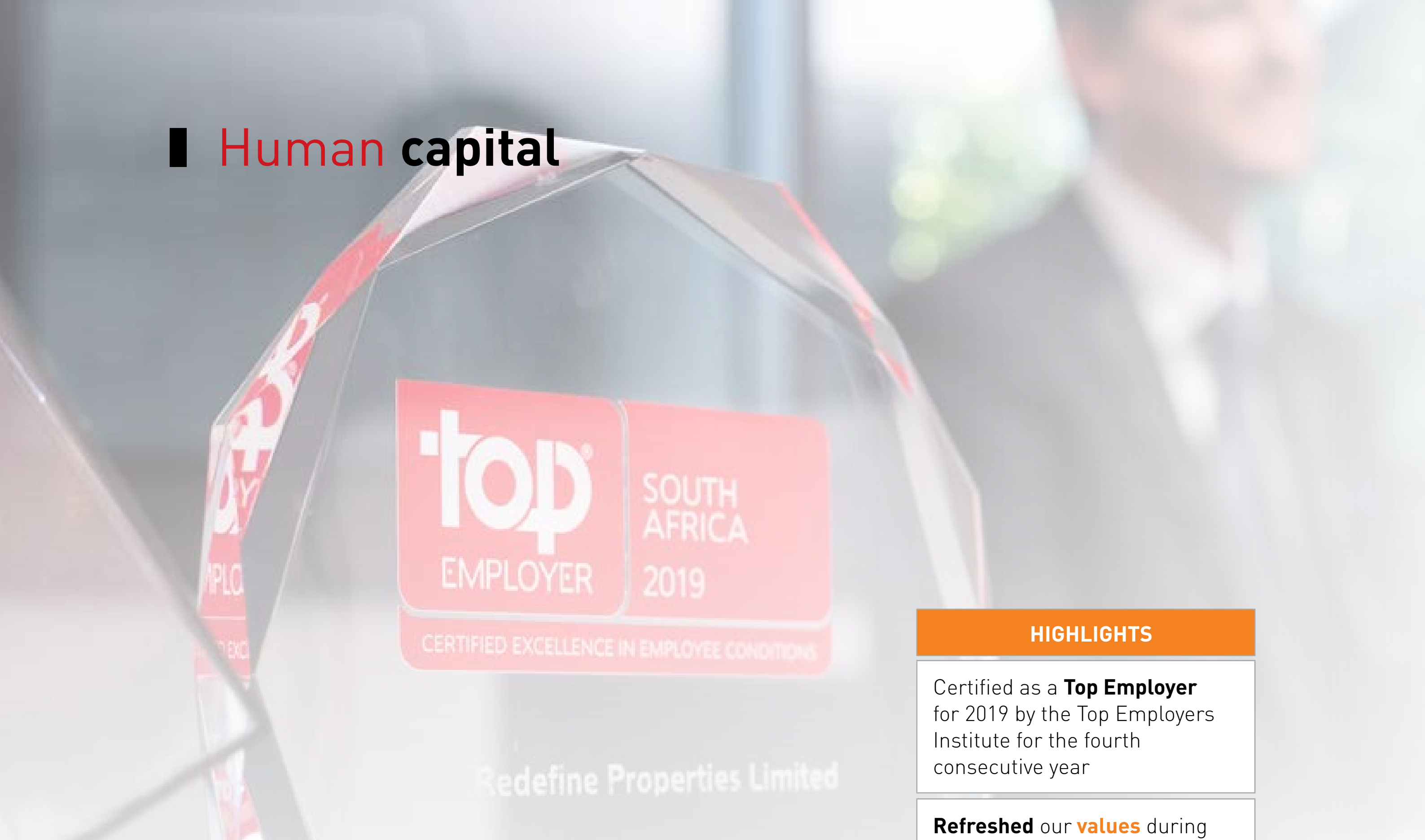
Value of investments

R925.3 million

Redefine's priorities

- As the region does not meet Redefine's investment criteria, both investments present recycling opportunities

Human **capital**



What human capital means to Redefine

Our human capital refers to our people – an essential resource and strategic differentiator – the heart and soul of Redefine. Their knowledge, skills, attitude and innovation enables us to realise our vision of being the best South African REIT.

Creating value

Engagement, culture, values, and brand. These concepts are too often considered the softer issues in an organisation. Recent corporate failures, however, have made it clear that these matters are inherently tied to sustainability. When trust is broken, businesses flounder.

We believe that our employees are the driving force of our success, leaving lasting impressions through the connections they make, which is why we strive at all times to ensure that our people are engaged and aligned with our people-centric brand promise and are deeply connected through our values. In this way, we make delivery on our mission to create sustained value for all our stakeholders possible.

HIGHLIGHTS

- Certified as a **Top Employer** for 2019 by the Top Employers Institute for the fourth consecutive year
- **Refreshed** our **values** during the year
- Invested more than **R12.5 million** in **training and development**
- **Learnership programme** now in its sixth year, having produced **151 graduates** since inception
- **Introduced** personalised **total reward statements** for each employee
- **Initiated** a **personal mastery development** programme

CHALLENGES	STRATEGIC RESPONSE
Meeting the high expectations of our people-centric brand promise	We launched an internal change management programme that seeks to support our employees every step of the way in meeting the high expectations of our stakeholders by upholding our brand promise (see **page** 98 for details on this campaign)
Accelerating transformation	Transformation progress at senior and professional levels is supported by a comprehensive employment equity plan with specific implementation goals and targets
Attracting and retaining key staff in an environment where there is a shortage of experienced people	Ongoing engagement with our employees, demonstrating the value we offer as an employer and clearly expressing our expectations of our employees in return
Future-proofing our business to remain relevant	We seek to adopt a self-disruption approach by focusing on hiring the right people and training for skills and roles to meet new challenges

Reflecting on 2018

In our 2017 integrated report, we reported on our priorities for our 2018 financial year.

THIS IS HOW WE DID

	OUR PERFORMANCE
Supporting the group to prioritise, monitor and implement action plans against key engagement initiatives	Achieved
Focusing on succession and career development strategy implementation	Still in progress
Improve employee communication, information and knowledge sharing through effective utilisation of technology	Still in progress

● Achieved ● Still in progress ● Did not achieve

Priorities for 2019

- Equip leadership with the capabilities required to align with our strategy, brand and culture
- Enrich employee engagement practices and work-life integration
- Assess our remuneration governance practices to ensure that we uphold the principle of fair and responsible remuneration
- Ongoing focus on talent management through succession planning and career development
- Accelerate transformation to create an environment that embraces diversity and inclusivity

Mindful governance in action

The board considered the merits of the broad-based long-term incentive scheme introduced during 2017, and whether it is achieving its aim of reducing the pay gap.

OVERVIEW OF MATTER

South Africa is rated as one of the countries with the highest level of inequality in the world.

Redefine recognises that the pay gap needs to be addressed. Executive salary increases are therefore carefully considered against average increases for all employees below executive level. In addition, the long-term staff incentive scheme was introduced to reduce the internal wage gap, gradually creating wealth for all our staff.

The scheme has cost implications for the company, without certainty of direct financial benefits in return. The board's deliberations in this regard once again affirmed that the scheme was aligned with Redefine's mission of creating sustained value for all our stakeholders.

The board believed that the decision would enable and support the company's value creation process by contributing to human capital retention and growing our reputation, while contributing to a more stable socio-economic operating context in the long term.

Human **capital** (continued)

What we want to achieve

Our human capital strategy focuses on strengthening the capability, energy and integrity our employees bring to their roles, which, in turn, contributes to the success of the business and maximises stakeholder value.

CREATING VALUE THROUGH OUR PEOPLE

INPUTS

- → Workforce composition
- → Pay and benefits
- → Skill, qualifications and competencies
- → Regulatory compliance

ACTIVITIES

- → Recruitment and retention
- → Performance management
- → Learning and competency development
- → Organisational development and design
- → Reward and recognition
- → Workforce and succession planning
- → Employee engagement
- → Employee wellness

OUTPUTS

- → Leadership capability
- → Workforce capability
- → Workforce performance
- → Diversity and inclusivity
- → Engagement and wellbeing

OUTCOMES

- → Innovation, agility and resilience
- → Organisational culture and values
- → Productivity
- → Organisational performance

Attracting and retaining top talent

We believe that our employer brand is critical to our business success, as competition for the right talent is fierce. For us, 'talent' does not necessarily only refer to the skills or experience of an individual – as the rate of change across all industries means that what you know today may be irrelevant tomorrow. Instead, talent, for us, refers to the right values, attitude, aptitude and culture match, combined with an ability to adapt and learn continuously.

For this reason, attracting and retaining the right people is always top-of-mind.

OUR EMPLOYEE PROFILE

EMPLOYEES	AVERAGE AGE	AVERAGE TENURE	TOTAL STAFF TURNOVER
457 (up 8% from 2017)	40 (2017: 40)	5 years (2017: 5)	10.5% (2017: 12.6%)

Our employee value proposition (EVP) supports the furtherance of our employer brand by communicating the benefits, opportunities and rewards that Redefine offers as part of our employee-centered approach. Our EVP speaks to who we are as an employer through our employees, and our employer brand conveys that message to the external talent market. Refer to our ESG report for detail on our EVP.

Rewarding holistically

We communicate the benefits available to our employees through a personalised total rewards statement that we introduced this year. We include five elements in the total reward our employees receive:

1. REMUNERATION
2. BENEFITS
3. WORK-LIFE
4. PERFORMANCE AND RECOGNITION
5. DEVELOPMENT AND CAREER OPPORTUNITY

Collectively, and with the optimal mix in mind, these elements are supported by our reward strategy. Total rewards are considered individually, and the value of the package is demonstrated to employees, highlighting financial and non-financial benefits that are important to them.

Reward and strategic alignment

We have cascaded our material matters and objectives throughout the organisation. During this process, material matters were broken up into KPAs and KPIs to measure the achievement of these elements against a predetermined set of goals.

Clarifying business expectations and refining KPIs is a continuous process to ensure that roles and responsibilities are clearly defined. In this way, we ensure that "what we do" and "how we do it" is aligned to and contribute to the successful execution of Redefine's strategy. The process of creating, monitoring and evaluating strategically-aligned KPIs is ongoing to ensure we have clear targets to support the business.

For the detailed remuneration report, refer to our ESG report.

LIVING THE BRAND PROMISE

"We're not landlords. We're people." – is central to our business, which is why our values form part of our employees' performance review process. We want our people to know that the value they bring to our organisation is as much who they are as it is what they do.

Employee engagement

Our employee engagement survey provides us with invaluable insight into the level of engagement of our staff. Given the depth of information received in 2017, we decided not to conduct an employee engagement survey during 2018, but rather to focus on analysing the data collected and implementing initiatives to address these findings. We will conduct another survey in 2019.

A values-driven corporate culture

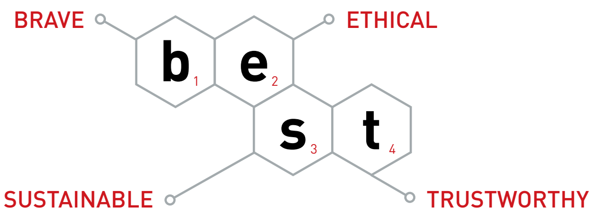
Over the past few years, we've conducted ethics surveys throughout the organisation to understand our people's views on ethics. This year, instead of performing a survey, an external independent service provider was appointed to assist in providing internal assurance about ethical practices within Redefine, in the form of an ethics management system audit. The audit aimed to establish the depth and clarity of leaders' understanding of ethics and, specifically, the extent of ethical practices within Redefine, to indicate areas for improvement.

Collectively, the results of our ethics management system audit reflect a sound ethical foundation within the company. However, the audit highlighted the value of consolidating our messaging around ethics.

As part of this process, we reviewed our values to ensure that they speak more explicitly to ethics, but also tweaked in line with the evolution of Redefine.

The review was undertaken across the business through focus group sessions with all our people. The aim was to get everyone's input on the current values and their opinions on what more was needed and, in doing so, create a sense of connection among employees. The discussions also served as an excellent means of encouraging engagement around what it means to be an ethical business, and how we can all be contributing towards this goal, as well as hold each other to account.

Intensive discussions around the feedback from these sessions resulted in the development of four values that speak to our collective aspirations and will serve to guide our daily behaviours and, therefore, our culture. We re-inforce our values on a continuous basis to embed them into our DNA.



Human **capital** (continued)

Growing our organisational capabilities through transformation

We believe in harnessing the power of diversity to support market relevance, spur innovation and create sustainable solutions to challenges. We are, therefore, committed to encouraging diversity through all levels of our organisation, up to and including leadership.

We have implemented measures to ensure there is equitable representation of designated groups in all occupational categories and levels, and that our employee profile is representative of, and relevant to the stakeholders we serve.

An ongoing challenge to our transformation efforts is the impact of employee transfers and resourcing models. When properties are sold or acquired, the employees associated with these assets transfer out or into the business as part of the agreement – these business transactions can have a dramatic impact on our employment equity statistics. This is exacerbated by the shortage of specific skills in our sector.

To address these challenges, we continue to focus on growing talent that complements our transformation efforts through initiatives such as our learnership programme, leadership development and other internal development programmes.

SENIOR MANAGEMENT LEVEL

AIC representation at senior management level improved.

2018	22%
2017	7%

OUR WORKFORCE

2018	55% female	64% AIC
2017	54% female	60% AIC

For greater detail on the composition of our workforce at different levels of the organisation, please see our ESG report.

WE ARE PROUD TO REPORT

Our board's gender and racial diversity have been significantly improved

(For more information, see **page 50**)

Transformation at executive and **senior management level** remains a top priority going forward.

Embedding a learning culture

Redefine continues to develop talent from within, by giving employees the opportunity to acquire skills, knowledge and competencies in their roles. We use a blended approach, which includes on-the-job training, digital learning, coaching, workshops, structured programmes (including learnerships and graduate programmes) and study bursaries for tertiary education.

2 436
TRAINING INTERVENTIONS

17 728
STAFF-HOURS spent in training

R7.7 million
DIRECT INVESTMENTS IN TRAINING
(course costs + other costs such as travel, accommodation, catering, venue, etc.)

R12.5 million
TOTAL TRAINING INVESTMENT
(direct cost + salaries of qualifying categories)

Making an impact through our learnership programme

Our learnership programme, now in its sixth year, offers an exciting opportunity for candidates while simultaneously growing the pool of qualified and skilled people entering our sector. Through the programme, graduates and school-leavers from designated groups are offered the opportunity to gain work experience at Redefine.

Starting with only five learners in 2013, the success of this programme continues to grow, with 2 800 applications received for this year. Through a rigorous selection process this year, we secured an intake of 22 new learners, we retained six learners from the 2017 intake who had the opportunity to complete a second qualification, and 15 permanent employees enrolled, totalling 43 learners – representing 9.4% of our workforce. Since inception, the programme has graduated 151 learners.

Building leadership capability

We value aspirational leadership and, as such, are committed to investing in leadership development. We manage key-person dependency through proactive succession planning, ensuring that key individuals are being mentored, coached and developed as future leaders. Please see our ESG report for more information on our newly launched internal mentorship initiatives.

During the year, we conducted a 360º survey to understand the level of responsible leadership displayed by our senior leaders, evaluating their commitment to exemplify Redefine's values and provide insight into individual performance against leadership competencies.

Furthermore, to enable greater synergy throughout the organisation, a personal mastery development programme was rolled out during the year. Through this process, leaders were exposed to the merits of self-discovery and collaboration to provide insight into the motivators influencing their own and others' behaviour. The programme was well-received, and we look forward to see the impact of the programme in the year ahead.

In an evolving context, ensuring we have the right leadership capabilities for the future is a continuous process. During the year, we began the process of understanding future talent requirements and, thereafter, assessing the ability of current staff to meet those needs, ensuring our career development and succession strategy focuses on addressing any gaps identified.

LOOKING TO THE FUTURE

The way we work today is distinctly different from the world of work just 10 years ago. As swift as this shift has been, we can anticipate that the rate of change will only accelerate as work-life balance is influenced by snowballing technological advances, along with automation and artificial intelligence shaping the roles we perform.

The changes on the horizon can seem daunting. Will the jobs we hold today even exist tomorrow? Will digitisation and automation drive unemployment or create opportunities in fields of work not yet developed? How exactly do you prepare for a world of work that can't be defined?

We believe that the answer lies in our DNA. We are an inherently people-centric organisation. As we prepare for a changing world of work, we believe that focusing on people, not jobs, is key to the sustainability of our business.

We believe that it's our responsibility to entrench a life-long learning culture throughout our organisation and shift our mindset to ensure that a willingness to learn is fostered, which we believe is encapsulated in our value of being **BRAVE**.

Furthermore, we remain focused on building change capability by encouraging open communication, facilitating collaboration, making information clear and available, and fostering an approach to decision-making that is based on assurance and self-confidence, rather than promises of stability and security. We might not know what tomorrow will bring, but we believe that, as an organisation, people will remain our key differentiator as we strive to build a nimble workforce that embraces what the future holds within the constants of values and our people-centric brand promise.

FOCUSING ON PEOPLE, NOT JOBS

"Organisations can't protect jobs that are made redundant by technology – but they do have a responsibility to their people. Protect people, not jobs. Nurture agility, adaptability and re-skilling."

Workforce of the future report, PwC

Social and **relationship capital**

What social and relationship capital means to Redefine

Property is embedded in the community. As a result, we see social and relationship capital as the link between our property presence and broader society. It refers to the relationships that are the lifeblood of our people-centric approach, which sets us apart.

Creating value

Our social landscape, therefore, shapes our strategic direction. We recognise that a socio-economic context defined by rising unemployment, weak economic growth and increasing social instability is by no means conducive to sustainable business. Conversely, by seeking to positively engage and, in this way, to meaningfully impact our social landscape through informed, targeted initiatives that create mutual benefits for Redefine and our stakeholders, we ensure the long-term resilience of our operations which goes to the heart of our purpose.

HIGHLIGHTS

Launched the *Challenge Revolution*

Overall winner in CSSA Integrated Reporting Awards

Second in EY Excellence in Integrated Reporting 2018

Received **silver** in the sponsorship category at the PRISM Awards for *The Mentorship Challenge*

The Mentorship Challenge awarded with a **gold** Assegai award for social media and **silver** for online campaigns

Winner of the Investor Analyst Society corporate reporting award – real estate sector

CHALLENGES	STRATEGIC RESPONSE
Safeguarding reputation in the current economic climate and increasing stakeholder activism	Through our integrated stakeholder engagement strategy, we seek to create relevant touchpoints with all our stakeholders, which enables them to interact with us directly, nullifying the need for them to voice concerns and dissatisfaction on social media and other platforms
Increasing unemployment, particularly among the youth in the communities surrounding the properties in our portfolio, is becoming a more significant future risk	Our CSI strategy has been broadened to ensure the needs of our communities are addressed through a direct process of engagement, thereby ensuring our initiatives have buy-in and meaningful impact
Remaining relevant and ahead of the curve in a fast-changing, competitive environment	The *Challenge Revolution* programme was developed to integrate key business objectives and initiatives, including a community engagement strategy, innovation programme, tenant experience programme, *The Mentorship Challenge* and other upliftment programmes, to ensure relevance

Reflecting on 2018

In our 2017 integrated report, we reported on our priorities for our 2018 financial year.

THIS IS HOW WE DID	OUR PERFORMANCE
Finalise our tenant engagement strategy and develop a tenant experience programme	Still in progress
Implement our CRM system (**STEP**) to drive delivery of the tenant experience programme initiatives	Still in progress
Finalising and implementing an integrated community engagement programme and formulating a consolidated approach that integrates the outcomes of various initiatives to drive key business deliverables	Achieved
Continually assess our technology, approach to social media and other innovative solutions to remain ahead of the curve in terms of marketing initiatives, but also our offering to tenants, shoppers and other stakeholders	Still in progress

Achieved | Still in progress | Did not achieve

Priorities for 2019

- Invest in enhanced technology to facilitate engagement and experience management with all our stakeholders
- Improve tenant experience to be a key differentiator
- Formulate an improved engagement strategy with suppliers, including revising procurement processes
- Roll-out and implementation of *Challenge Revolution* and fine-tuning key projects and outcomes
- Re-assess and improve the use of social media and other platforms to ensure we remain ahead of the curve in terms of marketing and communications

Mindful governance in action

The board considered the continued suitability of KPMG Inc. (KPMG) as the company's independent, external auditors.

OVERVIEW OF MATTER

Subsequent to the annual general meeting during which KPMG were appointed as the company's independent, external auditors for 2018, the board thoroughly assessed the continuing allegations and further developments communicated by KPMG and reported on in the media, and considered the impact that such allegations were expected to have on the company. As a result of concerns over good governance, ethical compliance and risk by association, the board resolved that it was no longer able to support the company's long-term association with the firm.

Following a formal tender process, the board resolved to appoint PwC to replace KPMG as the company's external auditors with effect from the conclusion of the 2018 year-end audit.

For more information on the board's decision, as well as the accreditation of PwC, refer to the AFS and the AGM.

The board believed that the decision would enable and support the company's value creation process by indicating that we are serious about ethics and supporting relationships with the investment community and other stakeholders, built on trust.

Engaging to sustain value

Engaging constructively with our stakeholders is a strategic imperative. Our business and operating environments are continually evolving, and it is essential that we understand relevant issues and get input to inform our decision-making. To this end, an integrated stakeholder engagement strategy is central to the development and maintenance of our short-, medium- and long-term business strategy.

For more information on our stakeholder engagement during the year, including an explanation of the quality of these relationships, the actual issues raised and the strategic responses, as well as the principal risks and opportunities identified in the stakeholder engagement process, please see **page 19**.

Social and **relationship capital** (continued)

Challenging the norm

During 2018, we invested significant human and financial capital into developing integrated social capital initiatives that would further our goal of making a more meaningful impact on the communities and other stakeholders directly affected by our properties more collaboratively and inclusively.

Building on the success of the popular show *The Mentorship Challenge with Marc Wainer*, we launched two new initiatives during the year: The *Challenge Convention* and the *Innovation Challenge*. The *Challenge Revolution* is the umbrella concept under which the *Challenge Convention* series, the *Innovation Challenge* and *The Mentorship Challenge* all lie.

The three individual initiatives are symbiotically connected – they all challenge us to be the change we wish to see, aligning with our purpose of **creating and managing** spaces in a way that changes lives.

CHALLENGE REVOLUTION

CHALLENGE CONVENTION

A live forum-style event, not dissimilar to the TED-talks series, that will enable South African business innovators and recognised mentors to inspire and collaborate with mentees and to debate and discuss topical issues and elevate conceptual thinking to the practical implementation level, delivering tangible outcomes.

Each convention will be held within one of our properties and the audience will comprise critical stakeholders in and around that particular property, including tenants, community leaders and representatives, local council, non-profit organisations, young entrepreneurs and students. These forums, in turn, then inform our CSI plans for the relevant surrounding community. (For more information, see our ESG report.)

ChΛllenge convention
Our people. Our places. Our way.

INNOVATION CHALLENGE

Demonstrates how serious we are about identifying new, innovative solutions by inviting the public (and potential future stakeholders) to submit creative and innovative ideas to improve our commercial, retail and industrial spaces – and stand a chance to win R1 million. The winner will also have the opportunity to negotiate start-up support to the value of up to R9 million in the form of either monetary support, education, commercial space or concept acquisition. Through this, we also meet our objective of investing and upskilling potential future tenants.

innovation ChΛllenge
Our people. Our places. Our way.

THE MENTORSHIP CHALLENGE

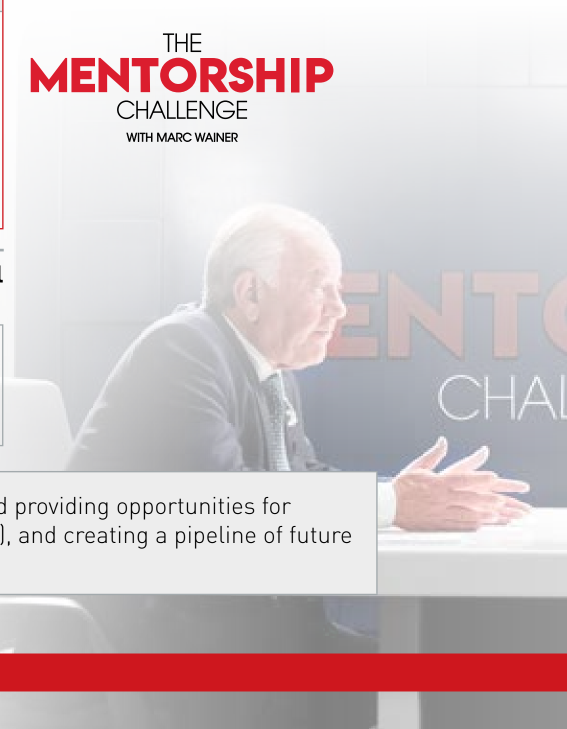
The Mentorship Challenge Season 2 will also be produced in front of the live audience at the convention – giving all of these stakeholders exposure to and the opportunity to participate in this great initiative.

The show also offers us, as a responsible corporate citizen, an opportunity to inspire our fellow corporates to take up the mantle of mentorship and give back to communities in a meaningful and sustainable way.

THE MENTORSHIP CHALLENGE WITH MARC WAINER

***The Mentorship Challenge* Season 1 has delivered results that exceeded all our expectations**

5 094	193	2 700
TOTAL HOURS PLEDGED	NUMBER OF MENTORS REGISTERED	MENTEES REGISTERED



These initiatives **echo our business goals**, which include developing skills and providing opportunities for future business owners (who may, very well, become tenants requiring space), and creating a pipeline of future property professionals across the demographic spectrum.

Engaging with our stakeholders

We go through a process of analysing all our stakeholders to identify those with the largest impact and influence on our business. We develop tailor-made engagement strategies for all our key stakeholders. For more detail on our engagement plans, please see **page** 19 and refer to our ESG report.

1. DEEPEN OUR ENGAGEMENT WITH INVESTORS AND FUNDERS

As providers of financial capital, our investors and funders are crucial to our success. We understand that we need to meet their value expectations and understand their concerns.

Last year, we revised our investor value proposition and broadened our communication channels to communicate not only the value proposition, but also key themes that underpin and demonstrates delivery on the promise. We continue with our in-depth engagement plan with investors and funders, including roadshows, presentations, breaking news, etc., and an annual investor perception survey. By considering the feedback we receive and issues raised, we amend our engagement strategies on an ongoing basis. During 2018, we have realised the importance of a separate, formalised engagement strategy for our funders. Documenting and finetuning this will be a key priority for 2019.

Our investor communication plan for the year ahead will focus on continuous demonstration of delivery on our strategy and will ensure ongoing communication addressing investors' key concerns.

2. DRIVING PASSION THROUGH EMPLOYEE ENGAGEMENT

At Redefine, we understand that there is nothing more powerful than our employees' passion and initiative in our efforts to be the best in all aspects of what we do. We want our people to know that the value they bring to our organisation is as much who they are as it is what they do. We engage with our employees through both formal and informal channels. For more detailed information on our employee engagement, please refer to our ESG report.

3. STEPPING UP FOR OUR TENANTS

In a fiercely competitive environment, tenant retention is top-of-mind. During the year, we undertook a project to analyse and identify tenant needs, including which interactions or touchpoints they deem most important and what their expectations are in terms of their experiences at each of these touchpoints.

Based on research findings, we have begun the development of our tenant experience programme that includes our tenant-specific value proposition.

To entrench this strategy in the business, an internal change management programme was launched at our annual roadshow in July 2018, called *Every Step of the Way*. The campaign helps employees understand how they shape our tenants' experience of Redefine by unpacking every interaction and touchpoint throughout the tenant lifecycle.

EVERY STEP OF THE WAY.

Tenant Experience Programme

Social and **relationship capital** (continued)

4. PARTNERING WITH BROKERS AND SUPPLIERS

In a constrained economy, tenant attraction and retention is key. As tenant representation and consulting services offered to tenants by brokering houses become increasingly common, we understand that our relationships with both our tenants and the broker community must be nurtured. With this in mind, our broker engagement strategy aims to facilitate two-way communication and foster stronger relationships.

Our broker engagement plan is packaged as our REACH programme and includes initiatives such as quarterly newsletters, our new REACH magazine, marketing campaigns which include brochures, desk drops and mailers, as well as quarterly experiences that happen throughout the year, such as driving experiences, golf outings and overnight getaways, among others. We also provide an annual incentive trip for top-performing brokers to desirable locations around the world. Our state-of-the-art vacancy portal is yet another tool we use to facilitate engagement with our brokers.

During 2018, in our continual effort to ensure our business aligns with our people-centric brand, it became increasingly evident that our suppliers should be considered as ambassadors of our brand on whom we rely to deliver our value proposition to stakeholders, such as our tenants and shoppers. Therefore, during 2019, we will be formulating a more extensive engagement strategy for our broader supplier base, which will include refining our vendor application processes.

5. SUPPORTING OUR COMMUNITIES

The importance of the relationship with our communities cannot be underestimated. Without the communities that surround our properties, our tenants would not have businesses, and our business, therefore, would not exist.

We refreshed our CSI plans to better serve our communities through an integrated community engagement plan.

Our newly launched *Challenge Convention* is one of the primary platforms we use to engage with our stakeholders, including our communities, in two-way discussions to truly understand their needs. Through meaningful conversations, we aim to understand our impact on and needs of the communities around our buildings and work with them to develop projects and innovative solutions that will make a real difference.

We have partnered with the FNB Philanthropy Centre to assist us with an analysis of our portfolio and the surrounding communities. Based on the findings of this analysis, we will develop a roll-out plan to determine where future *Challenge Conventions* will be held and also where other short-term projects might be required to address immediate needs.

We are in the process of formally documenting the CSI strategy, including focus areas, resource allocation, goals and impact measurement. This will be finalised during the next financial year and will guide decisions regarding community projects we invest in based on feedback received from community engagement at the *Challenge Conventions*.

Building new relationships in and around our properties

We remain committed to supporting the communities surrounding our properties. During the year, we identified projects that have a high impact and focused our efforts on these critical initiatives.

CHALLENGE CONVENTION 1: MAPONYA MALL

In line with our focus on challenging the norm, we held our first *Challenge Convention* during October 2018, which took place at Maponya Mall. The event hosted 224 guests, including community members, tenants and young entrepreneurs who were addressed by seven speakers on topics of relevance to them. For more information, see our ESG report.

S&J: THE HAWK ACADEMY

This year we worked with the Hawk Academy, a government school adjoining our S&J Industrial Estate. With minimal resources and infrastructure, the school continues to educate learners from Grade R to 8. To help the school serve its approximately 900 learners, we invested in infrastructure development.

EPIC FOUNDATION

The Epic Foundation assists the victims of rape, abuse and human trafficking. These initiatives and projects support various crisis centres, shelters, hospitals and police stations. The foundation raised a concern this year about their ability to pay rent and the suitability of their space. Redefine sponsored the foundation with the relocation to, and fit out of the new premises which are offered rent free. Since having moved to their new building, the foundation has been able to assist over 550 people through their various initiatives.

Maintaining existing relationships

In addition to the critical projects discussed so far, we engaged with and supported our current charities, including Buskaid, the Maharishi Institute, Amandla Edufootball and the Reach for a Dream's Jabulani Kingdom Programme. We continue to work with them to further align their projects to our strategy and, more importantly, the role they play in the communities around our buildings, while developing exit strategies to secure the future sustainability and impact of these projects.

For more information on these charities and the work performed during the year, please refer to our ESG report.

Focusing on BBBEE

We are committed to the objectives of BBBEE, and we endeavour to explicitly integrate the principles in our business. The revised property sector codes were promulgated during June 2017 and certain new requirements were significantly increased. We have made meaningful organisational changes to embrace the spirit of BBBEE, including forming a BBBEE committee. We are pleased to have received a level 3 rating in 2018, up from the level 4 achieved in 2017. It remains a priority to improve our compliance with the codes.

BBBEE scorecard*

	2018	2017
Ownership	30.94	26.30
Management control	3.00	2.60
Employment equity	2.39	2.47
Skills development	18.65	16.48
Enterprise and supplier development	29.89	27.01
Socio-economic development	2.00	0.29
Economic development	5.00	5.00
Overall score	**91.87**	**80.16**
BBBEE contributor level	**3.00**	**4.00**

** As rated by Honeycomb BEE Ratings (Pty) Ltd*

For more information on our progress, refer to our ESG report.

Hawk Academy, Germiston, Gauteng

Intellectual **capital**

What intellectual capital means to Redefine

Intellectual capital refers to the expertise and knowledge inherent in our organisation. Our intellectual capital is distinct from human capital in that it can be reproduced and shared. It's the way we do business – it is what sets us apart and remains a key driver of sustainable growth.

Creating value

In an ever-changing environment steered by economic uncertainty and change driven by technology, Redefine is of the view that the source of our economic value no longer depends only on our 'brick and mortar' income-earning asset base, but on how we manage and use these assets and adapt to change to ensure we extract the highest and best use, whilst remaining relevant to the users needs.

Agile execution is more important than the strategy itself. In a fiercely competitive environment, leveraging and consistently challenging our intellectual capital to remain relevant, enables us to implement and refresh our strategy in the most effective and efficient way possible, which, in turn, translates into sustainable value creation for our stakeholders.

HIGHLIGHTS
Launched an internal and external **innovation programme**
Deepened the **board's skills base** and **enhanced** its **multi-disciplinary knowledge,** including skills in technology and information governance areas
Wi-fi successfully installed in 10 retail buildings, providing a source of data to identify trends
Launched Represent – an internal campaign to create brand advocacy and strengthen brand alignment
Innovative retail marketing strategies recognised with **nine SACSC footprint awards** and the **overall award**
Shift in **brand positioning**, evolution to next stage

CHALLENGES	STRATEGIC RESPONSE
Cultivating a culture of thought leaders who are able to look through the property cycles and understand the local and global operating context to develop innovative solutions	Learning and development programme – We have developed an internal innovation programme to foster out-of-the-box thinking. For more information, see **page** 103
Intellectual capital often resides in our human capital, that is, knowledge gained not translated to systems and processes that exist in the organisation. Therefore, when employees leave, this knowledge leaves with them	We continue to focus on formalising our understanding of intellectual capital and ensuring it transfers across the organisation in such a way as to gain maximum sustainable benefit for the business and all stakeholders
Understanding and managing the potential impact of disruptive technology on our business model	We focus on understanding emerging trends to build organisational resilience and capture opportunities. For more information, see **page** 104
Continuous refinement and alignment of our internal culture, our employees' behaviour and our business processes to deliver on our brand promise	Internal marketing campaign called **Represent**, aimed at our internal brand ambassadors, and an internal change management programme called *Every Step of the Way*, which is designed to drive positive tenant experience. For more information, see **page** 105

Reflecting on 2018

In our 2017 integrated report, we reported on specific priorities for our 2018 financial year.

THIS IS HOW WE DID	OUR PERFORMANCE
Encourage a culture of continuously assessing technology, social media and other solutions, and actively drive innovation programmes among employees and external stakeholders to ensure we remain relevant	Achieved
Finalise customer journey map and identify key opportunities to streamline business processes and functions to meet our tenants' needs more efficiently	Still in progress
Optimise business processes and information-sharing platforms	Still in progress
Formalising and developing an ethics management framework	Still in progress
Maturing IT governance and service standards	Still in progress

Achieved Still in progress Did not achieve

Priorities for 2019

- Deepen ethics awareness and prioritise corporate conduct practices that outline how the ethics capital will be maintained
- Identify key opportunities to streamline business processes and functions to meet our tenants' needs more efficiently
- Focus on embedding IT governance standards and aligning IT services with current and future business needs, while maintaining an adequate, effective and agile level of IT operational management
- Maturing and bedding down the combined assurance approach

Mindful governance in action

The board considered whether its members constituted the appropriate balance of knowledge, skills, experience, diversity and independence to discharge its governance role and responsibilities objectively and effectively.

OVERVIEW OF MATTER

The rapidly changing nature of business challenges us to take a more critical look at the skill sets of individual board members, and the board as a collective. During this process of assessment, we recognised that we require a different, more diverse pool of experience and skills to address the challenges faced in this new environment. For example, an understanding of digital technology and its potential impact on Redefine's business models is now critical given the fact that the impact of disruptive technologies has climbed up our risk register.

For a detailed discussion of the changes made to the board during the year, see **page 50**.

The board believed that the decision would enable and support the company's value creation process by allowing better decision-making and therefore enable the board to discharge its governance role and responsibilities more effectively.

Entrenching integrated thinking

Integrated thinking, that is, business thinking that enables us to consider the interdependence and influence of all the capitals, helps us to better understand and make sound strategic choices in the increasingly complex environment in which we operate. By factoring in wide-ranging ESG perspectives into our risk and opportunity identification process, and therefore strategy formulation and implementation, we are better poised to capture opportunities beyond our limited line of sight.

We believe doing this gives us a competitive advantage, and we strive to assimilate this thinking into every level of the business. Our strategy was designed to factor in the inter-relatedness of all the capitals at our disposal – financial, manufactured, human, social and relationship, intellectual and natural. We measure our progress against our strategic objectives, using carefully chosen key performance indicators which are tied to remuneration across the organisation. Refer to remuneration in our ESG report for more information.

Intellectual **capital** (continued)

Driving innovation

Distruptors such as Amazon, Netflix, Airbnb and Uber are good examples of businesses that have entered markets with a completely different approach and, as a result, entirely reshaped them, leading to the demise of industry incumbents.

It is no longer a matter of debate – companies must innovate to remain relevant in the fast-paced world we live in. Keeping human needs at the heart of innovation at Redefine, we believe that innovation is not something that is done in isolation, or a once-off great idea. Innovation is inherently social and is, in many regards, an everyday event. Or it could be, if the environment supports it.

But making innovation a part of what we do – every day – involves people. It is the people on the ground, facing the challenges of operating in a particular context, who are best primed to solve the problems they face. We have, therefore, launched two innovation programmes – one for our external stakeholders, called the *Innovation Challenge*, and one internally, called the *Spark Innovation* programme.

INNOVATION CHALLENGE

The *Innovation Challenge* is a national campaign to find the most **innovative ideas** from among all our stakeholders, that can be applied directly to our spaces and the communities that surround them.

Successful ideas will match one or more of these key criteria for our retail spaces, offices or industrial premises. They will:

- Optimise business opportunities
- Uplift communities
- Enhance customer experience
- Use technology to enrich our spaces

The *Innovation Challenge* forms part of our larger *Challenge Revolution* engagement.

SPARK INNOVATION PROGRAMME

Our *Spark Innovation* programme is our **internal innovation campaign** and is made up of two components:

Match Box
This programme seeks to give our employees a platform to express their ability to make Redefine a better business every day. Employees who have come up with an out-of-the-box, innovative idea that has been implemented in their department or somewhere else in the business, can submit their ideas, and winners will be recognised as part of the larger reward and recognition programme.

Spark Box
This category is for big ideas that can change our business and even our industry. Line managers nominate one person in their team to attend the *Spark Innovation* workshop or employees can nominate themselves by submitting a letter of motivation. At the workshop, employees will be taken through a process to come up with and think through innovative ideas before submitting them. Once submitted, ideas are evaluated by a committee which also serves to mentor and guide employees along this process. Winners of this competition stand a chance to win a substantial cash prize.

We truly believe that it is the responsibility of each member of our team to innovate every day, regardless of which part of the company we find ourselves in, and to make innovation, and the fostering of a culture that encourages it, part of our strategy. If we don't, we risk becoming obsolete and irrelevant in an increasingly competitive marketplace.

Leveraging technological advances

We want to foster a culture of learning, where we continuously assess technology, social media and other innovative inventions to enhance our business processes. During the year, we made significant strides in using technology to inform the way we run our malls through our wi-fi platform.

CASE STUDY – USING TECHNOLOGY TO DIFFERENTIATE OUR MALLS

Few industries are changing as rapidly as today's retail sector. Shoppers are looking for a personal experience, and shopping centres must differentiate their product offering to remain relevant. In this endeavour, we believe that 'big data', or, rather, a data-driven approach, has a vital role to play.

"What physical retail is much better at than digital retail, is offering customers an experience – one that is social, multisensory and engaging."
Keillen Ndlovu, head of listed property at Stanlib

While free wi-fi is an expectation in South African shopping centres nowadays, most landlords have not leveraged the full potential of wi-fi in their malls, especially the data-gathering benefits of these platforms. Using a service provider who owns, installs and runs the wi-fi may undoubtedly be the most hassle-free approach to providing customers with this service – and the one that most landlords have chosen to follow. It is, however, not necessarily the most beneficial solution.

At Redefine, we believe in innovating to maximise value for our business and our stakeholders, which is why we have chosen the unconventional route of owning our wi-fi infrastructure. In this way, we maintain decision-making rights to shape the experience as we wish and also retain ownership of the data generated.

We recognise, however, that this is not our primary business and, therefore, have partnered with a service provider who is able to partner with, offering their expertise to enable the provision of a world-class wi-fi platform. The system offers our shoppers three hours of free wi-fi, which requires no password, supporting seamless connection once registered.

To date, the uptake in our shopping centres has been phenomenal. At the 10 malls where our wi-fi platform is live, we have tracked 4.4 million visits, with 1.5 million wi-fi usage sessions. From the data, we can note the busiest days and times, the average dwell time and the average wi-fi session duration. These are just a few of the facts that we can glean at a glance of our live analytics dashboard.

REGISTRATIONS HAVE BEEN EXCEPTIONAL. SOME OF THE HIGHLIGHTS ARE

BOULDERS	SAMMY MARKS	GOLDEN WALK	MAPONYA MALL
63 053	43 269	31 580	6 984
in 12 months	in eight months	in seven months	in three weeks

TOTAL PORTFOLIO OVER **162 000** (based on the phased implementation approach)

The data captured by our wi-fi platform allows us to analyse shoppers' movements and demographic information, which enables us to make informed decisions, identifying the right tenant mix to maximise foot traffic conversion, dwell times and spending. Access to a live analytics dashboard also assists our teams to lease effectively by using measurable metrics to lease spaces to new tenants, making overt the benefits of renting a particular space.

Intellectual **capital** (continued)

Remaining relevant through brand positioning

In 2012, Redefine commenced a journey to formulate its brand strategy and positioning that encapsulated the essence of Redefine and differentiated us from our competitors.

We have, over the years, invested significantly in corporate advertising and positioning campaigns, and whilst the results from this manner of advertising is very often difficult to measure and track, we believe that the Redefine brand has become well-known amongst our target audience. In fact, a brand valuation survey during 2016 valued the brand at R6.3 billion. While the effects of a well-positioned brand do not always result in immediate sales leads, the stature of our brand has become evident in often unexpected opportunities for partnerships, transactions, and also measures like a large increase in media interest.

POSTMODERN BRANDS

"Postmodern brands are no longer a mere imitation, simulation or representation of a product, service or organisation, but rather exactly the opposite, in a sense that it influences, informs and dictates the organisation's approach to products, services and customers. The role of the postmodern brand is to position a product/service, and the product/service has to remain true to that positioning."

Dr Christo van der Westhuizen

We believe the Redefine brand has grown into a crucial part of our intellectual property and is a driver of business strategy and decisions, due to our continuous efforts to align our people and business processes to our brand promise.

To this effect, an integrated stakeholder engagement strategy has become a critical focus area, forming part of our larger reputation management process. The development of our CRM strategy, which we term our tenant experience programme, is deemed a key project that will become our key differentiator, in line with our brand promise. The project is scaled to be integrated into all areas of our business, and will impact on several business processes, systems and structures. While we will drive implementation of the strategy through a CRM system (branded: **STEP**), an internal change management programme (branded: *Every Step of the Way*) has also been launched to establish and drive an internal service culture of placing the tenant at the centre of everything we do.

As we manage to shift the dial in operationally aligning our business to improve delivery on our brand promise, we continuously assess our brand strategy and, as it matures, tweak our advertising and wider marketing strategies accordingly. During 2018, such a tweak in our corporate advertising strategy included an evolution in our brand positioning to gradually shift the focus to the positive attributes of what sets us apart – i.e. focusing on the "We're people" part of our slogan as opposed to the negative "We're not landlords", but keeping to the brand's irreverent personality and edginess. This was incorporated into our latest series of corporate adverts. Furthermore, we have focused largely on demonstrating what it means to be "people", in the fresh, innovative approach we've taken to community engagement and initiatives that take our brand to the people, like the *Challenge Convention*, *The Mentorship Challenge* and *Innovation Challenge*. We also made a large investment in an update to our corporate identity, to ensure it remains relevant and up to date with the latest trends and needs from a design perspective.

Protecting our brand remains a key priority and we have solid brand governance principles in place, including internal policies around the use of our brand, which we also cover in service level agreements with external partners. We further launched an internal brand ambassador campaign, to ensure our employees understand the importance of safeguarding and living our brand, called **Represent**.

Governance and leadership that support value creation

We believe that the way we approach governance and leadership in our business forms part of our intellectual capital and supports our overall value creation process.

Our board structures provide for the delegation of authority, while enabling the board to retain effective control. The board delegates authority to relevant board committees and to the CEO, with clearly defined mandates. The CEO and company secretary monitor and maintain the delegations of authority and ensure that they are reviewed on an annual basis.

For more information on how we create value through our governance processes, please see **page 51**.

Planning for the future

Understanding what is expected in future, and evolving alongside those changes, is what will keep us competitive in the long term.

During the year, we held a business scenario planning session with a selection of tenants from all sectors and different business areas. The event was hosted by Redefine's senior management and was facilitated by GIBS to better understand what our tenants' future space requirements and needs may be, to ensure we stay ahead of the curve and deliver on their needs.

The findings from the session will be integrated into our business plan in the coming year and reported on in our 2019 integrated report.

Maturing IT governance and service standards

During the year, we focused on embedding IT governance standards and aligning IT services with current and future business needs, while maintaining an adequate, effective and agile level of IT operational management. This remains work in progress.

We also sought to deepen our board's skills base to guide us in this endeavour by seeking to include on our board individuals with a depth of knowledge and experience in technology and information governance.

Managing risk holistically

In our ever-evolving business context, we are constantly bombarded by new challenges, including rising stakeholder expectations and activism, market volatility and continuous regulatory changes. Operating in this environment requires that we take a broader and more holistic approach to risk and how we manage it – not only to mitigate risk as a reactive, compliance-driven function, but to drive performance and capture opportunities.

During the year, we integrated the combined assurance framework with the group's ERM practice to achieve a more holistic approach to risk and opportunity management.

Our ERM process is inextricably linked to strategy formulation and execution, with the aim of optimising the risk/return profile of the company, reducing earning volatility, strengthening management's confidence in business operations and risk monitoring, creating smooth governance procedures, improving transparency of decision-making, and maximising profitability. This could lead to an enrichment of market and brand reputation, favourable credit rating, reduced risk premium and lowered cost of capital when approaching debt and capital markets, as well as higher distributable earnings, thus enhancing shareholders' value.

Redefine recognises that risk management within the business and operating environment is a complex and diverse concept. Multiple components of the organisation and supporting capabilities are at work to effectively manage risk exposures within acceptable tolerance levels. The ERM framework was designed to harmonise these components and create conditions to operate consistently, in an integrated and reciprocal manner, with the overall objective of optimising risk as is appropriate, while prudently capitalising on opportunities.

Risk management is not intended to impede business, but rather to assist management in the pursuit of our strategic goals. Therefore, Redefine strives to embed sustainable solutions into our culture to ensure effective risk management.

While great work has been done, we recognise that there is still more to be achieved, as combined assurance is an evolutionary journey and we therefore expect our approach and coverage to mature over time. In the year ahead, we will continue to calibrate and optimise our approach in line with changes in our business and assurance strategy.

Natural **capital**

What natural capital means to Redefine

We consider natural capital to be all renewable and non-renewable environmental resources and processes that support current and future prosperity for our business and all our stakeholders.

Creating value

Preserving the natural resources we rely on to run our business isn't just a green objective, it is an overarching business imperative that will define our success for years to come. This includes the impact of climate change on our building designs, as well as our decisions and our operations on the environment and, ultimately, on the planet.

HIGHLIGHTS

Received **gold** for solar PV technology implementation at SAFMA Awards

REIT with the **largest solar footprint** in South Africa

Additional 2 213 smart electricity meters installed – all buildings in Cape Town have smart water metering and control devices

Awarded **runner-up** for having the second highest number of certifications at the GBCSA's 2017 Green Star South Africa Leadership event

CHALLENGES	STRATEGIC RESPONSE
Increasing evidence of resource scarcity, such as the water shortage experienced in the Western Cape	We believe an opportunity exists to enhance efficiencies through the development of science-based targets and by investigating the feasibility of formal energy and water consumption saving opportunities Groundwater and borehole solutions are aggressively pursued to secure water supply to a number of our properties
Policy uncertainty regarding our renewable energy initiatives	We continue to engage with relevant industry bodies to ensure the best outcomes for Redefine and all the stakeholders involved
The capital investment required to reduce environmental impact without short-term financial returns	We operate in a long-term asset class and believe that we must make strategic trade-offs in the short term to ensure our long-term sustainability. Investing in the sustainability of our buildings is an investment in their long-term resilience and is, therefore, a key priority going forward
The implementation of an environmental management system that meets the needs of our portfolio	We have engaged with numerous suppliers to identify the most suitable and customisable options for Redefine and will seek to implement the best option for our business in the coming year

Reflecting on 2018

In our 2017 integrated report, we reported on specific priorities for our 2018 financial year.

THIS IS HOW WE DID

	OUR PERFORMANCE
Continue to implement enhanced water management systems and develop a critical response programme for resource access and distribution	Still in progress/ongoing
Persist in pursuing Green Star SA ratings on our developments and existing buildings	Still in progress/ongoing
Continue to implement renewable sources of energy	Achieved
Investigate opportunities to improve our environmental management systems to enhance resource conservation and efficiency	Did not achieve
Continue to analyse our waste management footprint and investigate opportunities to reduce waste-to-landfill	Still in progress/ongoing

Achieved | Still in progress/ongoing | Did not achieve

Priorities for 2019

- Continue investment in long-term renewable energy solutions (i.e. solar PV, energy storage)
- Explore water efficiency projects to ensure security of supply and reduce water consumption
- Pursue Green Star ratings to validate the overall environmental performance of our properties
- Improve waste management efforts to reduce waste-to-landfill from buildings
- Engage with supplier/supply chain to ensure environmental best practice and procurement of environmentally sound products and solutions

Mindful governance in action

The board considered the benefit of participating in sustainability indices to determine appropriate levels of compliance with sustainability practices.

OVERVIEW OF MATTER

Although achieving a Green Star rating has considerable reputational benefits, there is no tangible, financial benefit from the rating itself. Rather, greening our buildings can assist in lowering operating costs and improve tenant experience, which benefits can be pursued apart from the Green Star rating process.

Recognising this, the board periodically reassesses Redefine's pursuit of Green Star ratings to gauge the value derived against the cost and time implication of using the tool and implementing standards and principles set by the GBCSA.

We are of the opinion that the ratings, although financial and human capital intensive, help us benchmark our progress in our aim of preserving natural capital. The ratings also affirm our commitment to our external stakeholders and therefore have positive reputational implications.

Similarly, the time and cost implication of participating in various sustainability indices must be carefully weighed against the business benefit.

The board's approach to taking these decisions is to weigh each by its own merit, choosing to factor a longer-term horizon into the determination process as we operate in a long-term asset class.

The board believed that the decision would enable and support the company's value creation process by growing the company's reputation while supporting the creation of a more sustainable operating context for long-term value creation.

Understanding how our business impacts our environment

It is a tried and tested saying that 'what you measure, you manage'. We dedicate the time and resources to participate in various indices because we believe that the exercise of contributing and benchmarking our progress against our peers offers us the opportunity to learn from our results and make the necessary adjustments to achieve our sustainability goals and thus our overarching business objectives. We continued to measure our environmental impact through the following recognised measures:

Natural **capital** (continued)

Carbon footprint

Our annual carbon footprint follows the Greenhouse Gas (GHG) protocol. In 2018, we independently verified our 2017 carbon footprint, confirming that our 2017 GHG inventory was developed in accordance with the GHG Protocol Corporate Accounting and Reporting Standard. The verification performed applied the ISO14064-3 International Standard for GHG verifications to form an opinion at a limited level of assurance about the above GHG assertions, regarding:

Conformance with the general requirements of the GHG Protocol Corporate Accounting Standard

Completeness and accuracy of the calculated emissions for the 2017 financial year

Our 2018 carbon footprint assessment was conducted following the operational control approach where emissions are accounted for from operations which are under our direct control.

TOTAL EMISSIONS (TONNES CO_2e)

	2018	2017
SCOPE 1 DIRECT EMISSIONS	1 3 596	2 921
+	+	+
SCOPE 2 INDIRECT EMISSIONS	2 46 459	46 761
+	+	+
SCOPE 3 INDIRECT EMISSIONS	3 609 756	724 539
=	=	=
TOTAL EMISSIONS	659 811	774 221
NON-KYOTO GASES	4 113	3 640

CDP, formerly the Carbon Disclosure Project – Climate change

In 2017, Redefine received a disclosure score of B. Unfortunately, the 2018 score had not yet been released at the time of publication, but will be made publicly available upon release.

Water footprint

This year marked the third year of measuring our annual water footprint. Using a like-for-like comparison of properties in the portfolio in 2017 and 2018, our water footprint has reduced by 9.11%. We have implemented a number of operational measures to reduce our water consumption (For more details, refer to our ESG report). Our total water withdrawal footprint for 2018 was 3 054 878 kl, which is 17% lower than our total water withdrawal in 2017.

TOTAL WATER WITHDRAWAL

	kl
2018	3 054 878
2017	3 664 166

LIKE-FOR-LIKE COMPARISON

9.11% reduction

	kl/GLA
2018	0.69
2017	0.76

CDP – Water

To better understand our total water footprint, we submitted our third CDP water disclosure during 2018. Regrettably, the results will only be released in January 2019. We will ensure that this data is made publicly available on release.

During 2017, we received a B score with just one other South African REIT participating in the CDP water disclosure index.

Waste footprint

In 2017, we completed our first full waste footprint for inclusion in our total emissions reporting. Our 2018 waste footprint has provided comparative insights into the status of our waste management efforts and has highlighted potential improvement opportunities.

To date, we internally manage waste for **24%** of our total GLA. We continue to analyse our waste management footprint and investigate opportunities to reduce waste-to-landfill. During 2018, we recycled **2 305** tonnes of waste (2017: 2 289), which accounts for **43%** of internally-managed waste removal.

We are gradually introducing non-municipal-managed waste removal solutions at our properties where this is feasible. As a part of our Green Star rating journey, we aim to increase our recycling efforts, starting with more stringent sorting-at-source procedures with transparent end-to-end tracking to ensure recycling is reported accurately.

Responding to the need to reduce our impacts

We believe in making sustainability an integral part of our day-to-day operations. This includes finding ways to reduce our adverse effects at every level of our business.

Managing through measurement

Redefine believes that our measurement and verification strategy is pivotal to the successful use of water and energy across our portfolio.

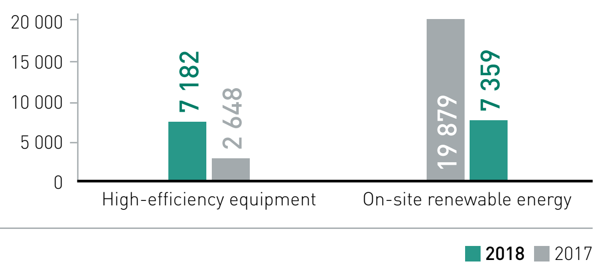
During the course of 2018, a total of 2 213 smart electricity meters were deployed across the portfolio, bringing the total number of smart meters deployed to date to 6 006.

Smart water metering and leak detection systems were deployed at 66 properties in 2018. In response to the severe water shortages in the region, all of our Western Cape buildings were included in this process. We installed smart valve technology in 11 sizeable retail property bathrooms to eliminate water waste. Furthermore, an automatic shutdown system was piloted at Boulders Shopping Centre. This project resulted in one million litres of water savings per month, while yielding a six-month payback. This technology is gradually being deployed on the back of our smart metering results.

Optimising energy usage

During the year, we implemented a number of optimisation projects, resulting in annual savings of 7 182 MWh (2017: 2 971 MWh). We have further improved our data collection cycles to better align our energy results. The table below includes energy savings in accordance with GRESB categories, for both 2017 and 2018, which have not been reported on previously. Please note that efficiency projects are disclosed once-off and renewable energy is cumulative.

MWh SAVINGS PER GRESB CATEGORY



In 2018, we achieved a combined energy reduction through optimisation and renewable energy projects of **27 061 MWh,** almost twice the savings achieved in 2017.

Natural **capital** (continued)

The growing imperative of renewable energy

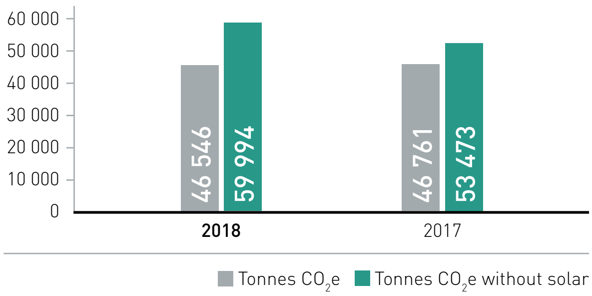
We believe that solar energy will be a long-term profit driver for the group. Solar power currently represents the cheapest and most sustainable way to generate renewable electricity. Besides producing no emissions and being silent, the panels furthermore shield vast amounts of roof space from direct sun, leaving it cooler and further lowering energy consumption.

Redefine is currently the REIT with the largest solar PV footprint in South Africa. An additional 13.3 MWp of solar PV capacity has been installed in 2018, bringing our total renewable energy capacity to 22.4 MWp compared to a total installed capacity of 7.8 MWp at the end of the 2017 financial year.

The total cost savings achieved from existing plants and plants commissioned during the year was R29.8 million (2017: R12.2 million). (For detailed performance on the fleet, please refer to our ESG report.)

We are continuously exploring further deployment opportunities. The installation of a further 1.4 MWp capacity is in progress, which will be completed within the next 12 months. This will result in approximately 5% of our electricity consumption being generated by our solar PV fleet.

IMPACT OF RENEWABLE SOURCES OF ENERGY ON SCOPE 2 EMISSIONS



REGULATORY CONTEXT FOR RENEWABLE ENERGY

An update to the Electricity Regulation Act was gazetted in November 2017, detailing the conditions for licensing exemption. These conditions have restricted non-licenced plant sizes to 1 MWp, which have restricted our future roll-out potential drastically. We continuously engage with relevant industry bodies and government to ensure ongoing development of regulatory frameworks, which will stimulate the roll-out of small-scale renewable projects. We have, furthermore, carefully assessed the risks associated to ambiguity in these regulations and are optimistically proceeding with installations.

Green building

A green building is not just an efficient building. We are becoming increasingly aware of the value of asset resilience amid social and environmental change.

Redefine registered as a member of the Green Building Council South Africa (GBCSA) in 2013, and focuses on building all new developments to a minimum Green Star rating of level 4, as certified through the GBCSA's assessment criteria on design and as-built basis. We have also continued the journey of pursuing Green Star SA ratings on our existing buildings.

To date, Redefine has rated 33% of our office GLA, and holds 44 Green Star SA certifications. During 2018, we registered a further 30 (2017: 20) of our office buildings for Green Star SA ratings under the Existing Building Performance (EBP) tool from the GBCSA. These ratings will be completed during the 2019 financial year, which will bring our total Green Star SA ratings to 74. Seven of our certified buildings in the Black River Park precinct have also been submitted for recertification in 2018 due to the expiration of their certifications.

- **14 Green Star SA certifications** in FY2016
- **Now 44 Green Star SA certifications**
- **30 EBP ratings** underway FY2018/19
- Design and as-built ratings targeting **4-star minimum**
- **Standard practice** through implementation of Green Star SA-approved policies and procedures

33% of our office GLA is Green Star SA-certified

Shareholders' **diary**

	Date
Notice of meeting posted to shareholders	On or before 28 December 2018
Integrated report and annual financial statements available online	On or before 28 December 2018
Annual general meeting	14 February 2019
2019 Half-year end	28 February 2019
Summarised interim financial results for 2019	6 May 2019
Interim dividend declaration	6 May 2019
2019 Financial year end	31 August 2019
Summarised annual financial results for 2019	4 November 2019
Final dividend declaration	4 November 2019

Administration

REDEFINE PROPERTIES LIMITED
Incorporated in the Republic of South Africa
Registration number: 1999/018591/06
JSE share code RDF ISIN: ZAE000190252
Approved as a REIT by the JSE

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INVESTOR RELATIONS
Should you wish to be placed on the mailing list to receive regular 'breaking news' email updates, please send an email to investorenquiries@redefine.co.za

Definitions

AFS	Annual financial statements
AGM	Annual general meeting
AIC	African, Indian and Coloured
AUD	Australian dollar
BBBEE	Broad-based black economic empowerment
bn	Billion
Bps	Basis points
Brexit	The prospective withdrawal of the United Kingdom (UK) from the European Union (EU)
CEO	Chief executive officer
CGT	Capital Gains Tax
CRM	Customer relationship management
Cromwell	Cromwell Property Group, a fund listed on the Australian Stock Exchange
CSI	Corporate social investment
CSSA	Chartered Secretary of Southern Africa
Delta	Delta Property Fund Limited
EPP	EPP is listed on both the Luxembourg Stock Exchange and JSE
ERM	Enterprise risk management
ESG	Environmental, social and governance
EUR	Euro
EVP	Employee value proposition
GBCSA	Green Building Council of South Africa
GBP	British pound
GHG	Greenhouse gas
GLA	Gross lettable area
GMR	Gross monthly rental
GRESB	Global Real Estate Sustainability Benchmark
GRIT	Grit Real Estate Income Group
IFRS	International Financial Reporting Standards
IR	Integrated report

IT	Information technology
JSE	Johannesburg Stock Exchange
King IV	King IV report on Corporate Governance for South Africa 2016
Kl	Kiloliters
KPAs	Key performance areas
KPIs	Key performance indicators
kWh	Kilowatt hour
LTV	Loan to value ratio
MOI	Memorandum of Incorporation
MW	Megawatts
MWh	Megawatt hour
MWp	Megawatt peak
NAV	Net asset value
NOI	Net operating income
NTAV	Net tangible asset value
PV	Photovoltaic
RDI REIT PLC/RDI	RDI REIT PLC, a company listed on both the JSE and London Stock Exchange
Redefine/the company/the group	Redefine Properties Limited, a company listed on the JSE
REIT	Real Estate Investment Trust
SA	South Africa
SAFMA	South African Facilities Management Association
SAPYs	SA Listed Property Index
SGDs	Sustainabile Development Goals
STI	Short-term incentive
TGP	Total guaranteed package
TI	Tenant installations
UK	United Kingdom
US	United States of America
ZAR	South African rand

THANK YOU

Our employees are the heart – and the face – of Redefine.

The images in our reporting suite are of our employees, taken in our buildings. We thank them for how they create sustained value for all our stakeholders, every day.

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This paper has been created to respect the environment.

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REDEFINE PROPERTIES

We're not landlords. We're people.